

Buddhism Congruent Business Ethics

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Introduction

In the modern society, business sector has high influences to the world. Business organizations can lead their stakeholders, i.e. customers, suppliers, employees, stockholders and societies, by their interaction and social contract. They might lead to ethical norm or the contrary as often seen in advertisements. To promote Buddhism in global society, convincing the large impact maker, business sector, would be an interesting strategy.

Good practices or high ethical behaviors do actually not diminish business results in long term. Unethical behaviors of business organizations affect organizational effectiveness in negative way. As shown in table 1, effects of unethical behavior beside ethics and trust are increased costs, reduced product/service quality, reduced satisfaction, elimination of product/service and false demand reduction which are barriers to organizational effectiveness.

Table 1 Effect of Unethical Behavior

Behavior	Impact on Decision Maker	Likely Result of Behavior
Bribery	Unearned personal gain Alteration of decision choice	Increased costs. Reduced product/service quality
Coercion	Fear of harm Alteration of decision choice	Increased costs. Reduced product/ service quality
Deception	Alteration of decision choice	Reduced satisfaction
Theft	Loss of resources	Increased costs or elimination of product/ service
Unfair Discrimination	Purchase of inferior services Sales level below market	Increased costs. False demand reduction

Adapted from: Fritzsche, David J. (2005) Business Ethics: a global and managerial perspective. 2nd ed. New York: McGraw-Hill. p.23

Nowadays, more researches and case studies are found positive linkages between high ethical behaviors in business organizations and long term organizational effectiveness. Business ethics become one of the key issues in modern business practices for sustainability development (Maxwell, 2003 and Riess, 2000)

Business Ethics

Business ethics is developed and heightened during this past three decades. It has been urged by major scandals of large companies. People aware more on impact of less ethics. More concepts and implications are initiated and implemented like corporate governance, corporate social responsibility, corporate social performance and corporate citizenship.

“*Ethics* is the discipline that deals with what is good and bad and with moral duty and obligation. Ethics can also be regarded as a set of moral principles or values. Morality is a doctrine or system of moral conduct. *Moral conduct* refers to that which relates to principles of right and wrong in behavior...*Business ethics*, therefore, is concerned with good and bad or right and wrong behavior and practices that take place within a business context.”, Carroll and Buchholtz (2006: p. 173-174).

Two branch of moral philosophy, or ethics, are *descriptive ethics* and *normative ethics*. Descriptive ethics is concerned describing, characterizing, and studying the morality of a people, a culture, or a society. This branch focuses on learning what is occurring in behaviors, actions, decisions, policies and practices of business people and organizations. While normative ethics is concerned with supplying and justifying a coherent moral system or thinking and judging. It develops, justifies and proposes basic moral principles that are intended to guide behaviors, actions, and decisions (Carroll and Buchholtz (2006), Buchholz and Rosenthal (1998) and DeGeorge (1995)).

Agreed with Carroll and Buchholtz (2006) opinion, normative ethics would be more meaningful to discuss rather than descriptive ethics which might end up just, “everyone is doing it...so we would do it”. To discuss what ought to be like normative ethics branch, there are three major approaches to think about business ethics: conventional approach, principles approach and ethical tests approach.

Conventional approach to business ethics, as Carroll and Buchholtz (2006) stated, is compared a decision or practice with prevailing norms of acceptability. The sources of ethical norms to individuals are family, friends, fellow workers, employer, local community, faith/ religious beliefs, profession, the law, region of country and society at large. Making ethical judgments between behavior or act that has been committed and prevailing norms of acceptability between two persons might not be same These are

complexity that people are not easily agreed in same ethical issues. In each society, law then a minimum standard of ethical behavior.

Ethical test approach guides personal and managerial decision making a number of practical ethical tests. This approach emphasizes more on practical rather than moral thinking like other approaches. No single test is recommended as a universal answer but one or more test would be appropriated in a situation. The test are test of common sense, test of one's best self, test of making something public, test of ventilation, test of purified idea and gag test (Carroll and Buchholtz, 2006).

Principles approach to ethics is based on more solid foundation of decisions compared to the conventional approach. Carroll (1990) proposed that, "A principle of business ethics is an ethical concept, guideline, or rule that, if applied when you are faced with an ethical decision or practice, will assist you in taking the ethical courses." Ethical principles or theories are divided into two groups: *teleological and deontological*. The first one emphasizes on the consequences or results of actions while the other one emphasize on duties.

Principle of Utilitarianism is one of the main ideas in teleological group. The concept is advocated by Jeremy Bentham (1748-1832) and John Stuart Mill (1806-1873) that the rightness or fairness of an action can be determined best by looking at its results or consequences. Utilitarianism asserts that "we should always act so as to produce the greatest ratio of good to evil for everyone". Beside the principle's attractiveness, which proposes standard outside of self-interest, it's weak points are the ignorance of inherently wrong actions, the means of the actions and the distribution of good (Carroll and Buchholtz (2006) and Barry (1979)).

