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Corporate Greed and Ethics: A Theoretical and Practical Review

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Executive Summary

This report primarily discusses whether greed is the right behavior for modern enterprises and the necessity of modern enterprises focusing on ethics. Through the analysis of relevant theories, such as Utilitarianism, Kantian ethics, and stakeholder theory, and by combining different business cases, such as the Samsung phone explosion and other business cases, it is clear that greed is not a good thing. Although it can bring economic benefits in the short term, the negative impact of greed cannot be ignored in the long run. For example, it has a severe impact on the reputation of enterprises, and it also causes panic among consumers and society. This requires business managers to clearly understand the harm of greed. In addition, this paper provides a detailed analysis of ethics and greed, which can make enterprises clearer about the difference between greed and ethics, thereby guiding enterprises to choose the right path of operation and clarifying the importance of ethics. Modern enterprises focusing on ethics not only meet social expectations but also help promote sustainable development of enterprises.

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1.0 Introduction

In today's society, there are many enterprises showing immoral behaviors, such as greed,which affects the goal of sustainable development of enterprises.According to SAMVAD,Martin Shkreli's company acquired the drug Daraprim, the price per unit of the medication skyrocketed from $13.50 to $750 (Singh & Kataria, 2021).This move significantly undermined the ability of low-income groups to access the drug, and the company's profit model based on patient health sparked profound ethical controversy.

The purpose of this report is to explore the negative impact of greedy behavior on corporate development from both theoretical and practical dimensions, and the ethical issues faced by modern enterprises. This report will be based on ethical theories, including Kantian Ethics, Utilitarianism, Friedman's Shareholder Theory, Freeman's Stakeholder Theory and Corporate Social Responsibility, to analyze and explain the importance of moral theories in corporate operations, and to provide moral considerations for the sustainable development of modern enterprises.The report will also discuss the impact of ethical behavior on corporate reputation, employee motivation, and long-term profitability. Ultimately, the report aims to emphasize the role of ethics in fostering a positive corporate culture and ensuring the long-term survival of the company in a competitive market.

2.0 Greed, Morality and Ethical Theories

2.1 Business Ethics

Business ethics refers to the market principles that enterprises or organizations should follow in the operation of business activities, and its research subject is the business behavior of individuals or companies(Rossi, M *et al*, 2021).Ethics refers to the principles and principles that people should follow when dealing with various relationships(Singer, 2024).

For instance, in business activities, integrity is a very important business ethics. Business ethics can improve the reputation and brand of enterprises and strengthen and maintain the relationship with partners(Wu,2024).Ethics is one of the indispensable guiding principles for corporate development, playing a significant normative and guiding role for the company and its members (Li,2020). And it also helps to promote business cooperation.

2.2 Greed and Morality

Greed is to earn money and material wealth that does not match your own value in order to meet their own needs. This usually cares little or not at all about the well-being of others (Tacke,2023).In the field of business, greed may temporarily boost productivity and economic growth in the short term. However, in the long term, the negative effects caused by greed far outweigh the fleeting

benefits it brings. Specifically, greed can lead to severe damage to corporate reputation, disrupt economic order, and market monopolies. Moreover, greed can erode social fairness and disrupt the public order of society. Therefore, for companies, greedy behavior is unethical and should be avoide (Hoyer *et al,*2024).

Morality is the criterion and norm of people's common life and their behavior. It is the standard of evaluating and judging the code of conduct through social values, customs and social public opinion (Ermasova, 2021).Morality contributes to social stability and reduces social conflicts. In a society with a high moral level, people follow the moral principles of fairness, justice and mutual help, and they restrain their behavior through moral principle (Wallace&Walker,2020).

2.3 Deontology and Teleology

The greedy behavior of enterprises can be explained through the tests of deontology and teleology.

Deontology Focus on obligations and principles, and the consequences are irrelevant (Barrow& Khandhar, 2023).For instance,Kantian ethics thought that there are three principles in business competition, namely consistency, human dignity, and universality,rather than using improper means, such as market

monopoly(Zhang,2024). Kantian ethics advocate that companies should avoid false advertising in the product marketing process, even if this might affect the product's popularity, sales volume, and corporate profits in the short term. However, companies still need to provide consumers with accurate and truthful product information.

Teleology emphasis on decision-making and behavior of the outcome determines moral ethics (Darr,2023). For instance,utilitarianism advocates that companies should strive to maximize the well-being of the majority. This theory tends to favor quantitative analysis of overall benefits rather than focusing on the individual identities of stakeholders (Häyry,2021).

