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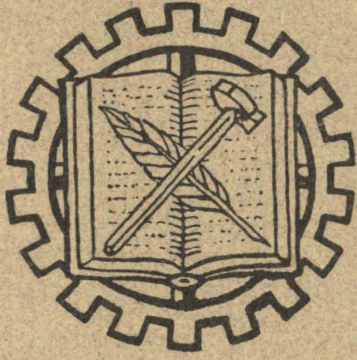
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Disenchantment With Business: A Mandate for Christian Ethics

by David B. Burks

Dr. David B. Burks, chairman of the Department of Business and Economics and associate professor of business at Harding College, received the B.A. degree from Harding, the M.B.A. degree from The University of Texas in Austin and the Ph.D. degree from Florida State University. He has earned the Certified Public Accountant certificate and is a member of the American Institute of Certified Public Accountants. Before joining the Harding faculty, Burks worked for Exxon, Inc., in Houston.

Active professionally, Dr. Burks conducts numerous management and computer seminars in Arkansas and other states. He is a consultant for the University of Arkansas' Industrial Research and Extension Center, having presented more than 100 seminars for Arkansas businessmen during the past five years. He is vice president of Arkansas College Teachers of Economics and Business organization, president-elect of the Searcy Kiwanis Club, and chairman of the Camp Wyldewood Board of Directors.

The following presentations represent an adaptation of speeches given on the subject of "Christian Business Ethics" at the International Soul-Winning Workshop in Tulsa, Okla., the Ohio Valley Management Club and the 1976 annual meeting of the Arkansas College Teachers of Economics and Business association. Dr. Burks has developed and teaches a course at Harding entitled "Christian Business Ethics." He has written an extensive bibliography and syllabus for the course and is presently writing a text for the course.

Disenchantment with business is perhaps higher and more widespread today than ever before in our country. In recent years, American business has increasingly lost the trust of the American public. We are today witnessing a crisis of confidence in business. A recent Harris poll showed that 55 per cent of adults had "great confidence" in major companies ten years ago, but only 16 per cent feel that way today.¹ Most people realize that more than just the "image" of business is tarnished; most feel that corporate morality is selfishly motivated and not in the public interest.

A significant response to this disenchantment is the growing number of people who are realizing that there are overwhelming moral grounds for a strong business ethic. As William Simon stated:

History teaches us that no free society or free economy can long survive without an ethical base. It is only through a shared moral foundation — a set of binding ground rules for fair conduct — that free association . . . can flourish and endure. Far from being a luxury, a sound business ethic is essential to the preservation of free enterprise.

The real question facing the American business community today is not whether it can "afford" stronger ethical standards, but how much longer it can go without them. Our entire way of life is held together by voluntary, society-wide bonds of mutual trust and respect. Once these bonds are broken — once public confidence falls too low — the whole social framework collapses and the result is either anarchy or authoritarianism.²

As perhaps never before, substantial sectors of the American public are calling for, even mandating, stronger ethical standards for the business community.

In this brief essay, I shall first sketch what I believe to be some of the major reasons for the present disenchantment with the business community. I shall then describe the response of the business, government and educational communities to this disenchantment. I shall conclude by outlining what I believe the Christian response should be to the problem, emphasizing Christian principles which apply to business.

The Arrogance of Business

Much of the current disenchantment with business can be attributed to an attitude of arrogance on the part of too many businessmen. Business bluffing, intimidation and illegal payments are all examples of arrogant business behavior. An in-depth look at corporate behavior reveals too much widespread lack of concern for proper business ethics.

Business bluffing is the far too common belief that if the law as written gives a man a wide open chance to make a killing, even if he violates the spirit of the law, he'd be a fool not to take advantage of it. After all, if he doesn't, somebody else will. This kind of behavior is similar to the bluffing of the poker player who seizes every opportunity to win, as long as it does not involve outright cheating. And, as one author put it, no one thinks any worse of the poker player on that account and no one should think any worse of the "game" of business

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because its standards of right and wrong differ from the prevailing traditions of morality in our society.³ It is the idea that falsehood ceases to be falsehood when it is understood on all sides that the truth is not expected to be spoken. Concealment of pertinent facts, exaggeration and conscious misstatements of fact are common examples of bluffing in business. Some people bluff the hardest when they assert that "sound ethics is good business" because such a statement does not represent an ethical position; it is simply a self-serving statement unless there is actually an ethical basis backing it up.

