

15.9: Examples of Unethical Business Behavior

Learning Objectives

- Give examples of unethical corporate or business behavior

In business, sometimes ethics comes down to deciding whether or not to tell the truth. Admitting an error, disclosing material facts, or sending a customer to a competitor are all decisions that business people make based on issues of honesty and integrity. Because honesty and integrity are often used in the same breath, many people believe that they are one and the same. However, they are decidedly different, and each is important in its own way. As Professor Stephen L. Carter of Yale Law School points out in his book *Integrity*, “one cannot have integrity without being honest, but one can be honest and yet lack integrity.”

Integrity means adherence to principles. It's a three-step process: choosing the right course of conduct; acting consistently with the choice—even when it's inconvenient or unprofitable to do so; openly declaring where one stands. Accordingly, integrity is equated with moral reflection, steadfastness to commitments, and trustworthiness.

The major difference between honesty and integrity is that one may be entirely honest without engaging in the thought and reflection that integrity demands. The honest person may truthfully tell what he or she believes without the advance determination of whether it's right or wrong. Sometimes the difference is subtle. Take the following example:

Being himself a graduate of an elite business school, a manager gives the more challenging assignments to staff with the same background. He does this, he believes, because they will do the job best and for the benefit of others who did not attend similar institutions. He doesn't want them to fail. He claims integrity because he is acting according to his beliefs.

The manager fails the integrity test. The question is not whether his actions are consistent with what he most deeply believes but whether he has done the hard work of ascertaining whether what he believes is right and true.^[1]

Companies that value honesty and integrity can expect to see those values permeate their company culture. In such a climate, coworkers trust one another, employees view management with less suspicion, and customers spread the word about the company's ethical behavior. Honest companies also don't have to worry about getting into trouble with the IRS or the media on account of ethical wrongdoing. Even though a company may have to give up short-term gains in order to maintain an atmosphere of honesty and integrity, in the long run it will come out ahead.

Practice Question

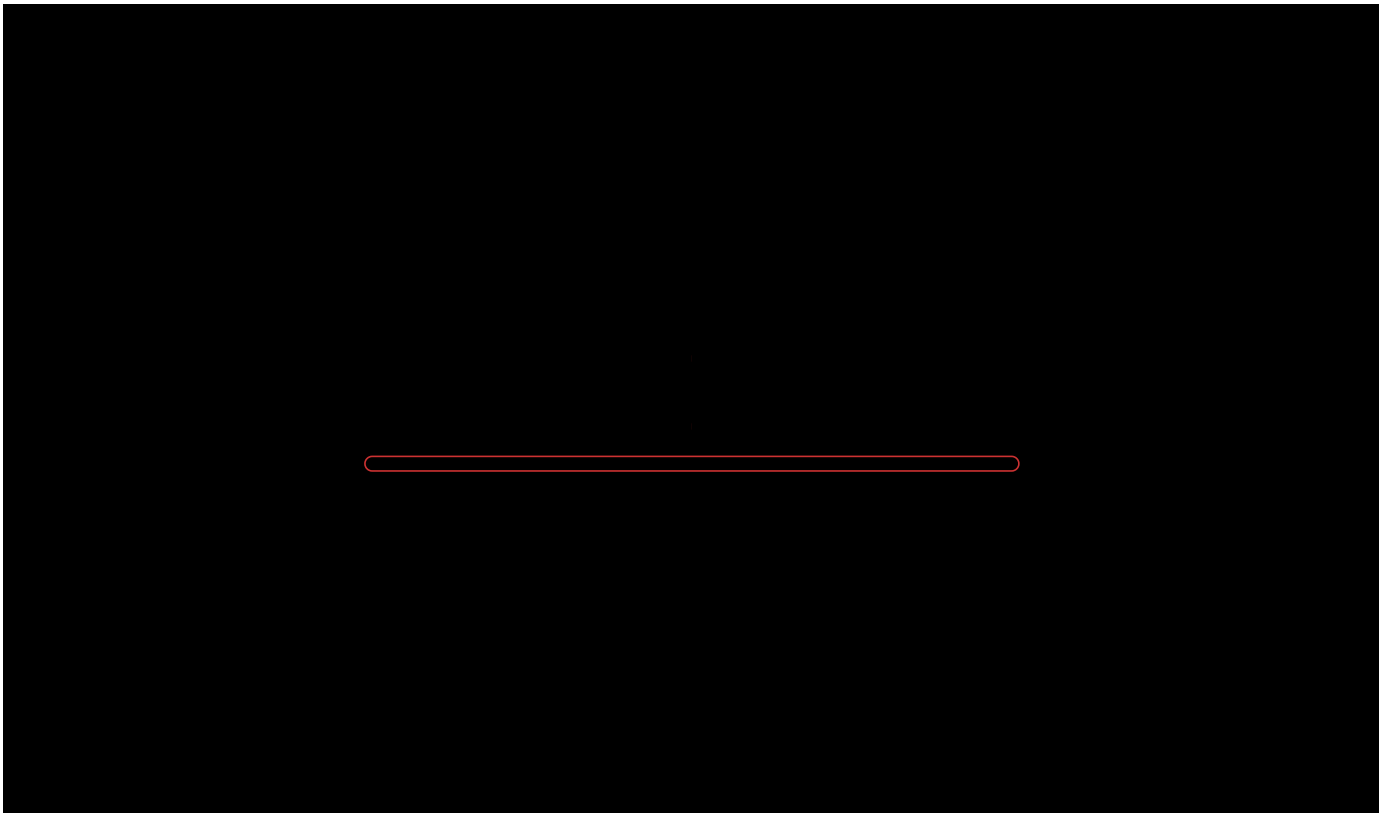
<https://assessments.lumenlearning.co...essments/14370>

Try It

[Read how seven business leaders made decisions to act with honesty and integrity.](#)

Try It

Play the simulation below multiple times to see how different choices influence the outcome. All simulations allow unlimited attempts so that you can gain experience applying the concepts.



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1. Thomas, Jim. "Honesty Is Not Synonymous With Integrity, And We Need To Know The Difference, For Integrity Is What We Need." Alliance for Integrity RSS. August 15, 2011. Accessed February 27, 2019. <http://allianceforintegrity.com/integrity-articles/honesty-is-not-synonymous-with-integrityand-we-need-to-know-the-differencefor-integrity-is-what-we-need/>. ↩

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