Corporate Business Ethics and Social Responsibility Revisited

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Abstract
The issue of business ethics and social responsibility is increasingly present in business and economic literature, and the recent scandals surrounding big corporations have added significance to the problem. In the post-communist countries of Central and Eastern Europe one finds practically all the major aspects of business ethics, but the practical side of the problem still calls for more action by all the parties involved; businesses, governments at all levels and the public at large. The paper reviews the main issues relating to business ethics and social responsibility in the light of system transformations in those countries in the past 25 years.

Key words: business, ethics, post-communist, responsibility, codes of ethics

1. Introduction

The issue of business ethics has a long history which some authors push back to ancient times. References to business ethics can be found in the works of Plato and other Greek philosophers and were reiterated in the subsequent periods of economic and social development. However, only the advent of capitalism, and its criticism by Marx and his followers, gave to business ethics quite a new dimension and quickly transformed it into a political problem. The question of plus value and its appropriation by the capitalist (owner of capital) lay at the basis of the ensuing conflict between capital and labour. However, as a distinct sphere of knowledge, business ethics and related issues such as social responsibility, morality or honesty in business dealings only became important with the advent of the most advanced stage of capitalism (imperialism in V.I. Lenin’s words), i.e. from 1870s onwards. From the academic perspective² the development of business ethics as a separate scientific discipline can be divided into several periods, viz. the years 1870 to 1960, the 1960s to 1970s, and 1970 up to the mid-1980s and from 1985, up to this day. Nowadays hardly any business school or a better-ranking university worldwide does not include business ethics in their academic curricula. The International Business Development Institute, representing over 200 countries, is a global non-profit institution offers a Charter in Business Development and is backed by such prestigious academic institutions such as Harvard, MIT or the Fulbright scholarship fund³.

It was, however, the beginning of a new millennium that turned business ethics into an independent discipline not only for the academia but for any business forum and business organization. It was the time of great scandals involving such companies as Enron, Tyco, WorldCom and others that prompted the passage of the Sarbanes-Oxley Act by the US Congress. Business ethics and its natural offspring – social responsibility – have become a centerpiece of business legislation and business practices in many countries.

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² As an academic discipline business ethics appeared in the 1970s but there were hardly any academic fora (business ethics periodicals, conferences or seminars) available at that time. For that matter see, for instance: A. Serenko, N. Bontis: A citation-based ranking of business ethics scholarly Journals. " International Journal of Business Governance and Ethics" No. 4, 2009, pp.390-399.
³ IBD Institute internet portal
While focusing on the issue of business ethics and social responsibility in general\(^4\), the present paper raises some questions relating to the respect of the norms now almost universally adopted throughout the universe in the former communist countries of Eastern and Central Europe. Its subtitle: ‘‘A generation later’’ was not selected fortuitously. It has been used in the context of a quarter-century experience of system transformations in this part of the world, particularly Poland, and of their impact on the way business is conducted there and how the ballast of the past weights upon it. Because of the publishing space limits the article only touches upon the most important issues, leaving detailed argumentation to further contributions to this issue.

2. Business Ethics – Why Has It Become So Important?

There are few scientific disciplines that could rival business ethics in popularity. The reason behind this popularity is, among others, the explosion of scandals surrounding even the most reputable firms\(^5\), and research clearly shows that an increasing number of people not only in democratic countries but worldwide see the link between respect of the ethical behaviour of businesses and their profitability. No longer is the practice of bending the rules or outright fraud perceived as an inevitable, albeit necessary means to attain success in business. On the contrary, an increasing number of companies give a high or a very high priority to social responsibility. Such firms represented 40% in 2004 and over 50% in 2007. By 2010 their share might have increased to over 70% according to some estimate.

This notable increase in the level of respect for ethical and social norms by businesses would have not been possible without growing pressure from the public who is increasingly aware of its force in controlling corporate appetite for profit regardless the way it is attained. In this area populations of the newly enfranchised countries of Eastern and Central Europe have still an uphill battle to wage. The long periods of the “economy of shortages” as the time of “real socialism” is often referred to, have put the populations of these countries rather on the defensive in dealing with business firms’ abuse of consumer rights. An ordinary citizen in the former communist states of Eastern and Central Europe is still rather powerless in contacts with administration and its deeply entrenched bureaucracy. A client of institutions of various levels of administration has to prove his/her point and can expect little assistance from agents who should normally be helpful. Pension funds, health system and many other domains of public service are plagued with such attitudes. While these slowly change, the progress seems slow in comparison with mature democracies. In the former communist states of Eastern and Central Europe is still rather powerless in contacts with administration and its deeply entrenched bureaucracy. A client of institutions of various levels of administration has to prove his/her point and can expect little assistance from agents who should normally be helpful. Pension funds, health system and many other domains of public service are plagued with such attitudes. While these slowly change, the progress seems slow in comparison with mature democracies.

