

Roles of business ethics in new global economic environment

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Abstract

Business Ethics is one of applied ethics and its contemporary task is to morally regulate activities of economic subjects in a new global economic and social environments. Business activities within this environment are connected with many immoral practices leading towards global inequalities, global social thunders, and conflicts or deepening some of the global problems. The business ethics focuses on the fact that in attempt to succeed in the market and global competition, economic subjects forget about the principal role of economics which is to satisfy the needs of citizens in the world and take part in development and improvement the quality of their lives. It clarifies the need to examine business activities from the point of view of ethics and take into consideration also the global ethos in a new global economic environment. Furthermore, it proves the need to morally regulate business activities so that business subjects realized their activities in a global environment responsibly towards all members of business as well as towards the nature. Last but not least, the role of the business ethics is to warn contemporary and future entrepreneurs so that moral behaviour of entrepreneurial subjects represents one of instruments of increasing competitiveness.

Key words: Business Ethics, new global economic and social environments, business activities, immoral practices, morally regulate

JEL Classification: A22, F01, I25

1 Introduction

A new global environment, created by the powers of globalization provides entrepreneurial subjects with new possibilities for forcing their economic interests in a global scale, for increasing business, growing integration of international market, and thus also satisfying human needs. National economics open to the international business, global competition comes forward, entrepreneurial investment is widened, international work division grows, etc. Globalization creates a situation of freedom, better condition for free activities in a globalizing world economy, enabling for entrepreneurial subjects to reach economic growth and furthermore also the growth of life quality. At the same time, it brings the whole scale of phenomena reasonably complicating a positive development of humankind on the planet as some inequalities, global problems, risks or threats do not arise, they deepen or widen thanks to irresponsible, injustice or unfair entrepreneurship in a new global environment. In an attempt to calm them down, a process of economic globalization should come through not only legal but also moral regulation. As it is stated: "last but not least, also a global market needs its ethos" (Küng, 2000, p.42). A global ethos should be binding equally for every economic and entrepreneurial subjects engaged due to the fact that except of some other forms of regulation, moral regulation leaning over the highest human point of view relates to them. It focuses on a necessity to overcome responsibility for human future and thus avoid

irresponsible behaviour which may destabilize the market, damage the partners, consumers, state and some other subjects which are somehow involved in entrepreneurship.

Current tasks of Business Ethics might be understandable thanks to realizing the seriousness of the situation in a new global economic and social environment representing qualitatively a new level of internationalization of economic life.

A new global environment gradually creates space for individuals, economics and societies to operate in information age. In such an environment, there will be new frameworks and rules of game according to which the new civilization will run (Klinec, Pauhofová, Staněk, 2009). In this environment entrepreneurial activities deal within its great part in arising serious problems in the world, in damaging citizens of this planet, society as well as the nature. New tasks of Business Ethics thus come out of the critical reflection of the actual situation in a new global environment and aim at regulation of entrepreneurial activities in this environment with the help of moral norms. Thus, in order to be in favour of all the societal subjects related to, directly or indirectly, and also in favour of sustainable life on the Earth.

It cannot be limited for the process of economic globalization to be connected with the growth of consumption, global consumption and global problems¹, global risks, etc. Business Ethics may help in moderating some negative phenomena and consequences in a new global environment. It presents economy based on "a human principle, which emphasizes that entrepreneurial activities are not purposeless but they are for people and made by people and appeals for entrepreneurship should be understood in a broader sense of social and ecological relations and it also calls for respect of ethics in entrepreneurship with the aim to eliminate or at least moderate negative phenomena connected with entrepreneurship.

Entrepreneurial activities in a new global environment are in a centre of Business Ethics on a global scale. In the past, in the times when Business Ethics arose, not enough attention had been given to this issue. Regarding the process of economic globalization and in a new global economic and social environment, there are new and new appeals for Business Ethics. They are connected with globalization which directly or indirectly gives demands on all entrepreneurial subjects which should be adapted to the conditions on a global market in a way that they do not harm people and nature.

2 Development of Business Ethics on a global level

As mentioned above, more solutions have been formed in relation of economy and ethics. One of them is to refuse the ethics with the fact that economy is the best ethics. Several authors consider a way of interconnecting ethical and economic ways and they base it on the fact that the economy is not an isolated system but one of the sub-systems of the society (Martoň, 1999).