Intimidation is similar in some respects to business bluffing. It is a tactic designed to create timidity on the part of your opponent so that you get the edge on him in the business relationship. Instead of seeking the best for your business opponent, gain is sought at his expense. The result is not a good economic transaction and does not represent good professional conduct. One author put it this way, "The world of business is a vicious jungle where people who wear white hats get eaten," lambs get fleeced and the tortoise outruns the hare only if he can psych him — or intimidate him — on the backstretch. If such a brazen attitude bothers you, maybe you should try Mars or the ministry. The only realistic choice in this world is between being the intimidator of the intimidatee. The bully or the bullied."⁴

Illegal payments made by major American corporations doing business abroad has perhaps done more to focus attention on the need for improved business ethics than any other one practice. The widespread illegality on a substantial scale on the part of many American businesses has been described as "one of the most unsavory episodes in American business history."⁵ More than 250 major corporations have thus far disclosed under pressure that they have made questionable payments in excess of \$300 million in recent years. More than 30 corporations are today being sued by the SEC to compel disclosure of payments abroad. Overseas corporate bribery is a widespread and common practice.

Despite statements to the contrary, evidence concerning these payments abroad clearly reveals that in the overwhelming number of cases, the payments were not merely "questionable" but were clearly illegal. They were recognized as illegal by the personnel concerned and concealed through a series of devices that are as disturbing, or even more disturbing, than the events being concealed. In the case of Gulf, for example, the McCloy investigation could trace only a very small portion of the \$5 million-plus of Gulf funds made available in the United States in cash for political purposes. Payments were frequently from secret, unrecorded accounts or with "laundered" funds that had been transmitted through one or more foreign countries to render tracing difficult or near impossible.⁶

Such conduct has been frequently explained, and even defended or excused, as essential at home and abroad in obtaining business. This kind of rationalization will destroy the free enterprise form of business which we enjoy today.

The most recent and comprehensive overall study of business ethics was conducted in 1977 by Brenner and Molander.⁷ This study revealed that honesty in com-

munication was the greatest problem for the respondents, i.e., advertising, information to clients, number manipulation. The respondents listed relations with superiors as the primary category of ethical conflict (e.g., superior's pressure to support incorrect viewpoints, sign false documents, overlook superior's wrongdoing and requests to do business with superior's friends).

These respondents indicated that substitution of materials without customer knowledge after the job has been awarded with a typical, accepted practice in industry today. Payoffs to a foreign government to secure contracts, loans granted as favors to loan officers, and scheduled delivery dates that are known to be inaccurate in order to get a contract were also specific examples listed as accepted practices in business today. An interesting amount of cynicism was revealed when the respondents were asked whether they would make facilitative payments which could help land a huge contract for their company to a foreign nation. Forty-two per cent of the respondents stated that they would refuse to pay a bribe no matter what the circumstances were, while only nine per cent felt that the average executive would refuse to make such a payment.

The respondents revealed that the behavior of their supervisors had a greater effect than any other factor on influencing unethical decisions. When asked what could be done to improve ethics, most of the respondents favored general precept-type codes of conduct and self-regulation. However, interestingly, 61 per cent of the respondents stated that they would violate the code if they could do so and avoid detection. They clearly favored voluntary control.⁸

The Response of the Business, Government and Educational Communities

We are today witnessing a "boom in business ethics" as a result of public disenchantment with business behavior.

The Business Response

Business reacted initially by implementing extensive public relations programs designed to sell a better image of business to the public. However, these programs have generally failed because a better image of business cannot be sold to the public until the problems causing the poor image are corrected.

Included in some of these programs were attempts to improve the level of economic understanding of the public. Without question, these programs are desperately needed today and these efforts should be commended, encouraged and continued. However, because the public's disenchantment with business is not primarily the result of a poor understanding of our economic system, these programs will likely do little to solve the problems we face today.

