

ETHICAL ISSUES IN INTERNATIONAL BUSINESS

Assistant Professor, PhD. Andreea-Daniela GANGONE
Constantin Brâncoveanu University of Pitesti, Romania
andreeagangone@yahoo.com

Abstract:

The international business environment, through its cultural and economic diversity, often puts international managers in great difficulty as it generates a large variety of ethical issues. On a short term, finding a solution and respecting the organizational principles of business ethics could generate an increase of the organizational costs and, thus, a decrease of efficiency.

But, on a long term, even though there is the possibility that the ethical management practices are not related to the specific indicators of financial profitability, there is no inevitable risk between the ethical practices and the profit. This is demonstrated by the well-known corporations that are respected by the consistency with which they assume ethical responsibilities and obtain, at the same time, superior financial results.

Consequently, the profit and the ethics can be considered two essential parts in the process of evaluating the organizational activity results as, while the profit reflects the organizational results from a quantitative point of view, the ethics reflect the quality of these results.

International managers carry the heavy task of formulating organizational policies and standards by combining the law, the ethical business principles, the local cultural values and the organizational standards. The ethics fulfills, from this perspective, the managers' catalyst role to take fair actions from a social point of view and it represents a guide in making and evaluating the business decisions, appreciated in most countries of the world.

Key Words: business ethics, ethical dilemma, corruption, industrial espionage, cultural relativism.

JEL Classification: A13, M16

INTRODUCTION

The ethical-related issues have been approached since ancient times and have represented the foundation of different religions and life styles. The ethics can be found in all aspects of human activity as the individuals have been preoccupied with the quality of their behavior towards the people around. Even if they do not purposefully intend to improve their relations with the others, people always evaluate their behavior from the point of view of their correctness.

Thus, we can consider that the ethics represents a mental process systematically developed to identify and evaluate the differences between the way it is and the way it could be the result of a human action or activity in order to improve the human behaviors in society.

The ethics has been an important part of the economic environment in the twentieth century. Within this period, different social groups have manifested in what regards both the public security against some political manipulations, and the consumer awareness, in general, regarding the necessity to take responsibilities by the organizations to find a fair solution for various ethical issues.

Nowadays, consumers and pressure groups appear to be increasingly demanding firms to seek out more ethical and ecologically sounder ways of doing business. The media also constantly seems to be keeping the spotlight on corporate abuses and malpractices. And even firms themselves appear to be increasingly recognizing that being ethical (or at the very least being seen to be ethical) may actually be good for business.

On the other hand, within this period, the business practice has also outlined the fact that all extraordinary decisions are based both on the financial element as well as on the ethical one.

As a result of the conjugated action of these factors, the ethics has become an integrating part of the contemporary business environment.

Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed (Stanwick and Stanwick, 2009, p. 5).

According to this definition, business ethics covers the whole spectrum of interactions between firms, individuals, society and the state. In other words, business ethics is a complex as business itself. It is not an optional accessory to business life or a mere enthusiasm of the philosophers and moralists; business ethics is how the people conduct their business affairs, from the basest fraud to the highest levels of excellence (Grace and Cohen, 2005, p. 1).

Also, some specialists consider that business ethics begins where the law ends. Business ethics is primarily concerned with those issues not covered by the law, or where there is no definite consensus on whether something is right or wrong. Discussion about the ethics of particular business practices may eventually *lead* to legislation once some kind of consensus is reached, but for most of the issues of interest to business ethics, the law typically does not currently provide us with guidance. (Stanwick and Stanwick, 2009, p. 7).

During the past few decades, the globalization process has progressively eroded the relevance of territorial bases for social, economic and political activities, processes and relations. As business became less fixed territorially, corporations increasingly engaged in overseas markets, suddenly finding themselves confronted with new and diverse, sometimes even contradicting ethical demands. Moral values, which were taken for granted in the home market, may get questioned as soon as corporations enter foreign markets.

Thus, contemporary countries have a different stability level and development level of the institutions that govern them from a social, political and social level, through their fundamental cultural level and, thus, through their capacity to outline, approach and solve ethical issues. In many countries, this capacity is considerably diminished by poverty, poor education, a limited access to information, corruption and a nonfunctional political environment.