Ethical issues in business activity only start to be treated more effectively in these countries, simply because they are compelled to do so by being exposed to the processes of democratization, principally through their membership in international bodies such as the European Union. These processes cannot be uni-directional; they work both ways. Few would argue with the opinion that the membership of the former communist states in the EU and its institutions has helped to transform them into democracies in a relatively

\(^4\) J. Velentzas; G. Broni: Ethical Dimension in the Conduct of Business Ethics, Corporate Social Responsibility and the Law. The “Ethics in Business” as a Sense of Business Ethics. Proceedings of the International Conference on Applied Economics 2010 make a distinction between ‘‘normative ethics’’ and ‘‘meta-ethics’’ (p. 796). For the purpose of the present paper we shall focus essentially on business ethics, linked to social responsibility, without further dividing it into more detail sub-terms.


\(^6\) For example: W. Kiezun: Patologia transformacji. “Poltex”. Warszawa 2013, pp.344-345
short time. However, a lot has still to be done in this respect before a visitor from the ‘‘old’’ EU member state will no longer be shocked by the way this democracy works compared to his/her own country7.

The terms ‘‘business ethics’’ and ‘‘social responsibility’’ are not only closely linked to each other; they are used almost interchangeably. The question arises whether a business firm can act ethically on one hand and not be socially responsible on the other. The answer to this question cannot be straightforward since in etymological terms ethics and responsibility are two different concepts. But in practice they would be rather difficult to delineate8.

In order to better understand the practical significance of both concepts9 some clarifications as to what constitutes ‘‘business ethics’’ and ‘‘social responsibility’’ are necessary.

There exist many definitions of business ethics and of their scope of application10. J. Vellentzas and G. Broni11 define it as ‘‘behaviour that a business adheres to in its daily dealings with the world. Quoting from a variety of references12 the authors further state that business ethics apply not only to how business interacts with the world at large, but also to their one-on-one dealings with a single customer.

It should be emphasized that some definitions of business ethics do not stress sufficiently enough the ‘‘ethical’’ part of the concept. The reasons for that have to do with the philosophical, moral and religious aspects of ethics. This is where differences of interpretation, and thus the application of ethics to business activity may occur. What is ethical for one business firm may be an unnecessary burden for another. That explains, at least partially, why such a great number of large corporations are found these days guilty of not behaving ethically. To some business ethics is even an oxymoron.

There are basically two main philosophies relating to business ethics and social responsibility. One, represented by Milton Friedman, is rather straightforward: ‘‘There is one and only one responsibility of business – to use its resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud’’13. In other words, a firm that does not break the law acts ethically and is socially responsible.

Friedman’s approach stands in sharp contrast with the views expressed by other authors. A.B. Carroll for example, proposes14 that the management of business organizations have four major responsibilities:

7 On the practical aspects of business ethics see: Etyka w biznesie. W teorii tak, ale w praktyce….Wiadomosci w nf.pl.url, October 29, 2012
8 On the meaning of both terms see for instance: Difference Between Business Ethics and Social Responsibility E://Difference.mht
9 It is understood here that the term ‘‘responsibility’’ only refers to its social aspect. It is clear that every business firms has to abide by law in general, relating to business contracts with its customers but also to other areas that are governed by the law of the country and by the international law. There can exist some confusion, however, in such a distinction between ‘‘social responsibility’’ and ‘‘responsibility’’ as such. This confusion can often create serious problems when conflicts arise.
10 J. Vellentzas and G. Broni quote a large number of references that relate to the issue of business ethics. For more details see their paper: Ethical dimension in the conduct of business …op. cit
11 Idem, p. 795
O. Vincent at al.

- Economic
- Legal
- Ethical
- Discretionary

**Economic responsibility** coincides with the earlier quoted statement by M. Friedman and relates to a business firm’s goal of producing goods and services of value to the society in order to be able to repay its creditors and shareholders. Legal responsibilities stem from the laws and regulations which business firms are expected to abide to. For instance, in North America many companies often put in their job advertisements a statement ‘equal opportunity employer’ which means that all candidates for the position announced would be treated without prejudice regarding their race, religion or sexual orientation. In the city of Montreal the Transit Corporation (STM) has for a number of years adopted a recruitment policy that reflects the demographic composition of the agglomeration. What used to be a white male French-Canadian-dominated profession of drivers and subway workers has turned into a multi-cultural group of employees where a non-white female worker is a normal occurrence.

**Ethical responsibilities** mean that business firms are expected to follow the generally held beliefs about behaviour in the society. For example a firm is expected to work with the employees and the community in planning lay-offs, even if there is no specific law that imposes that.

**Discretionary responsibilities** involve purely voluntary obligations that a corporation imposes on itself. These can include philanthropic contributions, training of unemployed, day-care or medical services and the like. One of the explanations why the Chinese firms gained so much in Africa is the fact that they provide a lot of the above services as a by-product of their business involvement. To some it may be simply a very smart marketing strategy but to an ordinary African, often deprived of elementary services, it means a lot.