Principle of Caring is referred as "feminist theory" which is both teleological and deontological. Associated with the work of Gilligan (1982, 1987) and Noddings (1984), the essential of the theory based being responsible towards others, maintaining a relationship with others, minimizing harm to others, and considering both one's own and the others' feelings and emotions. Organizations should seek to make decisions that satisfy stakeholders, leading to situation in which all parties in the relationship gain (White and Taft (2004) and Derry (1997)).

The business related principle in duty-based or deontological group is *Kant's categorical imperative*. This principle mentioned that a duty is an obligation arisen from reasons, rational nature, and internal source (not external source like Divine Command. Kant proposed three formulations (Carroll and Buchholtz, 2006).

(1) "Act only according to that maxim by which you can at the same time will that it should become a universal law" One should act only on rules that you would be willing to see every one follow (Boatright, 2003: p. 53).

(2) So act to treat humanity, whether in your own person or in that of any other, in every case as end and never as merely a means (principle of ends or respect for persons principle) (Reynolds and Bowie (2004)). Each person has dignity and moral worth and should never be exploited or manipulated as a means to another end (Pojman, 1995: p. 147-148).

(3) Every rational being is able to regard oneself as a maker of universal law. That is, we do not need an external authority—be it God, the state, our culture, or anyone else—to determine the nature of the moral law. We can discover this for ourselves (principle of autonomy) (Pojman, 1995: p. 150).

Principle of Rights is covered one major problem in utilitarianism that might violate another person's right for the greatest good the greatest number. The rights principle expresses morality from the point of view of the individual or group of individuals, whereas the utilitarian principle expresses morality in terms of the groups or society as a whole. This principle is founded on a movement throughout history to overcome basic social injustice and/or constraints on personal freedom (Carroll and Buchholtz (2006) and White and Taft (2004)).

Principle of Justice involves the fair treatment of each person i.e. employees, consumers, and other stakeholders. This principle uses universal principles such as reciprocity and equality of human rights and respect for the dignity of all human beings as individual persons. John Rawls provides comprehensive principle of justice. The two principles of justice are (1) each person has an equal right to the most extensive basic liberties compatible with similar liberties for all others. (2) Social and economic inequalities are arranged so that they are both (a) reasonably expected to be to everyone's advantage and (b) attached to positions and offices open to all. Three types of justice principles are distributive justice, retributive justice and compensatory justice ((Carroll and Buchholtz (2006), White and Taft (2004) and the Economist (2002)).

The Golden Rule is "Do unto others as you would have them unto you". This straightforward and easy-to-understand principle is popular and powerful in western culture. Maxwell gave reasons why decision makers should adopt the Golden Rule. (1) It is accepted by most people. (2) It is easy to understand. (3) It is a win-win philosophy. (4) It is a compass when we need direction (Maxwell, 2003).

Virtue Ethics, even though, it is not a principle per se, grounded in the western philosophy of Aristotle (384-322 BCE) and the eastern philosophies of the Buddha (ca 500 BCE) and Confucius (ca 551-479 BCE). It is a system of thought that is centered in the heart of the person. Virtue includes moderate living, according to the "Golden Mean," or in Buddhism, the "Middle Way". It does not depend on rules or principles but rather motives and actions of people who are intent on doing the right things at the time. Virtue emphasizes more on moral character what kind of person should we be or what kind of character should I have. The virtues provide criteria for evaluating individual action,

social institutions, and practices ((Carroll and Buchholtz (2006), White and Taft (2004) and Velasquez (1998)).

Decision Making Criterion in Buddhism

To make decision ethically, businessman can use business ethics as guidelines or basic principles. In Buddhism context, there is also criterion for decision making. P.A. Payutto (1999: 179) proposed two categories of Buddhist ethic decision-making criterion (1) main criterion and (2) common criteria.

The main criterion is the principle of *decision-making by wholesome or unwholesome*. Decision makers can consider from intrinsic nature (sabhāva) and cause of intention that come from wholesome (non-greed, non-hatred or non-delusion) or unwholesome (greed, hatred or delusion). One can consider whether the intrinsic nature supports one's mind and life or not. Do that make one's life comfortably, clear and unblemished or not. One can consider whether the intrinsic nature support or cut down quality and competency of mind, support wholesomeness or other supporting conditions to prosper or not. It reduces unwholesomeness or wholesomeness. What are impacts to ones behaviors? (P.A. Payutto, 1999).

Common criteria have three aspects. (1) Buddhist can use one's own judgment to consider that one can criticize or respect oneself. (2) he/she can use acceptance from noble man or learned man that acceptable or admirable or inappropriate. (3) he/she can consider traits and results of actions to oneself and others. The actions make oneself or others (P.A. Payutto, 1999).

