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The Significant Role of "Honesty" In Business Ethics

Thet Thet Myint*

Abstract

The objective of this research paper is to solve the problem why it may be regarded that the concept of honesty plays a significant role in the Business Ethics. It will attempt to show the importance of the concept of honesty from philosophical perspective as sound, valid and argumentative evidences to prove that honesty is actually an indispensable factor in the area of business ethics. The descriptive method and the evaluative method are to be used in this research. Man is not only a rational being but also a moral being will be used as the research principle. The result of this research will enhance the role of ethical thought in the studies of philosophy, especially in the sphere of business ethics.

Key words: morality, honesty, business ethics

Introduction

In present time philosophy is defined as the inquiry about the most general and abstract categories such as mind, matter, reason, truth, reality, beauty, morality, justice, history, economics, art, culture and politics in which man can investigate about the world. Among these categories 'morality' and 'ethics' are two concepts which are indispensable and essential in the study of humanities in which philosophers from the ancient time to present are really interested. So thinkers by age to age expressed their philosophical thoughts concerning the relation between morality and ethics. The Oxford Dictionary of Philosophy defined ethics as follows:

Ethics is the study of the concepts involved in practical reasoning: good, right, duty, obligation, virtue, freedom, rationality, choice. Also the second-order study of the objectivity, subjectivity, relativism or scepticism that may attend claims made in these terms.¹

Ethics is the philosophical reflection on how we should act. It is also one of the main branches of philosophy. It is concerning the questions about right and wrong of human conduct. It is also a philosophical study of "good and bad", "ought and is", duty, justice and other such concepts. Morality lays down the rules of human conduct and criteria of human character.

The field of business ethics is not simple to define. The wide range of industries and areas of social behavior that exist between any business and the consumer or general public complicate the field of business ethics. Business ethics can be practiced in corporate offices, as well as local mom-and-pop grocery stores. It has to do with social responsibility and corporate compliance, as well as employer and employee rights. The field of ethics addresses, morality, responsibility, decisions, and actions taken by any company or business from the grass roots level to the highest positions in local or national governments.

This paper aims to present that the concept of honesty plays a very important role in business ethics. It will explore and define the concept 'honesty' and will express the differences between honesty and integrity, honesty and simplicity, as well as ethics in the workplace and its impact on business. Business ethics are generally built upon four basic foundations: attitude, value, behavior, and normal customs and expectations. The study of

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¹ Simon Blackburn. (2008). *The Oxford Dictionary of Philosophy*. New York: Oxford University Press. p. 121.

business ethics may stray into fields of law, but more often than not deals with the behavior, expectations, and demands of common courtesy, manners, honesty, and integrity.

Ethics or moral philosophy is one of the main branches of philosophical studies that examined human values, beginning with questions about how we should live and act. Hence it focuses on questions of conduct, duty, responsibility, good and bad and right and wrong.¹

Two Main Streams of Ethics

Theoretical Ethics and Applied Ethics

There are two main streams of ethics. These are theoretical ethics and applied ethics. Bioethics, medical ethics, social ethics, business ethics and administrative ethics are under the branch of applied ethics. Business ethics is a kind of organizational ethics.

Power of Organizational Ethics

One definition of ethics says that it is the rules of conduct reflecting character and sentiments of the organization. Ethics then helps to establish standards of honesty, loyalty and fairness within the organization. Companies find that ethical business practices increase their competitiveness in their respective industries, helping to further substantiate the notion that a culture of ethics is crucial to sustainable excellence.

What Business Ethics Is

Ethics or moral philosophy is one of the main branches of philosophical studies that examined human values, beginning with questions about how we should live and act. Hence it focuses on questions of conduct, duty, responsibility, good and bad, right and wrong, honesty and dishonesty, justice and unjust, etc. The nature and goals of business ethics need to be understood. Individuals should understand their rights in society in these days. According to Raymond C. Baumhart, the ethics of Business is the ethics of responsibility. The business man must promise that he will not harm knowingly.² The Business ethics is a huge field. Philosophers from Aristotle to Rawls have defended positions on topics which can be understood as part of business ethics. At present, there are some journals devoted to the field (*Business Ethics Quarterly*, *Business Ethics: A European Review*, *Business & Society*, *Business & Society Review*, *Journal of Business Ethics*), and work in business ethics appears in mainstream philosophy and social science journals as well.³ The area of professional or corporate ethics known as business ethics examines the values and principles that govern the conduct of a business as well as the individuals acting on behalf of the business. The goal of business ethics is to support ethical individual professional and corporate conduct.