Surveys show that behaving ethically and being socially responsible enhance a firm’s reputation vis-a-vis its customers. A study by the strategic marketing firm CONE INC. found that 8 out of 10 Americans remained loyal to a specific brand if its manufacturer supported social causes\(^\text{15}\). In 1997 that percentage was less than 60.

M. Friedman may have a point when he argues that “business” cannot have responsibilities. <<What does it mean to say that "business" has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense. The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom>>.\(^\text{16}\)

But this statement can be argued with. While a corporation cannot be readily “personalized” in the same way an individual can, it nevertheless represents shareholders’ particular interests which are embodied in profit maximization. This, contrary to what M. Friedman says, cannot be an excuse for unethical and irresponsible behaviour of a business firm. One can only wonder if M. Friedman would stand by his idea had he written his paper today (in 2014) and not nearly half a century ago.

An ethical job is a broad term to describe a job which accords with a person's ethics or values. Ethical jobs may include green jobs, community sector jobs and jobs in the international aid sector. Survey data from various countries confirm a trend for jobseekers to seek out ethical jobs:

- A 2007 opinion poll by Harris Interactive of 1741 US employees found that 73% of respondents said it was “important that your employer be environmentally and socially responsible”;
- A 2005 poll by The Guardian newspaper of 2000 undergraduates in the UK found that over 70% of students said that a company's ethical track record is a crucial factor when choosing their employer;

\(^{15}\) cone communications: *Corporate Social Responsibility.*  
\(^{16}\) M. Friedman: *The Social Responsibility of Business... op. cit*
A 2005 poll by High Fliers Research of 6227 final year students from Australian and New Zealand universities found that 40% said it was “very important” that their first employer be socially responsible, and 30% said it was “very important” that their first employer be environmentally responsible;

A 2009 poll of Australian Non-profit organizations by EthicalJobs.com.au found that 87% of employers surveyed said that job seekers were more likely to apply for a position seen to be ethical17.

It could be argued that ethical behaviour is synonymous with the respect of law. This view, however, does not seem to hold in real life. In his excellent contribution Michael L. Michael18 maintains that behaviour is usually bad in the areas where law is largely absent but this popular wisdom may actually be different in reality. He claims that the two areas of everyday life: driving cars and paying taxes are probably the most regulated but where the largest amount of self-conscious cheating occurs. He cites the example of the U.S. Space Agency – NASA where allegiance to hierarchy and procedure had replaced deference to NASA engineers’ technical expertise19. Therefore simple respect of law does not guarantee an ethical behaviour. There must be more to it.

Business ethics and social responsibility are thus a distinct area of interest to both academics and the society. They transcend a simple observance of law and entail respect for morality and accepted rules of behaviour, in this case in business.

It may be perfectly legal for a pawn shop manager to buy at half price or less a diamond ring from a customer that looks suspicious if the latter can produce two pieces of identity document, even if there are strong reasons to believe that the ring might have been stolen. But is it ethical and moral? This simple example, like many other cases of a conflict between legality and ethical behaviour, justifies the view that it is rather difficult to put a sign of equality between these two notions.

Ethics in business are much more difficult to ensure than ethics in sports, education or even in politics. It is so because business is almost without exception about making profit. Business activity without profit would make no sense. But how much ethics should be observed in business? This question is hard to be answered unequivocally.

Business ethics is largely different from work ethics, although the two concepts are strongly related. How far the conflict between work ethics and business effectiveness can go can be best illustrated with workers’ attitudes during the era of the “real socialism”. Absenteeism, alcoholism and the generally low productivity of labour at that period was a direct result of the conflict between work itself and appropriation of its fruit. Workers employed by the state-owned plants or agricultural complexes did not see a connection between their work and their remuneration. Consequently they worked negligently and with the least effort possible. Can one therefore conclude that they behaved unethically?

But there was a much more serious aspect of the above problem and it was the question of a simple honesty of people. A double-standard morality evolved. For some people taking of a government property was not considered sinful, despite severe punishment20, but stealing of even the smallest thing from a private person was. While the advent of a market economy in the Central and East European countries has eliminated this kind of thinking, the remnants of such attitudes can still be found in day-to-day behaviour on the job.

17 Harris Interactive: http://www.freebase.com/m/064p_6
19 M.L. Michael quotes this statement from the 2003 Report Of The Columbia Accident Investigation Board 200;http://anon.nasa-global.spedera.net/anon
20 In the 1960s in Poland some individuals convicted in the so called meat scandal were sentenced to death.
3. Business Ethics and Its Scope of Application

There exists a large body of literature as to what constitutes the essence of business ethics and social responsibility. Due to space limitations this paper will not quote even the most important contributions to this subject21, rather focusing on the areas business ethics and social responsibility are most frequently referred to. However, before tackling this problem in more detail it seems worthwhile mentioning that the United Nations’ ten principles of Global Compact have had tremendous impact on the development of this discipline. These principles are derived from the following documents:22

- The Universal Declaration of Human Rights
- The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

**Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

**Labour**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

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22 Quoted from : http://www.unglobalcompact.org/about/
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

In terms of business ethics and social responsibility, the two issues the paper is focusing on, the application of the UN principles may considerably vary from one company to another. Some critics of corporate social responsibility (CSR) and business ethics argue that only those companies that place profit maximization above anything else are likely to survive. For them organizations are not capable of a moral behaviour which can only be required of individuals but not of business firms.