Although contemporary nations present important differences from an economic, cultural, political and social point of view, we may observe a great resemblance between the unethical behaviors manifested by the transnational corporations, but also by many companies with international activity, on the markets of these nations, frequently resorting to: corrupting various officials of the host states (in order to obtain governmental facilities), disrespect to the human rights, offering false information regarding the financial status of the company and fraudulent publicity (on the basis of spreading this information), using underage employees, informational piracy, industrial espionage, wasting natural resources, sexual discrimination, deliberate pollution etc.

From a managerial perspective, the ethical problems manifested in the arena of international business represent real ethical dilemmas for the contemporary managers as they generate, at least on a short term, *a conflict between the organizational economic performance* (evaluated by measuring the turnover, the costs and the profits) *and its social performance* (evaluated by measuring the ethical responsibilities to the people outside or inside the organization) (Hosmer, 1987, p.3).

Competition in international business is such that ethics can appear to be a handicap, if not downright irrelevant. Many business people consider that business has only two choices: to behave unethically or fail, and they argue that the survival of the company should not be jeopardized in order to fulfill an ethical obligation when their competitors are not behaving ethically.

In my opinion, it is unconvincing, both in domestic and in international market, to dramatize the difficulties of matching competitors ethically by claiming that the competitors' tactics are designed to destroy all rivals. The survival of most businesses does not depend on one decision, and

if the matter is very serious, then being unethical in order to save the company simply changes the nature of the risk.

My opinion is based on the analysis of some major sources of ethical issues in the international business environment and some behaviors with ethical implications of some multinational companies. According to this, I have reached the conclusion that, though an unethical behavior may generate a series of immediate advantages, on a long term, this will negatively affect the organization to a greater extent than the sum of advantages initially obtained. These aspects are presented hereinafter.

MAJOR SOURCES OF ETHICAL ISSUES IN INTERNATIONAL BUSINESS

Although the ethical issues identified in international affairs are extremely numerous and different, I consider that most of them mainly originate in five fundamental sources of ethical dilemmas, synthetically presented in Table no. 1.

Thus, one of the most important ethical dilemmas that international managers must face is that of *corruption*, respectively the opportunity of *paying a governmental clerk*, providing this action leads to making some business, employing local labor force and, implicitly, increasing the organizational efficiency and the living standard in the respective community.

In most developed or underdeveloped countries, the bribe is a daily aspect, which led to the opinion that in such countries, the governmental payments are an indivisible side of a successful business. Many of the multinational companies that have applied such practices motivate that they are determined by their competitors who put them into practice and they do not want to stay behind.

More than that, the American transnational corporations (respectively most transnational companies in contemporary economy), are guided in international operations after a series of regulations, among which FCPA – Foreign Corrupt Practices Act, adopted in 1977 in the United States of America.

FCPA is a document that underlines the practices permitted and, respectively, interdicted to the American economic agents on the foreign markets, from the perspective of their ethical character. Among the interdicted practices stipulated in this document, there are (Fadiman, 1991, p. 30):

- *Offering or paying some amounts of money to different political parties, candidates or foreign public clerks*, holding influential positions, which they may use in order to support the organization to get or keep some business;
- *Forms of indirect payment* - companies are forbidden to pay if they know or suspect that any part of that sum will get to an illegal fund or for corruptive activities.

On the other hand, FCPA stipulates that *lubrication bribe*, used to persuade the public clerks of inferior level to develop a normal activity and not to disadvantage the business with relevance with the competitors, it is permitted. Although the maximum limits of this type of payment are not specified, the American law imposes keeping some rigorous records regarding the payments made.

For example, the company Lockheed, constructing aircrafts, faced such a situation on the Japanese market. Lockheed paid 12 million dollars to the Japanese Prime Minister, to the president of the Japanese Airlines Association, as well as to other seven political persons in order to facilitate its business on the respective market.

When revealed, the company motivated that the payments made to the enumerated officials represents less than 3% of the profits obtained by selling the model L-1011 and that, anyway, according to the federal laws, such payments are not interdicted (Baron, 1996, p. 664), although, obviously, such practices are not by far ethical.