This goes beyond merely operating within the legal rules and regulations that may be required by governmental organizations and may also be at odds with the goal of maximizing corporate profits. For example, a government regulation in a particular area may not prohibit the dumping of raw waste in a river. Ethics issues are present in every aspect of a business including finance, human resources, business development, sales, intellectual property, reporting and more. Questions in business ethics are important and relevant to everyone. This is because almost all of us “do business”—i.e., engage in a commercial transaction—almost every day. Moreover, many of us spend a major portion of our lives engaged in, or preparing to

¹ Philip, Stokes. (2003). *Philosophy 100 Essential Thinkers*. New York: Enchanted Lion Books. 115, West 18th street. p. 212.

² Kalyan-city.blogspot.com/2011/09/what-are-business-ethics-meaning.html.

³ Jeffrey, Moriarty. (2017). *Business Ethics*, Stanford Encyclopedia of Philosophy, Edward N. Zalta (ed.). The Metaphysics Research Lab, Stanford University.

engage in, productive activity, on our own or as part of productive organizations. Business activity shapes the world we live in, sometimes for good and sometimes for bad.

Nowadays business ethics as an academic discipline is populated by both social scientists and normative theorists. Business ethics can thus be for good and sometimes for bad. Nowadays business ethics as an academic discipline is populated by both social scientists and normative theorists. Business ethics can thus be understood as the study of the ethical dimensions of productive organizations and commercial activities. This includes ethical analyses of the production, distribution, marketing, sale, and consumption of goods and services.¹

Basic Principles of Business Ethics

According to Josephson, there are twelve characteristics in business ethics.

Honesty

Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

Integrity

Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable and upright; they will fight for their beliefs. They will not sacrifice principle for expediency, be hypocritical, or unscrupulous.

Promise-Keeping & Trustworthiness

Ethical executives are worthy of trust. They can do and forthcoming in supplying relevant information and correcting misapprehensions of fact, and they make every reasonable effort to fulfill the letter and spirit of their promises and commitments. They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

Loyalty

Ethical executives are worthy of trust, demonstrate fidelity and loyalty to persons and institutions by friendship in adversity, support and devotion to duty; they do not use or disclose information learned in confidence for personal advantage. They safeguard the ability to make independent professional judgments by scrupulously avoiding undue influences and conflicts of interest. They are loyal to their companies and colleagues and if they decide to accept other employment, they provide reasonable notice, respect the proprietary information of their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

Fairness

Ethical executives, fair and just in all dealings; they do not exercise power arbitrarily, and do not use overreaching or indecent means to gain or maintain any advantage or take undue advantage of another's mistakes or difficulties. Fair persons manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity, they are open-minded; they are willing to admit they are wrong and, where appropriate, change their positions and beliefs.

¹ Jeffrey, Moriarty. (2017). *Business Ethics*, Stanford Encyclopedia of Philosophy, Edward N. Zalta (ed.). The Metaphysics Research Lab, Stanford University.

Concern for Others

Ethical executives are caring, compassionate, benevolent and kind; they like the Golden Rule, help those who in need, and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

Respect for Others

Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity, regardless of sex, race or national origin.

Law Abiding

Ethical executives abide by laws, rules and regulations relating to their business activities.

Commitment to Excellence

Ethical executives pursue excellence in their performing duties that are well informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

Leadership

Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.

Reputation and Morale

Ethical executives seek to protect and build the company's good reputation and the morale of its employees by engaging in no conduct that might undermine respect and by taking whatever actions are necessary to correct or prevent inappropriate conduct of others.

Accountability

Ethical executives acknowledge and accept personal accountability for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.¹

Honesty as an Ethical Concept

(a) Value of Honesty

In Aristotelian ethics 'honesty' is regarded as a golden mean. According to Aristotle 'honesty' is a balance between secrecy (deficiency) and loquacity (Excess). The golden mean is a midway point between two extremes such as courage is the mean between foolhardiness and cowardice, modesty between shy and shamelessness, generosity between profligacy and meanness. The aim of the golden mean is to be balanced one's personality and it is actually practical. **Aristotelian** moral norm is '**Moral virtue**' which is a relative **mean** between extremes of **excess** and **deficiency**. Aristotle described Golden Mean as follows:

Aristotle - the golden mean, moral behavior is the mean between two extremes - at one end is excess, at the other deficiency. Find a moderate position between those two extremes, and you will be acting morally.²

¹ Josephsonbusinessethics.com/2010/12/12-ethical-principles-for-business- executives

² <https://www.quora.com/What-is-Aristotles-golden-mean>.