Ethics and economy meet at four levels "depending on a reasonable level of aggregation of an individual bearer of action, i.e. on primary subject of action in economic activity". (Remišová, 2011, p.76)

On a global level, where humankind as the whole is a subject, on a macro-level, in which the society as such is a subject, on a mezo-level in which organization is a subject and finally, on a micro-level in which an individual becomes a subject (Remišová, 2011). There are no doubts that these four levels are connected, influenced and we cannot explore the ethics of

¹ As it is stated, it is not a coincidence that the global problems appeared in the time when the global economy was constituted, i.e. at a certain level of development of internationalization and interdependent process (Jeníček, Foltýn, 2003).

business organization regardless the processes in a new global economic and a social environment.

As for illustration, a task of Business Ethics is according to Crane, Matten (2007):

- Clarify task of business in contemporary society,
- to provide a major contribution to societies, in terms of producing the products and services, providing employment, acting as an engine for economic development,
- to study of business situations, activities and decisions where issues of right and wrong are addressed,
- to help us understand more about the causes and consequences of malpractices, Business Ethics seeks to improve the human conditions,
- to help improve ethical decision making processes by providing managers with the appropriate knowledge and tools that allow them correctly identify, diagnose, analyse, and provide solution for ethical problems and dilemmas,
- to provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organization,
- to help cultivate business environment (mainly cultivate environment around entrepreneurial subject, environment in which the business is realized, as for example common interpersonal practices, strengthen loyalty of employees, help creating good relationship at workplace but also good relations with other business partners, relations towards region in which business takes place, strengthen loyalty of investors, contribute towards satisfaction of customers, etc.

Nowadays, business ethics focuses on problems, risks and threats complicating positive development of humankind on a planet. As the process of economic globalization extremely determines activities on all the levels of entrepreneurship and many times it complicates development of human society, as for instance it influences deepening global problems² as well as crises or threats in the world. Therefore, we consider paying more attention on a global level³. Also A. Crane and D. Matten consider the globalization as a key context for Business Ethics. As they say: "Globalization is defined in terms of the deterritorialization of economic activities which is particularly relevant for Business Ethics, and it is evident in three main areas –culture, law, and accountability." (Crane, Matten, 2007, p.18)

2.1 Actual appeals for Business Ethics on a global level

Many problems in a new global environment are connected with the development of global competition which is accelerated by technological and information transfer. The competition is an assumption for formation of a free market thanks to which demands for quantity and quality of product and service production increases. It constantly sharply increases on a globalizing market, regulation barriers between particular economies decrease, global work division changes from internation to the global by which also competition gets a new dimension and intensity. At the same time, new rules of competition fight and competition relations have been developed. In a global competition, those transnational or multinational companies become successful which deal with a business strategy of connection the local and international activities with the high ratio of global knowledge, flexible changes in employability and an ability to transfer production, marketing and managerial know-how from a country to country at considerably lower costs. Primarily, these companies are significant in terms of developmental strategies of global economy and their attempt is to find cost or strategic advantages not using their own comparative advantages but the advantages of

² Global problems are the problems threatening future development of humankind and they are divided from several standpoints. As for example J. Mistrík divides them into social, political and environmental (Mistrík, 2014).

³ According to A. Luknič – so-called global ethics in business.

all the potential host countries. Social pressures for states and their citizens are connected with these attempts. As for example, the problem arises when big transnational corporations (BTC) decide to realize their intentions in countries which are advantageous with not only low tax rates but, in a way, they are willing to accept corruption behaviour.

BTC realize a form of economic pressure, they blackmail some districts and states under the threats of business. It brings also unpleasant consequences on employability, purchasing power in a region, also domestic suppliers, etc. Also these practices of entrepreneurial subjects confirm the opinion that: "honest competition is threatened in a global market." (Volner, 2006, p.48). A serious appeal for Business Ethics is spreading illegal business in a new global environment. In such an environment we can find different forms of illegal business (smuggling with people, global business with people, business with drugs, arms, spreading guns, flaming and maintaining regional wars and ethnical aggression, life threatening, international migration or illegal business with dangerous waste, etc.) which are in bloom due to new technologies, the Internet mainly which functions as a frontage for laundering money (Naím, 2008).

A key towards the illegal business is a growth of money laundering due to the fact that illegal money must be „laundered“. Money laundering is not a business as such but also an irreplaceable mechanism of any other illegal business. M. Naím labels it as a mirror of a global grey economics⁴. A grey economics represents a sphere of an economic activity which in an area of a particular state avoids tax payments, legal laws are not respected, activities are realized without permissions and thus the state interests are deteriorated (Naím, 2008). The reason of its existence is an attempt of some economic subjects for quick capital cummulation.