Such opinions, however, become more and more isolated as business ethics and social responsibility are increasingly perceived by consumers and theorists alike, but also by businesses themselves, as prerequisites for profitability, partially due to reasons evoked earlier and in particular by loyalty to brands produced by ethically behaving companies. There is a lot of conclusive research in that respect.

Scholars and business practitioners alike mostly agree on what should be the realm of interest in corporate business ethics and social responsibility. The areas of interest involve, but are not limited to, the following issues:

- General business ethics
- Ethics in finance
- Ethics in human resource management
- Ethics in marketing
- Ethics in the process of production
- Ethics in management of human capital (intellectual property, knowledge and skills)
- Ethics in use of technology
- Ethics of economic systems
- Law and business ethics
- International business ethics
- Ethics in the educational system

The issue of ethical behaviour of businesses and social responsibility requires firms to adhere to some kind of a code of ethics (code of conduct). The Sarbanes-Oxley Law of 2002 requires firms to disclose if they have or not adopted such a code. Codes of ethics of various firms naturally differ from one firm to

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23 M. Friedman strongly supports this view. See: Footnote no 13
25 This list (except for the last item) has been derived from J. Venzelas – G. Broni: *Ethical Dimension in Business Ethics*: op.cit. Other authors present the scope of coverage of business ethics and social responsibility in a much similar order.
another but in essence they ought to include similar enunciations. According to Michael L. Michael\textsuperscript{26} a code of ethics must address the following matters:

- Honest and ethical conduct, including the ethical handling of actual or apparent handling of interest between personal and professional relationship;
- Full, fair, accurate, timely, and understandable disclosure in the periodic reports to be filled by the issuer;
- Compliance with applicable government rules and regulations.

Existence of a code of ethics notwithstanding, business ethics and social responsibility issues are not free from conflicts. Perhaps the most frequent conflicts arise in the sphere of application of ethical rules by an individual (worker) and the corporation that employs him. What is ethical for the worker need not be identical with what is considered ethical by the corporation.

Difference of approach to ethical behaviour between an individual and the firm is probably the most blatant example of such conflicts. The roots of such conflicts are embedded in the very conflict between capital and labour, especially in the case of hired and remunerated labour. While the owner of capital, either a private owners or shareholders, would always seek the highest profits, the owner of labour (worker) will seek the highest possible income from employment. The two objectives are inevitably conflicting with each other\textsuperscript{27}.

The very nature of the above conflict goes beyond a classical approach to business ethics and social responsibility and relates to the sphere of political economy. While the two are closely related the ethical side of political economy transcends the main focus of the present contribution and will not be further discussed. Its significance, however, not only in conceptual but in practical terms as well must not be underestimated.

The ten areas of application of business ethics and social responsibility differ in significance and relevance. It would be thus worthwhile devoting to each one some attention.


This area is almost self-explanatory and relates to a set of general rules pertaining to business firms’ behaviour. No matter how many rules can be quoted here or cases brought up, the issue can never be considered closed. One of the latest and most blatant example of this is the recent proposal by the Parti Quebecois in the Province of Quebec of the Charter of Values\textsuperscript{28} which bans religious symbols, such as kipah, turban, cross or hijab from workplace in case of employees of the public sector (nearly 10 percent of all jobs in Quebec). It should be emphasized that the proposed law runs counter to the Charter of Rights and Freedom of Canada. Is it therefore ethical?

Business ethics, as it is generally perceived, should be similar from one culture to another. It should transcend political or cultural borders. This is hardly so in real life. Business ethics differs considerably between nations and, as already mentioned earlier, what is considered ethical and socially responsible in one country need not be considered as such in another. Only business ethics based on moral and religious principles may be universally accepted.

Ethics in Finance

This is a domain where most violations of ethics rules actually take place. Complaints against the banking system are commonplace and abuses, like for example user charges are frequently quoted\textsuperscript{29}. There

\textsuperscript{26} Michal L. Michael: op.cit.
\textsuperscript{28} With the Partis Quebecois having lost the recent election the issue has become irrelevant
\textsuperscript{29} The author of this paper has recently tried to withdraw $20 from an ATM (automatic teller machine) at the P.E. Trudeau Airport in Montreal to pay for a taxi fare. The machine asked him first to accept user fees of $2.50, i.e. 12.5% of the amount to be withdrawn.
are other blatant examples of financial institutions’ greed. The recent initiative by the Swiss banking system to substantially reduce top management emoluments is undoubtedly a reaction to public criticism of the disproportionate remuneration of banks’ high ranking employees.