A certain model of smartphone under Samsung's brand was exposed to have safety issues with its battery. Initially, they believing it was due to consumer misuse. However, as more phones exploded, they recalled the problematic devices to help consumers resolve the issues.In order to compete with other company, Samsung engaged in misleading advertising before launching the phone to the market. During this process, Samsung failed to identify defects in the battery design and manufacturing process and even helped the battery supplier to cover them up. For the sake of profit, Samsung not only brought harm to consumers but also damaged the company's reputation.This illustrates that greed can harm a company(Zhang, 2020).

The actions of Samsung Corporation violate the principle of universality in Kantian ethics. If all mobile phone manufacturers were to follow Samsung's lead in neglecting product quality, the mobile phone market would descend into confusion, and consumer trust in companies would cease to exist (Cheng *et al*,2023). The behavior cannot be universalized because it goes against societal expectations. Business practices that disregard ethical and moral standards cannot pass the test of deontology .

From a utilitarianism perspective, the Samsung smartphone explosion incidents have caused direct physical harm to many consumers, such as some users experiencing sudden explosions during normal use, leading to burns and property damage. This not only results in a decrease in the company's customers but also causes losses to the business (Dai *et al*,2020).Protecting consumer safety and meeting consumer safety needs are among the important goals of teleology, and this event has violated this goal and failed to achieve positive business objectives. This does not align with the test of teleology.

2.4 Stakeholder Theory

Friedman's Shareholder Theory

Friedman's Shareholder Theory believes that the main purpose of an

enterprise is to create profits for shareholders and give priority to shareholder interests. Business managers make maximum profits for shareholders in compliance with the law and ethics(Asness *et al*,2021).For instance, this theory emphasizes prioritizing the interests of shareholders when making decisions,and assessing whether they will suffer losses. If a business faces losses and needs to close a factory, decision-makers must make decisions based on ensuring the interests of the shareholders.

Apple Inc. is a large electronics company dedicated to promoting its products and creating maximum benefits for shareholders. Shareholders invest funds to purchase company stocks, expecting dividends from the company's profits. (Lu, 2023).

Apple Inc. is committed to building a high-end brand image, which is aimed at enhancing the interests of shareholders. Through advertising campaigns and efforts in product innovation, Apple attracts more consumers who are willing to purchase its products. Moreover, Apple actively expands its global market presence by establishing retail stores in various locations, drawing customers from different countries to buy Apple products. China is a key market for Apple, sees the company designing localized advertisements to boost sales (Li, 2021). This will increase the company's profits and bring more wealth to shareholders.

Apple continuously invests substantial resources into product innovation, such as the ongoing upgrades of products like the iPhone and iPad, introducing more attractive products to increase Apple's market share. Each upgrade of the iPhone attracts consumers to purchase new models, which boosts the company's revenue. (Wang, 2023). This leads to an increase in Apple's stock price, providing shareholders with substantial returns and meeting their expectations for maximizing profits.

Freeman's Stakeholder Theory

Freeman's Stakeholder Theory emphasizes that the enterprise is accountable to all stakeholders, such as employees, consumers and society, and it focuses on fairness between different interest groups rather than maximizing overall benefits (Dmytriyev *et al*,2021).

Freeman's Stakeholder Theory believes that enterprises need to pay attention to the interests of all stakeholders when making decisions and business planning, which requires the firm to develop specific strategies to meet the needs of different stakeholders. For instance, for disabled employees or consumers, the firm should establish dedicated welfare channels (Freeman *et al*,2021).

Pangdonglai is a large supermarket in China, which balances the interests of its employees, consumers, the government and other stakeholders to achieve sustainable development (Xu,2024).The business strategy of this enterprise can be analyzed through Freeman's Stakeholder Theory.

Firstly, the managers of the enterprise provide very generous benefits to their employees. During various festivals, the enterprise gives gifts to its employees. Moreover, the management practices democratic evaluation, and allowing employees to express their personal demands . The enterprise also offers professional training to its employees to promote the improvement of their professional abilities, which same as Freeman's Stakeholder Theory's emphasis on the interests of employees. This approach effectively increases employee satisfaction and loyalty. Consequently, it stimulates employees' enthusiasm for work, creating greater value for the enterprise.

Secondly, the managers of the enterprise also place great importance on the interests of consumers. The enterprise is known for providing high-quality services and products. Its shopping malls are clean, the quality of products is high, and there is a comprehensive service structure. Consumers enjoy a return policy and free after-sales service (Zhou,2024).This ensures that the enterprise can immediately protect consumer rights. Customers are one of the key stakeholders of the enterprise. By meeting their needs, the enterprise

strengthens customer trust and attracts more clients, thereby increasing sales volume and profits.