The business community also responded by emphasizing self-regulation using new or improved internal codes of conduct. This approach calls for an announced, deliberate commitment on the part of the board and management to certain responsibilities such as accurate representation of products and services, relations with superiors and subordinates and transactions with

competitors at home or abroad. To be effective, the code must provide for an orderly means of redress with prompt and certain follow-through to a definite conclusion. There must be effective sanctions for violations. The code must really represent corporate policy. It must be more than a public relations charade.⁹

Professional associations like the American Medical Association, American Bar Association and the American Institute of Certified Public Accountants have long been interested in meaningful codes of ethics. These have been very helpful in promoting better ethical conduct.

It is clear that many business organizations are deliberately choosing self-regulation as the way to raise the standards of ethics and morality in the business community. These efforts need to be strengthened and encouraged. However, these codes cannot be any more effective in improving business morality than the resultant commitment of the individual people of these organizations to improve their personal conduct.

The Response of Government

The government community has become quite active in dealing with both the exposure of wrong conduct and the implementation of legislation designed to prevent wrong business conduct at home and abroad. The Securities and Exchange Commission has obtained "voluntary" disclosures by more than 250 firms of illegal payments. The Internal Revenue Service has sent questionnaires to 2,000 large businesses requiring a full report of foreign and domestic payments to determine whether illicit payments have been deducted in corporate tax returns. The Congress in the Arms Export Control Act of 1976 required reports of political contributions, agents' fees, and other payments made related to arms sales. Also, the Tax Reform Act of 1976 amended the Code to treat foreign payments that would have been illegal if made in the United States as taxable income to the corporation.¹⁰

It should be noted that government activity thus far has generally not led to judicial punishment of wrong conduct. It has helped in alerting the general public to the magnitude of the problem and has led to an internal investigation of business practices by many corporations. It does represent more regulation of business activity and is clearly not the best solution to the problem. However, to the extent that business fails to improve its own conduct, the public will insist on more and more government regulation of business.

The Response of the Educational Community

Business educators have responded with much debate on the subject but little agreement as to the solution to the problem. Senior partner John Biegler of Price Waterhouse summed up much of the business sentiment toward business education when he stated:

People seem freely to commit unethical acts to advance political or economic ends . . . perhaps our passion for scientific objectivity has led to an unrealistic de-emphasis of ethics . . . Perhaps ethical considerations should be reincorporated into the university's conception of its mission and become

central to all its programs. Maybe some purposeful impracticality will turn out to be the most practical emphasis of all.¹¹

However, education leaders generally have concluded that ethics cannot be taught and thus have avoided any discussion of ethics in the curriculum of the business school. Courses are taught dealing with the social responsibilities of business but almost without exception no attempt is made to present, discuss or recommend any kind of a moral system or philosophy. Most graduates enter business today without having had any formal exposure to ethical systems at any point in their educational background.

It is interesting to note that Adam Smith in his book, *A Theory of Moral Sentiments*, suggested a very different kind of business education than we generally find today. The basic planks in his ethical system were prudence, justice and benevolence. Therefore, with prudence a prime element in Smith's thought, business schools would need to be sensitive to the long-run repercussions of alternative strategies upon the social reputation and economic well-being of business. His concepts of justice and benevolence would compel business schools to be concerned with explicitly encouraging their graduates to be ethical and just executives. Smith frequently emphasized the importance of introspective evaluation of particular events after they have occurred. I am convinced that this kind of introspective analysis can be sensitized and sharpened with careful coursework. The easier strategy, and the one pursued by many business schools today, is to do little about the ethical aspects of business. But hope rests in the expectation that colleges and universities will become actively involved in this task. It is central to the purpose of the business school.¹²

The Department of Business and Economics at Harding is concerned about its efforts directed towards providing opportunities for students to develop and implement Christian principles in business. Such has always been the major goal of our Department of Business. However, in an effort aimed at increasing our effectiveness in this most important area, the faculty two years ago created a new course entitled, "Christian Business Ethics," which is now required by all graduates. One of the purposes of this course is to confront students with cases and-or simulations of ethical problems which they will encounter when they enter professional life. Christian principles are stressed. The Department has also organized a full-day seminar each year for juniors and seniors devoted to business ethics. Perhaps most importantly, each teacher attempts to stress ethical considerations in each course taught.

The Christian Response

The answer to the public's disenchantment toward business lies in a complete return to Christian principles as the standard of business conduct. Far from being obsolete, the 2,000-year-old ideas in the Bible speak to businessmen today. The Bible contains a wealth of general and specific advice pertaining to business in our time.