The managers of the transnational corporations that face with such financial demands from some governmental officials on the foreign markets where they act may solve these demands in an ethical manner, without having the risk to break the relations with the host state if they respect the following three general principles:

1. respecting the basic human rights;
2. respecting local traditions;
3. making the difference between good and bad by examining the context (Certo, 2002, p. 136).

More precisely, the managers of the transnational corporations may respond to such demands in an ethical manner if they apply one of the following methods:

- ❖ **donations in money** in order to create or develop various public services (such as building hospitals or roads) for the host state, correspondingly promoted and managed, may increase the public appreciation to the organization and prevents the money disappearance in private pockets;
- ❖ **donations in goods or services** may be medical equipments for hospitals, computers for schools or aids for underprivileged persons and, if promoted correspondingly, may facilitate the future development of the business and they are absolutely ethical;
- ❖ **donations in jobs** refer to employing some persons in the host country in some projects meant to sustain the organizational activity, but also to increase their trust in it. *For instance, Coca-Cola hired, in Egypt, six hundred persons to plant hundreds of acres with orange trees, recuperating the respective land from the deserted zone, and obtained thus an increase of confidence from the Egyptian community, without violating the principles of business ethics* (Fadiman, 1991, pp. 34-35).

Table 1. Major sources of ethical dilemmas in the international managers' activity

SOURCES OF ETHICAL DILEMMAS	FUNDAMENTAL ETHICAL ISSUE
Corruption	<i>Is it ethical to make a payment to a governmental clerk providing it depends on succeeding in a business?</i>
Industrial espionage	<i>Is it ethical to use some information about the competitors' activity, obtained through methods that are at the edge of the law?</i>
Relation with the environment	<i>Is the organizational behavior ethical, though it has the possibility to go over the environment standards imposed by the legislation, staying competitive, is satisfied to respect them?</i>
Relation with the employees	<i>Is it an ethical behavior for the organization to apply different personnel policies regarding employment, promotion and remuneration of the employees on different markets where it acts?</i>
Relation with the consumers	<i>Is it ethical for the behavior of an organization which does not completely inform its target consumers about the features of the offered product and which has big prices for the key products in order to maintain the consumers' health and life, even though the legislation in the host country allows it?</i>

Source: The author's conception

Industrial espionage is another unorthodox and absolutely illegal method which transnational corporations use in order to go ahead of their competitors.

John Pepper, the general manager of **Procter & Gamble** faced such an ethical issue, and the manner in which he solved it may represent a real model for all contemporary organizations.

Thus, *a few years ago, Pepper was informed by his managers that the company employees responsible for the "competition analysis" (department which studied and predicted the movements*

of the main competitors) set a system that allowed them to spy the activity of their main competitor, respectively Unilever.

These employees contracted a company which, in its turn, had contracted other twelve smaller companies whose employees entered the property of Unilever pretending to be market analysts and they analyzed the garbage resulted from the productive process of the main production unit.

Thus, it seems that the so-called analysts obtained enough secret information about the products and the production processes of Unilever in order to make the company face some competitive issues.

When he found about his employees' initiative, John Pepper stopped the action, fired the responsible employees and turn the issue public, both inside his organization and outside it.

Then he informed Unilever about the measures he adopted and accepted this company's solicitation to supervise the activity of Procter & Gamble for one year by an impartial auditor to prevent using any of the information obtained illegally (Dessler, 2004, p. 26).

Another source of ethical issues that multinational companies have to face is their **relation** with the **environment**.

Being aware of the devastating effects of the post-war "wild capitalism", we face the conception according to which protecting the natural environment must be considered a major social task of humankind and, especially, of its representatives in the business world.

Presently, the international organizations must respect not only the national legislation regarding environment protection, but also the one of the host countries and the international regulations that get tougher and tougher sanctions in case of disrespecting them.

In spite of all this, there is a big temptation to break these rules, as the costs required to obey them often significantly diminish the companies' profits and competitive capacity. Many times, famous names in the economic international business were involved in pollution scandals, with lasting effects in the reputation and the image perceived by the consumers.

One of the numerous examples **Mitsubishi Corporation** which, in 1989, was boycotted by the activists in the organization called „Rainforest Action Network”, who accused the company of being responsible to a great extent for the destruction of the forests in the S-E Asia, South and North America and Siberia.