Economic inequality and conflicts in the world contribute towards development of illegal business. On one hand, it is thus supported, however, on the other one, illegal business supports inequalities in the world, mainly difference between the rich North and poor South. And it also strengthens the power of some subjects.

Actual problems, towards which Business Ethics should pay attention, are connected with the global labour division in a new global economic and social environment. The global labour division is a reason for the fact that a necessary employability to a certain production is not concentrated on a territory of particular states but it is a subject of a global and planetary division. One of the biggest problems of the global economy, which is broadening the gap between the poverty of developing countries and the richness of developed countries, is connected with it.

Today we consider about bipolarization of the world which is divided into rich and strong countries on the one hand and the poor and dependant countries, on the other hand, by which so called outerclass is growing, i.e. a global, socially excluded class. Rich countries (the countries of the Global North) are those which are home countries for companies appearing as multinational corporations. Foreign investments come from there abroad.

Poor countries (so-called countries of the Global South) are those which accept investment from abroad and their economy gradually becomes dependant on other states. Attempts of some economic subjects reach economic prosperity and profit can also be connected with the growth of poverty in socially weakest social levels as well as other parts of the planet. These are mainly countries of the global south, in which economic and social development markedly lag behind the developed states. Interests of some business subjects in these countries are obvious. They find there mainly the source for the cheap work force, cheap

⁴ In the times of globalization we can see also black economy connected with criminal activities, drug distribution, financial frauds, etc.

natural sources, places for dangerous waste, etc. Irresponsible use of natural sources and inadequate evaluation of those sources should be a focus of Business Ethics on a global level. The truth is that in attempt to beat the competition, the entrepreneurial subjects are forced to produce and offer the range of different products and satisfy specific needs of consumers.

The lack of natural capital⁵ is an extreme limit for economic growth, as well as for satisfying some specific human needs. One task of Business Ethics is to point at the fact that an increase of predatory pumping of natural sources ignoring ecological demands regardless the consumption of non-renewable natural sources which is in a deep conflict with the rational economy. As Šikula warns, the price reflects insufficiently but sometimes at all direct or indirect ecological demands as well as prices of energend raw sources (Šikula, 2003).

A problem of natural source use is connected with the increase of consumption and strengthening consuming mentality of people. We point out entrepreneurship keeping consuming way of life, supports consumption and calls some “pseudoneeds”, which is irresponsible. The truth is that the whole range of needs arises as a result of economic growth. It happens that many needs which people think are essential are in reality the needs of the market. Except of that, some consumtion subjects satisfying such needs have serious consequences.

The proofs of unreasonable economizing with natural sources are global environmental problems. Evident and hidden conflicts grow in a global environment, as well as the fight for governing energetic and water sources, living areas, etc. (Šikula, 2003). The global environmental crisis must be connected with irresponsible behaviour of economic subjects towards environment. It points at the deepening conflict between phenomena “the nature” – „the culture“, in terms of which the human builds the human world. It is given into the relations mainly with attempts of economic doers reach unlimited economic growth also with the growth of material consumption mainly in developed countries (so-called countries of the rich North). Last but not least, it is connected with exponential growth of human population. We could continue with critical analysis of entrepreneurship in a new global economic and social environmnet and point at new challenges for Business Ethics. They confirm that “a hunt for profit“ has become the source for global social shakes and conflicts in a new global environment. At the same time, a current human still more and more takes over the logic of the market, even though, the market and entrepreneurship should serve firstly to people and satisfy their needs.

3 Results and Discussion

Pointing at some problems in a new global economic environment covers some questions which should be dealt with Business Ethics on a global level. As for example, why it is not possible to prevent some entrepreneurship subjects to increase economic growth by the ways which damage and threatens other social subjects on the planet and the nature? Why does not economic growth automatically provide increase of life quality but gets to the oposition of the valueable quality of life? It should be connected with reaching social development which is not only pressumposition of appropriate life level of people in the society but also the assumption of growing their life quality.

One of the task of contemporary Business Ethics is to point at the fact that even the possibility to move within a new global environmnet, broadening investments and e.g. freely enter less developed parts of the world with not so developed inhabitants, this does not approve entrepreneurial subjects to apply immoral ways of reaching profits, as for example to misuse

⁵ Natural capital is a part of the nature which has utility values.

local people or less educated people who are forced to provide their basic needs by any ways, in order to plunder natural sources, deepening existing global problems and aiming to new problems, risks and threats, threatening individuals, states or nature.