Ethics of finance in general had been brought to the forefront at the beginning of the 2000s with a series of scandals and in particular the “Enron scandal”. The Enron case, as well as a number of other cases of fraud, mismanagement of shareholders’ money and other violations of ethical code, have been well documented in literature and there is no need to repeat them in the present contribution.

**Ethics in Human Resources Management (HRM)**

This is an area where violations of ethical rules occur with a similar degree of intensity as those in the area of finance. HRM deal with real people, their behaviour at work and their problems outside the work place. Occasions for violations are very frequent and involve discrimination, nepotism, favouritism and other forms of abuse. Gender inequality in salaries and wages, discrimination due to religion and sexual orientation, disabilities, ethnic background, etc., constitute the core of the problem in this area. In the mature democracies these are very sensitive issues. One has to recall the case of a Sikh RCMP officer who was dismissed from service for his refusal to remove his turban and wear a Stetson like any other Mountie, or a Sikh boy removed from school for wearing a kirpan a ceremonial knife – symbol of manhood in the Sikh faith.

In the former communist states that embarked on the programme of market reforms the issue of gender inequality in terms of remuneration is acute. In Poland, for instance, it is estimated that women are paid on average 30% less than men employed at similar posts.

**Ethics in Marketing**

This subset of business ethics is probably the most controversial area of the latter. To some marketing ethics is anything not specifically forbidden by law that brings profit. At the other end are those who believe that consumers are entitled to honest information about the products they buy and the danger to life or health these products can hide. The latest revelations about the teeth whitening pastes are the best example of this controversy. A lot is also being said about the products from China such as detergents, toys and other products which may contain dangerous substances such as lead or mercury.

The most frequent problem with marketing tools is that advertisements tend to omit some crucial information, either consciously or by ignorance, which nevertheless plays the decisive role in completing a sale.

**Ethics of Production**

This area of business ethics gained importance with the introduction of new technologies, some of which are barely tested for their harmful effects. These harmful effects involve three major elements: production workers, consumers and the environment. The harmful effects of emissions (Bhopal disaster in India), radiation (Fujishima) or Quebec asbestos are just some examples of the ethical aspects of production processes. GOM organisms, stem cells, etc. may also be quoted although they overlap with other applications of business ethics.

The sphere of application of business ethics regardless, one should emphasize the crucial role of media. TV, Internet and other ITs have a tremendous impact upon our lives. This aspect could be treated apart as ethics of the media is quite recent as a discipline and not always separated from other applications of business ethics.

There exists close, two-way relationships between business ethics and media ethics. On the one hand businesses use media for promotion of their products or services and for marketing in general. On the other hand, media can exert direct and strong impact on practically any business; promote it and expand it, hamper

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30 During the time of the Soviet Union an anecdote circulated: Is “Pravda” (a newspaper of the Communist Party) meaning “truth”) always telling lies. “No, the answer went. “Pravda” never lies, it is always telling truth (“pravda”), albeit not the whole truth”.

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its progress or even destroy it. No one could overestimate the role media played in denouncing fraudulent practices at Enron and other corrupt firms. It is therefore of crucial importance that media possess their own ethics and use their power for the benefit of all the parties involved; business and the public, governments and individuals alike. This, unfortunately, is not easy to implement.

**Ethics in Use of Intellectual Property**

The advent of computerisation has allowed practically anyone to have instant access to information, even the most sensitive one. At the same time it has greatly facilitated theft of intellectual property or invasion of privacy. While one of the greatest inventions of the XXth century, the personal computer has become one of the worst calamities of the modern era. Child pornography, identity theft, intrusion into privacy of people have become unwanted by-products of technological advance.

Business ethics and codes of conduct notwithstanding, there is an urgent need for legal regulation of intellectual property on a global scale. There exist laws and international conventions that provide protection of intellectual property but this protection is often porous and thefts frequently occur. To curb these practices more international co-operation is necessary, bilaterally and multilaterally. But such protection means control which is costly. Deterrents to theft are nonetheless necessary.

Like in any other field of application there exist a fine line between ethics and law. Without legal protection business ethics would remain soft, if not outright ineffective. Law has to be supportive of ethics.

**Ethical Issues in the Application of Technology**

The second half of the XXth century and the beginning of the 3rd millennium have witnessed an unprecedented advance in practically all spheres of technology. The technological advances have raised new ethical issues, particularly in such areas as IT, pharmaceutical industries, and medicine. The recent scandal surrounding the American listening to phone conversations, even of high profile foreign politicians such as the German Chancellor-Mrs. A. Merkel, is the best illustration of the problem. Euthanasia31, assisted suicide and other practices are good examples of ethical issues that result from the application of modern technology.