The boycott aimed at the products of two companies that are members of the above mentioned corporation: Mitsubishi Motor Sales of America and Mitsubishi Electric America. The boycott ended in 1998. In December 2001, nine companies belonging to the international company Mitsubishi Corporation were fined by the European Commission with 313.7 million Euros, as the 1990s represented a cartel to keep the high price of non-charcoal paper.

In November 2002, Mitsubishi Corporation declared itself ready to start immediately to respect the international regulations regarding forest exploitation (Werner and Weiss, 2004, p. 354).

The relation with the employees is another important aspect upon which the managers of the multinational corporations must make ethical decisions, without compromises. The managers have the heavy task to create a climate of respect and mutual confidence, by respecting the rights of the executive personnel that are subordinated to them. The employees will really get involved into their tasks, for the success of the organization, only if they have a certain status at their workplace, liberty, intimacy, and a fair salary.

As poverty is often, in underdeveloped countries, a good reason to ignore the fundamental human rights and liberties, the organizations must not only respect the law but also respect the traditions of employment and personnel remuneration. This attitude will only worsen the situation of these people who are ready to work even for less than they need to survive.

As a consequence, the multinational companies must fulfill the minimum legal provisions with what they consider to be necessary to increase the respect of the employees in the host countries and to improve their living standard.

An interesting example is the one of Levi Strauss, which set a system of evaluating the opportunities to approach each country apart in order to develop businesses. This system specifies, among other things, that the company "will not initiate or continue the businesses in the countries where there are frequent violations of the fundamental human rights".

After applying this evaluation system, the company decided to withdraw itself from China's market, due to the fact that here there was compelling work and a lack of decent conditions regarding the situation of the employees less capable to protect their rights.

This decision was even harder to adopt as the withdrawal meant losing some important business and, especially, sacrificing some opportunities of future substantial development.

In spite of all this, the company had a major benefit. According to the declaration made by the general manager, "no other action of the company enjoyed any spontaneous and important support, coming from the people all over the world" (Grace and Cohen, 2005, p. 212).

The relation with the consumers is almost a permanent source of ethical dilemmas for contemporary managers. Thus, starting with practicing some exaggerated prices up to spending huge amounts to promote their products, starting with practicing excessive value added taxes, using cheating practices of packaging, promoting and selling, starting with bringing into the market some products that do not correspond from the point of view of quality and security up to the planned moral usage, the cases of unethical behaviors of the organizations in their relation with the consumers face an impressing diversity.

The worst situations are the ones in which the organizations violate not only the ethical business principles, but also the consumers' fundamental rights, which takes them in front of the law, in case of such practices.

For instance, the biggest ethical challenge faced by McDonald's in recent years concerns issues of health and nutrition. With critics claiming that a diet of fast food has been a major contributor to escalating rates of obesity, McDonald's, as the world's leading fast food company, has inevitably been first in the firing line. Among the arguments made by its critics are that the company has failed to provide a balanced menu, that it provides insufficient nutritional information and guidance, and that it actively encourages consumers (especially children) to make unhealthy choices, for example by promoting 'super size' portions.

In this context, it was no surprise that the attack in the US quickly escalated to litigation. An initial lawsuit against the firm, brought on behalf of two New York children, was filed with great publicity in 2002. This accused the fast-food chain of misleading young consumers about the healthiness of its products, and understandably stirred up fears that food companies could come under the similar sort of legal attacks that hammered the tobacco industry in the 1990s. Although the initial lawsuit was dismissed, elements regarding deceptive advertising were reinstated as admissible following appeal in 2005. So, whilst the company continues to regard the suit as 'frivolous', the threat of future litigations still unmistakably hangs over the company (Stanwick and Stanwick, 2009, p. 38).

Also, the organizations promote, numberless of times, a customer manipulation, if not illegal, at least unethical. Thus, suggesting that chewing gum replaces brushing the teeth is an example of unethical manipulation, as, in reality, false mastication only spoils the teeth and sickening the stomach, and the artificial sweeteners lead to the appearance of some mouth microbial cultures.

The issue of the clients' unethical manipulation is based on the fact that a large part of the persons in the organization find what happens and think that they, their families and friends could be the clients unfairly treated by these companies (Pleter, 2005, p. 523).