Lastly, the enterprise strictly complies with laws and regulations, pays taxes on time, actively responds to government calls, and participates in some charitable activities. This maintains a good relationship between the enterprise and government stakeholders (Zhu, 2024).

2.5 Corporate Social Responsibility(CSR)and Carroll's CSR pyramid

Carroll's CSR pyramid is an important model for CSR,it consists of four responsibilities: economic, legal, and ethical and philanthropic (Wirba,2024)(Silva Junior *et al,*2023).

CSR refers to paying attention to the interests of employees, consumers and the benefits of the society.It covers ethics for businesses in economic, social, and environmental aspects.CSR is very significant for the development of enterprises.(Liu *et al*,2023) It is conducive to improving the image and reputation of the enterprise, but also can improve the trust of consumers, attracting and retaining talents. The most important thing is to attract more partners and increase the profitability of the enterprise (Al-Shammari *et al*,2022).CSR can better protect the environment and promote sustainable

development. And it believes that enterprises should not only pay attention to the interests of stakeholders but also pay attention to the sustainable development of social enterprises (Meseguer-Sánchez *et al*,2021) .

For instance,During the American operation of the Tenke Fungurume Mine, there was a lack of implementation of major environmental protection measures.The Freeport-McMoRan implemented over-mining for pursuit of maximizing profits, that leads to soil erosion and landslides. These actions caused a huge threat to the local environment. Additionally, they don't invest enough fund to treat the wastewater, which leads to the wastewater flow into underground rivers, leading to water pollution and a threat to the health of residents. This greedy behavior not only damaged the environment ,but also ignoring the sustainable development of resources (Searcey, D et al,2021).These behaviors are both unethical and illegal, which do not align with the ethical and legal responsibilities of Carroll's CSR pyramid.

And after China acquired, Due to the local government's collaboration with the United States to ban sales, the product has not sold (Wexler&Steinberg,2024).This approach not only harmed the interests of Chinese enterprises but also had a negative impact on the local economic and social development.

After holding TFM in China, China's CMOC Group Limited paid more attention to the sustainable development of resources, and they began to plan the exploitation of resources and make long-term and sustainable mining plans. In addition, in the process of mining, more attention should be paid to the protection of the environment, improve the wastewater treatment system, reduce the emission of harmful gases in the mining and processing process, and improve the air quality around the mine. This is in the interest of the CSR to focus on the social environment. China's CMOC Group Limited also has made many contributions to philanthropy. it arranged professionals to Mayeba village and built roads, water and electricity, schools and hospitals for them. Promote local sustainable development. Build new houses for the miners for better work around the mine (Wang& Liu, 2023).These actions by China are aimed at helping the local residents, which aligns with the ethical responsibility of Carroll's CSR Pyramid.And also actively contributes funds to help them build houses, which also aligns with the philanthropic responsibility .

2.6 Modern Companies Focus on Ethics

Firstly, companies should follow various ethical theories to ensure the balance of rights and interests of all stakeholders during the development process, while protecting the interests of employees, and motivating their work enthusiasm and loyalty through appropriate reward mechanisms. Secondly,

the goal of modern enterprises is to achieve sustainable development and pursue long-term profitability. So companies must continuously optimize their business models through CSR, innovate products and services, meanwhile also considering social responsibility and environmental protection. Thirdly, focusing on corporate ethics can maintain corporate reputation, attract a wider customer base, and enhance consumer trust and support for the brand.Finally,Enterprises can regulate their behavior by adhering to ethical principles, and they can also use government regulatory bodies to constrain themselves, ensuring that they develop along the right path(Tang&Zhang,2022).

3.0 Conclusion

Enterprises should restrain greed and pursue sustainable development. Ethical theories and practical case studies reveal that companies that value ethics are more capable of sustaining growth. In modern society, companies need to implement independent oversight mechanisms, integrate ethical considerations into the decision-making process, fully recognize the importance of societal stakeholders, and are committed to promoting sustainable development.

If a company encounters failure, it should deeply analyze the reasons and conduct comparative analysis with successful companies to explore

development strategies suitable for itself. At the same time, management must recognize the potential negative effects of greedy behavior. Successful companies should also learn lessons from failure cases, identify and correct their own shortcomings, to promote the sustainable development of the company. Companies should incorporate ethical norms into their core strategies, cultivate a corporate culture with a sense of responsibility, and strive to build a harmonious society. Ethical practice not only helps environmental protection and social welfare, but is also key to ensuring the long-term prosperity of the company. Company growth should rely on comprehensive business strategies, including ethical decision-making, sustainable development practices, and a commitment to the well-being of stakeholders, thus enhancing the company's reputation and promoting the common progress of society and the environment.

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