The problem of the pharmaceutical industries deserves some extra attention. It is nobody’s secret that drugs, particularly those which can be life-saving, are inaccessible for poorer people. Yet the death toll due to malaria, HIV and other infectious diseases is staggering, particularly in Sub-Saharan Africa and in Asia. The pharmaceutical companies are at pain to reject accusations that greed and profit-seeking are the main motives behind the horrendous price of medication that could save millions of lives. They claim the cost of research and drug approval procedures prevent them from producing and selling cheaper drugs. Few people are buying such arguments. Table 1 below illustrates the revenues of the world’s largest pharmaceutical and biotech companies.

**Table 1: The revenue of the “Big pharma” (Pharmaceutical companies with sales in excess of US $3 billion)**

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<tbody>
<tr>
<td>1</td>
<td>Pfizer</td>
<td>USA</td>
<td>67,809</td>
<td>7,599</td>
<td>19,337</td>
<td>122,200</td>
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<tr>
<td>2</td>
<td>Novartis</td>
<td>Switzerland</td>
<td>53,324</td>
<td>7,125</td>
<td>11,053</td>
<td>138,000</td>
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<tr>
<td>3</td>
<td>Merck &amp; Co.</td>
<td>USA</td>
<td>45,987</td>
<td>4,783</td>
<td>4,434</td>
<td>74,372</td>
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<td>4</td>
<td>Bayer</td>
<td>Germany</td>
<td>44,200</td>
<td>1,791</td>
<td>6,450</td>
<td>106,200</td>
</tr>
<tr>
<td>5</td>
<td>GlaxoSmithKline</td>
<td>United Kingdom</td>
<td>42,813</td>
<td>6,373</td>
<td>10,135</td>
<td>106,000</td>
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31 Euthanasia has been recently voted legal in Belgium. Other countries are getting ready to follow suit.
In a global economy business transcends national borders and becomes increasingly international. That creates problems of cultural clashes. Religious differences also play an important role in this sphere. Business ethics in international economic relationships is continually gaining importance. But there are few options that are practicable. Which cultural model should prevail? The Western traditional Judeo-Christian model or “their” model, that is to say the model that is applicable for other cultures and beliefs?

It would be a great challenge for researchers to determine in which areas a consensus between clashing business ethics could be sought. Most definitely basic ethics, be it business ethics or ethics based on religious principles, include a set of principles acceptable to all. Misdemeanour of any nature should be condemnable in any religious or secular system. There is no excuse for not including these basic principles into the conduct of business dealings among the nations of the world.

Yet unethical behaviour in business dealings between various countries is commonplace. Such behaviour should be outright rejected and condemned or else it will hurt the business itself.

### Ethics in the Educational System

The last sphere to consider in this paper, although not the least important, is the question of ethics in the educational system. This issue has gained a lot of significance in the newly enfranchised countries of Eastern and Central Europe after their liberation from the communist system. While every member of the academic community in these countries is bound by some kind of the rules of conduct, there hardly exist specific codes of ethics in many universities and academic institutions in this part of the world.

Yet there is an unquestionable need for such a code of conduct that would be adoptable across the board in the educational world. It does not have to be identical in its form but it should be similar in its contents. Both the teacher and the student community should be aware of what is acceptable and just and what is condemnable. Otherwise abuses will occur with devastating results.

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32 More attention is devoted to this issue in the last paragraph of this paper dealing with ethics in the post-communist nations.
5. Business Ethics and Social Responsibility in the Post-Communist Countries

The short overview of main problems relating to business ethics and social responsibility presented earlier does not exhaust the problem which dynamically evolves. It would nonetheless be worthwhile to provide a succinct description of how it is respected in these countries. Poland will serve as reference, although the countries in question experience very similar problems in that area.

There would be little justification for repeating the main arguments raised in the list of issues relating to the respect of business ethics and social responsibility presented on previous pages of this paper. Our proposition is to classify them into several inter-related groups of problems.

Novelty of the Issue

Business ethics in Poland and in other post-communist countries is still a relatively new issue but inevitably gaining importance. Good progress has been achieved in some domains and Poland belongs to the leaders in this respect in the countries concerned.

Internationally, some 80% of companies declare their commitment to the objective of ethical conduct of their business and a similar percentage of companies have some kind of a code of conduct. In Poland and other countries which introduced market economy this ratio is much lower; some authors advance a figure of around 1/3 of firms. Yet declarations are one thing and practical implementation of such codes is another.

Still most business firms in the country do not possess any code of conduct which would fully adhere to ethical norms of carrying out business activities. However, in the long run businesses in this part of the world will have to act more ethically and abide to rules accepted by the international business community or suffer set-back.

Ethics in the Educational System of the Post-Communist Countries

Under the old regime academic teachers, as well as other groups of employees, were assessed according to the criteria of their “socio-political attitudes”, i.e. membership in the communist party, participation in public events, such as the 1st May parade, the October Revolution anniversary, etc. Professionalism, integrity, honesty and other attributes of a good teacher were of lesser importance.