CONSEQUENCES OF UNETHICAL BEHAVIOR IN INTERNATIONAL BUSINESS

The categories of ethical issues and the examples presented above represent arguments on the basis of which we may say that, for international affairs, the ethical issues are numerous and, often, more difficult than the national ones (this was also because of the fact that the international managers dispose of less information regarding the political, economic, social and cultural context of the issues that must be decided upon). In the developed or underdeveloped countries, the situation is also complicated by the fact that there are no institutions checking the obedience of some ethical business rules.

For these reasons, many multinational companies are tempted to ignore or even severely violate the business ethical principles on the external markets approached. They operate, from the point of view of the business ethics, under the power of *cultural relativism* (Grace and Cohen, 2005, p. 2000), adapting its ethical behavior to the cultural particularities and the local economic practices, succeeding in approaching and maintaining with success on the markets often dominated by suspicious practices.

The risks of the organizations that apply such practices are significant.

Thus, practice has demonstrated that the disadvantages and the costs the company must cover in case the unethical behaviors are revealed to the public are higher than the costs required avoiding them. Big companies all over the world had to support serious consequences when their suspicious practices have come into light.

In my vision, an organization which chooses to adopt an unethical behavior, regardless its reasons, makes it, without realizing, on a long term, "*season in a circle*", that takes her out of the market.

Therefore, *any unethical behavior of the organization will represent a continuous source of expenses*, in order to hide it from the partners interested in its activity. At the same time, any "secret" represents a weak point of the organization, which turns it vulnerable in front of the competitors. Obviously, the more unethical are the manifestations of the organization, the more vulnerable it gets to the competitors' attacks.

Many times, regardless of the size of the efforts made for the organization to hide its unethical attitudes, they are revealed and divulged to the large public (most often, by mass media or its competitors).

Divulging these unethical behaviors will have a negative effect upon the reputation of the international organization, especially on the developed markets, where the legislation stipulates pretty tough sanctions. Also, losing the fame of the organization or the rumors regarding its dishonesty may determine the decrease of sales and the clients may choose different providers.

For example, a study about the impact of discovered unethical behavior on the performance of a company's stock revealed that unethical behavior that is discovered and publicized has a negative impact on the stock price for an appreciable period of time. Unethical behavior, therefore, decreases a firm's wealth. An example of this type of unethical behavior would be a tobacco company charged with hiding evidence about the health risks of smoking cigarettes. As a result many shareholders sell their shares, and other investors lose interest in buying stock in the company (DuBrin, 2008, p. 70).

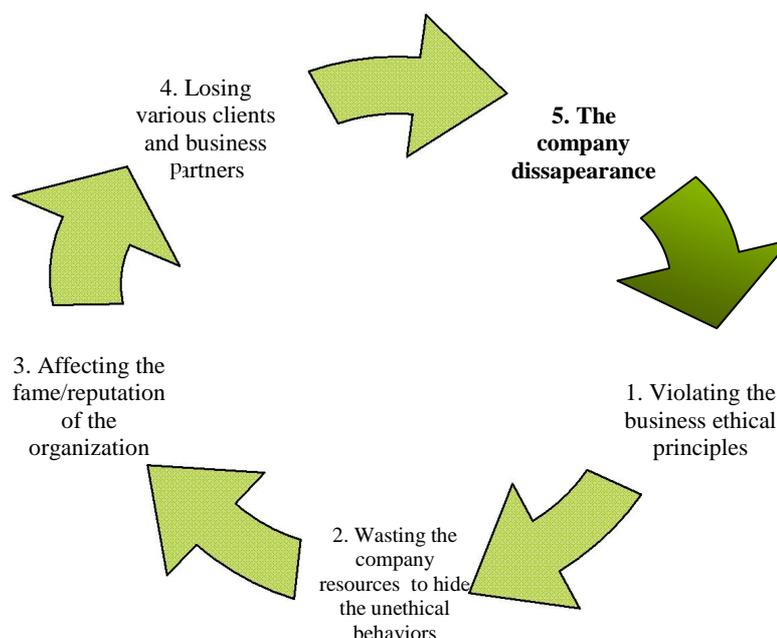


Figure 1. Consequences of an unethical organizational behavior (The author's conception)

On the markets of the less developed countries, on the other hand, in most cases of public disclosure of various unethical business practices and behaviors, the business people and the managers' community stays strange, passive and quiet in front of these incorrect manifestations. This "tranquility" sends the public a clear negative message, much more eloquent than any other declaration regarding the ethical standards and principles assumed in the activity of an organization, whatever that is.