Aristotle's Conception of the Golden Mean		
Deficiency (-)	BALANCE	Excess (+)
cowardice	Courage	rashness
miserliness	Generosity	extravagance
sloth	Ambition	greed
humility	Modesty	pride
secrecy	Honesty	loquacity
moroseness	Good-Humour	absurdity
quarrelsomeness	Friendship	flattery
self-indulgence	Temperance	insensibility
indecisiveness	Self-Control	impulsiveness

(b) Honesty as a Virtue

Virtue manifests itself in action. This means that an action counts as virtuous. According to Aristotle when one holds oneself in a stable equilibrium of the soul, in order to choose the action knowingly and for its own sake. For Aristotle, moral virtue is the only practical road to effective action. What the person of good character loves with right desire and thinks of as an end with right reason must first be perceived as beautiful. Hence, the virtuous person sees truly and judges rightly, since beautiful things appear as they are truly to a person of good character.

(c) Honesty as a Characteristic of Leadership

It is displayed and built on personal behavior, the quality of decisions and open and honest communication by a leader. Avoid the use of "trust me" as part of your message delivery. Using these words likely grows the distrust of employees. Leaders earn trust, they can't demand it.

Effective leaders are generally viewed as honest by employees. They keep everyone abreast of what is going on within the organization - good and bad. Leaders who cover all sides are much more appreciated than leaders who conceal information that could easily be communicated. An honest leader will not stray from the truth and will avoid ever sharing information in a less-than-straightforward way. By hedging, one opens the door to being caught sharing less than accurate information.

(d) Honesty in Business Dealing

The business person's tendency towards honesty includes the intention and declaration of the business transaction as well as in his thoughts, action and speech. The business person should not try to camouflage the defect found on the product for the sake of making a profit. Similarly he should not deliberately manipulate the supply of the item with undue profit as the motive. An honest person is a trusted neighbor and citizen. He or she does not steal, cheat, or use fraud, subterfuge or any other form of trickery to acquire anything of value (money, job approval).

Trustworthiness and Honesty

Trustworthiness and honesty can be difficult to carry out, because one does not want to be the bearers of bad news about his business. However, in the long term, honesty carries the day, gains stronger support from employees and allows the right solutions to be applied to resolve problems. Another important outcome from honesty is that it builds trust, one of the most critical elements of solid leadership activities. Survey after survey shows that a low trust factor stifles relationship building and fellowship.

Conclusion

Philosophy plays a very significant role in both eastern and western culture. The wholesome philosophical attitude of man can guide human beings to obtain a meaningful as well as beautiful life. A philosophical thinking that is sound, right and good, can guide man to have a good and desirable society or a cultural community.

The philosophical thought on the concept of honesty can be traced back to two trends. The first stem is that the political, associative and interpersonal nature of human beings. Perception, ascription, judgments, understanding, possession, transmission, and realization through activity of moral qualities happened in and are conditioned by determinate cultural, social, and interpersonal frameworks. Laws and political institutions play roles for better or for worse in formation of moral character of members of a political community, as do the kind of live people lead, people's networks of relationships of family, friends, and associates, and what it is called the general culture.

The second is that 'moral theory and as practical reasoning, virtue ethics represent attempts to provide intelligibility, but also to respect the integrity of the universal truth. This constitutive aim in turn requires that the friend of virtue hopefully including the virtue ethicist, continually strive not only to become virtuous and preserve virtue, but also to appropriate and deepen their interpretation of the virtues, including interpretation of how the person of practical wisdom would determine others.

Business ethics is a study that goes much deeper than the concept of cheating or dishonesty. Topics involving loyalty, expectations, and cynicism play a great part in the study of business ethics. So, ethics may also be defined as a set of moral principles or values and conduct that affect each of us on a personal level.

In the human society, each individual has to struggle for his/ her survival or social security i.e. food, clothing and shelter. Moreover, we need to be able to adapt to social environment. In doing so, ethics is very important to be able to participate successfully in a variety of activities in different sectors such as education and socio- economic sectors. Only when people follow good conduct will the society be peaceful and pleasant. In fact, the society will enjoy justice/ fairness if their members of the society behave with integrity.

Of many sectors such as educational and socio- economic ones, honesty/ integrity plays the most important part in business ethics. Integrity cannot only help anti- corruption measures but also control the uncontrollable avarice of the people. For instance, if a certain foodstuff has a great demand and it is popular among the customers, its quality must be consistent. In other words, its quality is required to be the same as that before it gained its popularity. For example, it must be as tasty, nourishing and hygienic as it was before. This indicates the important role of honesty/integrity in business ethics.

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