Perhaps the most neglected Christian principle in

business today is the Bible emphasis and teaching relative to integrity. Proverbs 10:9 states, "He who walks in integrity walks securely, but he who perverts his ways will be found out." Ephesians 4:25 states, "Wherefore putting away lying, speak every man truth with his neighbor: for we are members one of another." A greater understanding and practice of integrity on the part of all businessmen would go a long way toward solving many of the problems facing business today.

Perhaps that most widely known Christian principle is the so-called "Golden Rule" taught by Jesus in Matthew 7:12, "Do to others what you would have them do to you." A greater understanding and use of the practical teaching of this principle could solve many problems today. Its application would cause all men to seek economic transactions which are good for all parties involved.

The protestant work ethic is another Christian concept which needs greater emphasis today. The entire Bible stresses the importance of honorable work. Ecclesiastes 3:22 states, "There is nothing better than that a man should enjoy his work." Paul stated that if a man refused to work, he had no right to eat ((II Thessalonians 3:10). The life of Jesus Christ provides the best example. He was a carpenter of Nazareth for 30 of his 33 years on earth. There is a legend that he made the best ox-yokes in Galilee and that men beat a track to his shop to buy them.

The Bible also contains specific instruction on a number of other business-related topics. Principles are included which deal with personnel relations, guidelines for contributions, employee compensation and relations between superiors and subordinates. The proper training of employees, discipline and paternalism are topics specifically addressed. Character traits are emphasized.

A return to these and other Christian principles can solve the major problems faced in business today. In the final analysis, the problem comes down to individuals and their personal sense of morality. Christian principles need to be taught and emphasized as the norm of conduct for corporate life today and tomorrow.

Conclusion

We are today witnessing a crisis of confidence in corporate morality. The answer lies in the acceptance of Christian principles to guide business behavior. The mandate from the public is amazingly clear. They are tired of mismanagement and selfish interests. They favor honesty as the only policy for business. They believe that management does not have the right to steal or bribe for shareholders in order to advance their position. Christian business leaders need to accept the challenge of providing Christian leadership for business today. We need to speak up on how the Bible can solve the most serious problems facing businessmen in this century. Unless we accept this challenge, business will inevitably suffer further decline in the confidence of the public and its survival in its present form will become increasingly unlikely.

FOOTNOTES

- 1 "What Business Leaders are Doing to Polish a Tarnished Image," *U.S. News and World Report* (September 13, 1976), pp. 42-44.
- 2 William E. Simon, "A Challenge to Free Enterprise," by Ivan Hill, ed., *The Ethical Basis of Economic Freedom* (Chapel Hill, N.C.: American Viewpoint, Inc., 1976), pp. 405-418.
- 3 Albert Z. Carr, "Is Business Bluffing Ethical?" *Ethics for Executive Series* (Reprinted from *Harvard Business Review*, March-April, 1968), p. 127.
- 4 Dudley Lynch, "Intimidation: New Trend in Business Ethics?" *Kiwanis Magazine* (November, 1975), pp. 22-27.
- 5 Phillip I. Blumberg, "Corporate Morality and the Crisis of Confidence in American Business," Beta Gamma Sigma Invited Essay, 760 Office Parkway, St. Louis, Mo., 1977, p.1.
- 6 Blumberg, p. 4.
- 7 Steven N. Brenner and Earl A. Molander, "Is the Ethics of Business Changing?" *Harvard Business Review*, Vol. 55, No. 1 (January-February, 1977), pp. 57-71.
- 8 Brenner and Molander, pp. 57-71.
- 9 Arch N. Booth, "Introduction to Commentaries and Codes," in Ivan Hill, ed., *The Ethical Basis of Economic Freedom* (Chapel Hill, N.C.: American Viewpoint, Inc., 1976), pp. 257-262.
- 10 Blumberg, p. 6.
- 11 John Biegler, "Ethics and Education: A Value Judgment," *Price Waterhouse and Company Review* (November 3, 1976), p. 2.
- 12 Harold L. Johnson, "Adam Smith and Business Education," *AACSB Bulletin* (October, 1976), pp. 1-4.



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