On the other hand, we must take into account the fact that the big transnational corporations have their origins in developed countries, where business fair play is very important and, thus, *the organizations* have a lot to lose in case of disclosing some unethical behaviors as, beyond any legal sanctions, they will be **abandoned by a series of clients and business partners**.

The situation of **Nike** is well-known, as its image was pretty spoiled after the disclosure of some unfair actions of the corporation in 1997 in New York.

The American public was simply scandalized finding out that Nike sport shoes for children, for which the American parents pay between 100 and 180 dollars are produced for only 5 dollars by Nike. The complete amazement was when some Pakistan and Indonesian kids were presented broidering the Nike logo on the company products for only 2 dollars per day.

Those who observed it for the very first time were the teenagers from a social centre in Bronx, who initiated a protesting action in front of the supermarket Nike-Town. Around 200 teenagers emptied in front of the security agents bags full of old Nike sport shoes. What amazed the Nike managers even more was the declaration made by a thirteen-year old girl who said on a national TV channel: "Nike, we made you, we will break you!" (Werner and Wiess, 2004, p. 22).

After this event, the greed of the Nike managers became public and hit in the image of the corporation, which it has not been repaired so far.

An organization, which tries to get rid of the accusations regarding the suspicious transactions, cannot be concentrated anymore upon the objectives and the purposes on a long term, does not pay the required attention to the competitors that go over it. Such an organization wastes its resources trying to decipher the situation in which it is and the reasons for which it got there, and this look to the past is the consequence of neglecting the ethics (Tierney, 1999, p. 61).

We must not neglect the fact that a large part of the unethical behaviors fight against the organization itself, sooner or later. *For example, even if an organization succeeds in avoiding the fiscal institutions selling goods without an invoice, such a behavior becomes a major risk for the entrepreneur, as the employees will understand that there is "the possibility" and, sooner or later, they will experiment their own stealing methods, confiscating the business* (Pleter, 2005, p. 521).

Such behaviors do not spare the organization from its interior force and the employees' support, which do not trust it and its managers. The ethics may be considered from this point of view the interior force of any organization. No investor should initiate any business unless interested in ethics as, from the very beginning, this is meant to fail.

On a long term, the organization will face a lack of confidence both inside and outside, the negative image that it formed being able to generate important financial losses or even to disappear from the market.

Unfortunately, *an ethical behavior does not necessarily provide a greater efficiency* in the individual or organizational activity. Thus, an organizational policy refusing to make various payments to the governmental officials in the countries where this practice is self-understood may generate costly delays and even losing some businesses of the company in the respective countries.

Also, *an ethical behavior from the organizations may not be visible* for the other participants at the market or the society activities, or, even if it is visible, may not be rewarded correspondingly. For instance, an increased availability of an organization regarding employing people with disabilities, although fair from an ethical point of view, it is often inefficient from an economic point of view.

Highly ethical behavior and socially responsible acts are not always free. Investing in work/life programs, granting social leaves of absence, and telling customers the absolute truth about potential product problems may not have an immediate return on investment.

From an antagonistic perspective, **respecting the business ethical principles may generate a series of important advantages for the contemporary organizations.**

Thus, first of all, *promoting an ethical behavior provides the company protection both against the competitors' unethical behavior and the possible abuses from its own employees.* More precisely, the employees' ethical behavior in the relations with the economic and social environment where the company develops its activity protects the organization from any possible disloyal practices.

Another important aspect refers to the fact that a big part of the ethical dilemmas and issues may be known before the organizational plans be implemented and the *anticipatory solution of all the ethical issues saves to time, money, effort and resources and, mostly, increases the organization's reputation* (Sikula, 1996, p. 74).