In some developed countries, many economic subjects currently realize that except of legal, productive, legislative and other norms, entrepreneurship should bear in mind also moral norms standing behind the entrepreneurial activities.

Regarding the fact that new problems arise constantly in a new global economic environment, part of which is the consequence of entrepreneurial subjects, it is necessary to revise and add some tasks of Business Ethics.

„If the economy does not fulfil the task of potential source for quality life of majority of population, a question – “to which system such a economy contributes?“ must necessarily arise (Pauhofová, Staněk, Volner, 2013). A moral obligation of entrepreneurial subjects which remains actual nowadays, striving for the profit, in the way that the basic purpose of economy which is to serve to the life will be accepted (Rich, 1994). A following question arises:

Regarding the globalizing process Business Ethics must remind the task in which economy plays by providing applicable conditions for human life. At the same time, it should emphasize that economic doers should responsibly take in consideration the ways by which they attempt to fulfil human needs by which the profit is divided, but also work and social products among participants of globalizing market or among all the people of the world regarding the fact that every human has the right for dignified treatment and life. Recognition of such a purpose and realizing of a situation of people in some parts of the world, environmental situations, thus, it can reverse some attempts of entrepreneurship subjects to succeed in a global market. Business Ethics calls for that and its task is to moderate negative effects of global changes connected with the growth of global economy. At the same time, it should justify moral requirements and provide arguments for required forms of behavior in business in a way that they should be accepted.

Therefore, economic doers in a new global environment are required to be responsible for reaching economic growth as well as for the ways by which they attempt to reach this growth as well as for the growth to be connected with social development and increase of human quality of life on the Earth. At the same time they should overtake responsibility for economic growth not to cause degradation of social systems, devaluation of environment⁶.

Last but not least, Business Ethics should point at the fact that business subjects become competitive also due to dignified behaviour at the market towards other participants of transactions thanks to use of humane ways and procedures in production, by product presentation, services and commodities. Attempts to minimize use of natural sources but also wastes and polluting stuff strengthen their good name⁷ in order not to threaten future generations. In order to remain in global competition, gain goodwill requires appropriate processes, methods from the point of view of technology as well as moral point of view.

⁶ Negative aspects of a long-term growth have been dealt by Roma club and some other authors (Meadows et al., 1972; Forrester, 1971) in the 70's of 20th century. Reports of Roma Club - Limits to Growth (1972), Beyond the Limits (1992) and others focus on a need of ecological and economic stability, sustainable to the far future.

⁷ A term „goodwill“ is used in Business Ethics for labeling a good name of the company or enterprise and it can substantially strengthen a position of that particular entrepreneurial subject on a market. It is considered to be a result of a long-term positive operation of that subject and it reflects responsible behaviour on a market environment towards other subjects which are involved in business.

4 Conclusion

Despite the fact that Business Ethics clarifies entrepreneurship as an activity with moral demands, and points at immoral practices in business activities, its task is to moderate and help eliminate negative phenomena and processes in a new global environment. As extremely important appears to be regulation of business activities in a new global environment with the help of ethics, and in the interest to moderate existing problems, risks and threats of global character. This task sounds general but more concrete tasks come out of it. It is connected with the requirement of entrepreneurial subjects to adapt to the conditions in a way that people and the nature do not suffer. Many problems faced not only by business subjects but also global citizens can be avoided in case when moral values are considered in particular economic processes and activities. Despite the fact that nowadays many business subjects do not pay attention to ethics in business, or searching for economic activities based on values and do not consider moral regulation for effective instrument of problem solution in entrepreneurship. This situation arises mainly in the countries in which the atmosphere has not been created in order to persuade economic subject that integration of humane views on business, considering moral values beyond entrepreneurship and respecting moral norms or bindings towards social subjects, it helps preventing or multiplying problems, rises and threats in a new global environment. Last but not least, respecting moral norms helps particular entrepreneurial subjects to improve their position not only in a domestic market but also European or global one. Thus, it represents for them a competitive advantage enabling reaching higher profits and improving its position on a market. Many business subjects still have not realized this fact. We agree with the opinion that economic reasons can significantly influence decision making of current businessmen whether to respect also moral norms. (Putnová, Seknička, 2007).

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