This main criterion in Buddhism is so absolute. Business Ethics concern more on actions and thinking levels of ethics. While Buddhism criterion is in spiritual level not only logical level. It requires no arguments if one knows how to observe intrinsic nature straightforwardly or do insight meditation (vipāsana).

Buddhism Congruent Business Ethics

In business ethics, normative ethics branch, which have three major approaches to think about business ethics: conventional approach, principles approach and ethical tests approach, have similar aspect with Buddhism that point out 'what ought to be'. Among the three approaches, principles approach has clearest view of business ethics criteria. This session would then be discussed about Buddhism and the principles approach of business ethics.

Principle of Utilitarianism would be congruent with Buddhism criteria if there is not allow inherent wrong or unwholesomeness to be occurred. If the definition of the greatest

goodness is re-defined in deeper level to wholesomeness of all concerns, this utilitarianism would be absolutely congruent with Buddhism.

Principle of Rights emphasizes on rights of individuals which might be wholesome for that individual and others or not. According to Buddhism, if it is unwholesome to others, it is unwholesome for actors. This principle then aligns with Buddhism in a certain level if rights of actors would not overrule others and the actions are wholesomeness.

Table 2 Buddhism Congruent Business Ethics

Business Ethics Principle	Main Issues	Buddhism Congruence
Principle of Utilitarianism	We should always act so as to produce the greatest ratio of good to evil for everyone.	Partially congruent in the condition of wholesomeness level of goodness.
Principle of Caring	Responsibility to others and the continuity of interdependent relationship	Highly congruent as satisfy stakeholders.
Kant's categorical imperative	A duty is an obligation arisen from reasons, rational nature and internal source.	Congruent in general principle.
Principle of Rights	Right of individual and groups of individual	A certain level of congruent in moral rights not only legal rights.
Principle of Justice	Fair treatment of each person	A certain level of congruent in business context of equally treatment.
The Golden Rule	Do unto others as you would have them unto you	Absolutely congruent if mind, speech and body actions are wholesome.
Virtue Ethics	A system of thought that is centered in the heart of the person	Absolutely congruent if the virtue is Buddhism.

Kant's categorical imperative principle is generally aligned with Buddhism. Ethics in this principle do not arisen from external but internal which is exactly Buddhism. To act as it should become as universal law and treat humanity as end would normally be good actions which are wholesome. Buddhist practitioners in business context might automatically congruent with Kant's categorical imperative principle if practitioners aware more on treat human as end.

Principle of Justice in the first principle of equality treatment is not so aligned with Buddhism if look at ritual or daily life patterns. People are not treated equally in Buddhism as argued in feminism etc. However, fairness as a human who can study

Buddhism and be enlightened is clearly recognized. In business context, Buddhism criteria of wholesomeness imply equality of human and fairness of karma rules. Managers can evaluate and give fair rewards by both principles.

Principle of Caring holds traditional ethics like principles of utilitarianism. Both then have areas of overlapping with Buddhism criteria more than principle of right and justice which are more cognitive processes. Emphasizing interaction with others of the caring principle is congruent with Buddhism. Even Buddhism teaches to develop one own but that is also for better relationship with others. Managers who practice Buddhism would be automatically align with the principle of caring. In the other way around, not all actions in caring principle would be fit with Buddhism criteria. The different is the wholesomeness from mind level.

The Golden Rule almost fit absolutely with Buddhism criteria. The rough concept would be the same: do good to others and do no harms to others. In Buddhism criteria is doing wholesomeness and not doing unwholesomeness. The differences can be occurred in case practitioners 'do' actions with unwholesome minds. If we assume that do not 'think badly' to others because we do not want others to think badly to us, both criteria would be merely the same. If minds, speech and bodily actions are counted in the Golden Rule, Buddhism criteria are absolutely fit with this principle.

Virtue Ethics is Buddhism if the actors or practitioners are Buddhists. They are absolutely congruent. This concept of virtue give rooms for individual virtue which can be religious, faith, believe etc. Virtue ethics, as well as Buddhism, can be used from spiritual development to management training. More businessmen use Buddhism as their guidelines at both work and life.

Conclusion

People in business sectors can implement higher ethical behaviors in their organizations for their own happiness and higher organizational effectiveness in the long run. Toward the reluctant in using Buddhism in business, this paper shows congruence between Buddhism and business ethics that business practitioners can do. *Buddhism criteria are congruence with all principles of business ethics in a certain degree.* If practitioners in business sector practice Buddhism or congruent principle, they can get along with international business ethics as discussed. Business would achieve higher sustainability results with all stakeholders. People in the business would also live happily. The society should be in better atmosphere.

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