The strongly politicized and indoctrinated system of ethics of the educational system in the era of real socialism has greatly changed since the demise of the communist system. This does not mean, however, that the educational system is free from abuse of ethics. There are too many examples of the opposite. More research and the establishment of a solid and truthful data base is however necessary and some kind of a code of ethics for the educational and research workers that would be binding for all of them is indispensable.

In Poland, the comprehensive document issued by the Polish Academy of Science (PAS) in 2012 stresses the significance of ethics in scientific research and proposes a framework from which codes of ethics of academic and other educational institutions should be drawn. The document had been based on the European Code of Conduct for Research Integrity of 2010, itself elaborated jointly by the European Science Foundation and All European Academies. Some documents by Polish Academy of Science were also used.

Being focused almost exclusively on research, the PAS’ document does not include the other component of ethics in the educational and scientific world which relates to the educational process itself, i.e.
dealing with students. In practice each and every institution of higher education in the country may develop its own code of conduct of academic teachers. The questions arises if such a separation between ethical issues of academic teaching and research, as it is now set in Poland, is justifiable. Research and teaching, or the other way round, are mutually dependent. An ethical academic teacher is usually an ethical researcher, and the contrary is simply ruled out. However, in practice each of many academic institution in the country, or more precisely institution of higher education, may have developed its own code of ethics. Such codes will naturally differ from each other but will invariably include common elements.

Consequently, in practical terms, the PAC’s document is of the few comprehensive documents dealing with the issue of ethics in research and education. While it principally relates to the high level field of research in Poland it could be extended on all kinds of academic activities independently from the scientific domain under consideration.

The document evoked earlier includes some important criteria for ethical behaviour in research. These include:

- Universal principles and ethical values in scientific activities;
- Good practices in scientific research
- Indecency in scientific research
- Appendix relating to actions in the case of violations of decency rules in scientific activities.

The first of the four main issues quoted above deserves attention because it sets a framework for the problem of ethics in scientific research and education. The documents lists 11 universal principles of ethical behaviour in science. These are relevant for any scientific discipline and any type of scientific activity. They include:

i) **Thoroughness** in the presentation of objectives and intentions of the projected or already carried out research, methodology and research procedures and interpretation of obtained results, as well as passing on of any information relating to potential threats. The obtained results from the research should be assessed objectively as to their potential application and expected benefits;

ii) **Credibility** of research activities, self-criticism, care for details of data and its storage, abstention from using one’s authority as scientist in giving opinions outside one’s main field of expertise;

iii) **Objectivism**, i.e. drawing conclusions based on facts, reasoning and data that can be verified by others;

iv) **Impartiality** in tackling a problem or phenomenon and in transferring of knowledge;

v) **Independence** from external influences by those who order research and by political, business or ideological lobbying groups,

vi) **Openness** in discussion with peers about one’s research and publication of results for the benefit of the society;

vii) **Transparency** in data collection, analysis and interpretation which requires that data from experiments be properly stored and available upon publication;

viii) **Responsibility** with regards to those who participate in research and with regards to the objects of research, including environment and cultural heritage. Research with live creatures can be carried only if human dignity and rights of animals are safeguarded;

ix) **Honesty** in acknowledgement of other people’s contribution to the discipline in question, regardless of whether they are co-workers, competitors or predecessors;

x) **Care** for future generations of scientists manifested by passing on them standards and ethical norms;

xi) **Courage** in opposing opinions adversely affecting scientific knowledge and practices running counter to the principles of scientific decency.

The document also stipulates that employers (universities, institutes and other establishments) are required to ensure that their employees respect these norms.

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38 Kodeks…op.cit; pp. 7-13
39 Idem, p.5
While the document sets up the framework for the application of the ethical rules in the field of scientific activities, it does not provide specific measures of ensuring that. Nonetheless, it quotes three specific fields of dishonesty which should be subject to disciplinary action. These examples of breaching of ethical rules are (p.9):

- Making up of research results and presenting them as true;
- Falsification consisting in changing and omitting troubling data which leads to false results;
- Plagiarism or appropriation of other people’s ideas without an appropriate citation of the source.

Plagiarism in academia has become so widespread among students (and not only students) that has simply got out of control, not only in Poland or other post-communist states but worldwide. According to data provided by International Centre for Academic Integrity (ICAI)\textsuperscript{40}, 59% of high school students admitted cheating on a test during 2009 and 35% admitted doing it more than twice. The survey was carried out on 43,000 high school students.

A survey of 24,000 students at 70 high schools found that 64% of students admitted to cheating on a test, 68% admitted to plagiarism and whopping 95% admitted to some form of cheating whether it was on test, plagiarism or homework\textsuperscript{41}.

Harvard University, one of the most reputable academic institution in the world, admitted that 125 of its students cheated on a take-home exam in 2012, which could be the biggest scandal on record\textsuperscript{42}. There are many more examples of unethical behaviour of high school and university students, not only in the U.S. but almost everywhere.