Besides, *the organic integration for some ethical responsibilities in the organizational culture and, implicitly, in the employees' mentality, will create a positive image in the perception of the large public, that will regard it with confidence and will be tempted to support its actions.*

Recent evidence also suggests that *high ethics and social responsibility are related to good financial performance.* A recent perspective on the relationship between profits and social responsibility is that it works two ways. More profitable firms can better afford to invest in ethics and social responsibility initiatives, and these initiatives in turn lead to more profits.

Sandra A. Waddock and Samuel B. Graves conducted a large-scale study that supports the two-way conclusion. The researchers analyzed the relationship between corporate social performance and corporate financial performance for 469 firms, spanning 13 industries, for a two-year period. Many different measures of social and financial performance were used.

It was found that levels of corporate social performance were influenced by prior financial success. This suggests that financial success creates enough money left over to invest in corporate social performance. The study also found that good corporate social performance contributes to

improved financial performance as measured by return on assets and return on sales. Waddock and Graves concluded that the relationship between social and financial performance may be a *virtuous circle*, meaning that corporate social performance and corporate financial performance feed and reinforce each other (DuBrin, 2008, p. 71).

CONCLUSIONS

No nation can survive and flourish without common moral and social values. Ethical problems and dilemmas abound in any economy, regardless its level of economic development. At international level, they get higher dimensions and generate superior effects.

Nowadays, the power and influence of business in society is greater than ever before. Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development.

How, or indeed whether, this contribution is made raises significant ethical issues that go to the heart of the social role in business in contemporary society.

In conclusion, although an ethical behavior may not be profitable all the time, an unethical behavior frequently generates substantial losses, especially on a long term.

That is why it is important for the contemporary organizations to understand that, regardless the nature of some unethical consequences and the timing horizon to which they report, on a long term, they represent considerable costs.

More than that, the consequences of such practices are not counted only to the limit of the sanctions received as fines, but also in the terms of worsening the international business environment, by creating an attitude a suspicious attitude from the society with respect to the motivations and the methods used by all the organizations that act in the respective field of activity (Baron, 1996, p. 572).

Eventually, this attitude leads to intensifying the governmental actions developed in order to prevent and legally punish such actions.

On a long term, it is more efficient to find a balance between the exigencies of the economic affairs and those of the society, as it is obvious that the businesses are no longer evaluated according to their profitability, but also according to the moral standards and ethical principles that govern them.

Contemporary managers must be aware that it is absolutely necessary for the organization they manage to get a certain moral attitude in business, that they must regard above the legal side and apply the standards based on personal integrity, moral conscience of the organization and the consumers' long-term welfare.

Besides, it is obvious that no matter how tough are the governmental constraints and the international sanctions regarding the unethical behaviors, the only solution to shape an ethical business environment is to create an ethical culture for more and more investors, managers and, of course, consumers.

REFERENCES

1. Baron D.P. (1996), *Business and its environment*, Second Edition, Prentice Hall, New Jersey.
2. Certo C. S. (2002), *Modern management*, Teora Publishing House, Bucharest.
3. Dessler G. (2004), *Management. Principles and practices for tomorrow's leaders*, International Edition, by Pearson Education Inc., Upper Saddle River, New Jersey.
4. DuBrin Andrew (2008), *Essentials of management*, Cengage Learning, Inc., Boston, USA

5. Fadiman J. (1991), "Special Report, A traveler's guide to gifts and bribes", in *Ethics at Work*, A Harvard Business Review, Paperback, United States of America.
6. Grace D., Cohen S. (2005), *Business ethics*, Third Edition, Oxford University Press, Oxford.
7. Hosmer L. T. (1987), *The ethics of management*, Homewood, Illinois, United States of America.
8. Pleter O. T. (2005), *Business administration*, Second Edition, University Book Publishing House, Bucharest.
9. Sikula A. Sr. (1996), *Applied management ethics*, Richard D. Irwin, a Times Mirror Highes Education Group Inc. Company, United States of America.
10. Stanwick P., Stanwick Sarah (2009), *Understanding business ethics*, International Edition, Prentice Hall
11. Tierney Elizabeth (1999), *Business ethics*, Rentrop&Straton, Bucharest.
12. Werner K., Weiss H.(2004), *The new black book of brand companies*, Aquila Publishing House, Bucharest.