Such data are not readily available for Poland but the situation there is not much different from the U.S. higher education institutions. In fact there are important sign that it is similar if not worse. One of such causes is of a cultural nature; many students do not regard cheating as an unethical behaviour or the lack of academic integrity. Another is the fact that penalties for cheating at these institutions are rather ‘soft’, particularly at the period of a declining enrollment and fierce competition for students among higher education institutions where capacity and programmes offered are in excess of the actual demand.

Two factors may greatly contribute to the low academic integrity at Poland’s higher education institutions. Firstly, it is the facility with which students gain access to information on Internet, while the anti-plagiarism tools are easy to circumvent. The second factor is the overall lowering of standards by academic and high school teachers who are eager to build up their reputation of good teachers, i.e. those who do not apply strict criteria of compliance. Strict and requiring teachers, and there are many of those, ‘shoot themselves in the foot’ because they have to repeat tests or exam for the failing students.

There are few solutions readily available to curb such bad practices but these are crucial not only for the academia but for the students themselves as well. Those who obtained their graduation through unethical approach will have lesser chances of finding a good job upon graduation than those who obtained solid academic knowledge.

To improve ethics of higher education at Poland’s and other post-communist countries’ high school and universities several actions are required. Such actions include, but are not limited to, the following:

- Strict application of academic codes of ethics;
- More severe penalties for violations of academic integrity;
- Programmes that respond to job market demands
- Strict and comprehensive system of assessment;

\begin{itemize}
\item http://www.nytimes.com/2012/08/31/education/harvard-says-125-students-may-have-cheated-on-exam.html?_r=1&. What is even more astonishing is the fact that close to 17% of cheating students did not regret their dishonesty.
\end{itemize}
• Better teacher-to-student relationship;
• More competition for academic excellence and better rewarding system;
• More genuine inter-university cooperation

The above measures are quoted as examples only. There is no doubt that higher education in Poland goes through a difficult time. There is an urgent need to redefine its goals and approach to meeting the challenges of the third Millennium.

Business Ethics and Social Responsibility in Poland; A Generation Later

In Poland the issue of business ethics and social responsibility is still new and experience gathered differs significantly from that in mature democracies. But the core issues are similar to any democratically governed country and correspond to those quoted earlier in this paper\(^{43}\). However, there are some specific aspects of the problem not found in the former countries, and these revolve around the fact that in Poland, as well as other post-communist states dramatic changes of the system that were started after 1989, overturned the existing hitherto criteria for social values and ethical norms.

Only one generation after these changes were initiated is insufficient a period to fully reform the society and transform it into what is known as a “citizen society”. Still many Poles do not believe that people not only have nominal rights granted to them by the constitution but they can actually turn these rights to their advantage. They are too preoccupied with their daily lives and challenges they face to make use of their constitutional rights. Such a situation encourage abuse not only by their employers, private of public, but by the administrative apparatus, as well.

Another aspect of the problem of ethics is the syndrome of consumerism which touches almost everyone in these countries. Getting enough income to enjoy all the goodies of a consumer society has become everyone’s priority. Ethical issues have been put behind. As long as this model does not change no call for ethical behaviour would ever be heard. To achieve this change will probably take longer than just one generation.

6. Conclusions

Business ethics and social responsibility have become one of the most important challenges of this century, although it is not new. Corporate abuse, nepotism, fraud and other forms of unethical behaviour have become all too familiar at the turn of the centuries and continue to be so. That situation has prompted many governments to introduce legislation that is deemed to curb the abuse. However, theory differs from practice.

Poland and other post-communist states has been confronted with the same problems the mature democracies face, but it still lacks legislation, and more importantly, means to enforce it where such legislation already exists, to improve her overall record in terms of business ethics and social responsibility. Undoubtedly, progress has been achieved in this domain but a lot has still to be done.

One way to ensure that is to promote business ethics at academia and other educational institutions. Businesses have also their part in this task. Only a coordinated effort by all the parties involved, backed by a good legislation, and in particular well defined codes of conducts, can make this goal achievable. For that reason, a course in business ethics and social responsibility should be available at any institution of higher education. At the level of high school some kind of introductory course in this field should also be introduced.

But neither the academic courses alone nor a dedicated legislation will solve the problem of business ethics, regardless of the type of business activity or its size. Companies, institutions and individuals alike

\(^{43}\) For a review of recent literature relating to business ethics and social responsibility in Poland see, for instance: Encyklopedia Zarządzania. D/ETYKA Biznesu. February 2, 2014
should become aware of the crucial significance of business ethics and social responsibility and abide by the rules. For as long as the issue is tackled at the academia and conferences alone it will not become a routine.

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There are countless contributions to the issue of business ethics and social responsibility. Even quoting the most important ones will exceed the limits of this paper. We are including only those which were used for the preparation of this article.

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