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Greed and Corporate Ethics: Why Modern Firms Cannot “Greedy”



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Execution Summary

This report aims to explore a key issue: should modern enterprises be “greedy”?

This article first clarifies the significance of business ethics and points out that integrating moral considerations into the production and operation process of enterprises is conducive to achieving sustainable development. Study also explored the legitimacy boundaries of "greed" in the modern business environment and evaluated the moral limits involved in the pursuit of profit maximization. This report systematically analysis the balance between moral obligations and the overall well-being of society in the decision-making process of enterprises by introducing the ethical theoretical framework of deontology and teleology (utilitarianism). Furthermore, researcher discussed different perspective of business operation, it combines the shareholder theory and the stakeholder theory to explain the logical basis behind corporate behaviour. Real-life cases such as the Volkswagen emissions scandal demonstrate that when enterprises pursue short-term economic benefits one-sidedly and neglect their legal and moral responsibilities, it will cause extensive and far-reaching negative impacts on consumers, employees and the public. Finally, the report provides an in-depth interpretation of the above research findings based on Carroll's pyramid model, emphasizing that while pursuing economic goals, enterprises should also consider legal compliance, ethical responsibilities, and voluntary charitable contributions to achieve a coordinated and unified multi-dimensional responsibility. Research concludes that the excessive pursuit of profits not only violates fundamental moral principles but also makes it difficult to achieve long-term sustainable development. Therefore, enterprises should abandon the "greedy" development model and actively fulfil their social responsibilities to promote the coordinated improvement of economic and social values.

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INTRODUCTION

When money becomes the main reference point for judging success, it gradually reshapes people's understanding of acceptable and unacceptable behaviour(Moldes, 2025). With the continuous strengthening of this profit-seeking logic, those seemingly isolated behaviours often reveal how greed affects the decision-making of enterprises(Morin, 2024). This tension was vividly illustrated in the final round of an international university debate in 2001. The motion asked whether money should be considered the “root of all evil.” Representing Wuhan University, speaker Yu Lei argued with clarity and strong rhetorical force, drawing significant public attention. He argued: "Traditional ethics identifies 'money' as the root of all evil, money enables individuals to frequent illegal venues with impunity and rationalize such actions as personal freedom or enjoyment. He also noted that financial incentives can blur moral boundaries and make behaviours once regarded as immoral appear acceptable, even allowing unlawful practices to be presented as legitimate(Zheng *et al.*, 2025). As Balzac said, "Money has permeated all aspects of society - law, politics, economy and morality. Once everything is subordinated to money, where will the spiritual home of mankind be(Pong, 2022)?"

However, his later fall in the horse gave the debate a different perspective. After being recognised for criticising greed for many years, Yu Lei was convicted of planning a bribery case worth more than 100 million yuan during the listing of his company, part of which came from employee wages. The great contrast between his early speech and

later behaviour highlights a deeper moral dilemma: the pursuit of wealth often prompts individuals to seek power, and once power is gained, it may be used to obtain more economic benefits(Finance, 2025). This raises the question of whether this behaviour can be rationalised, whether it reflects uncontrolled greed, and whether the behaviour of organisations affected by the abuse of power can withstand moral scrutiny(Rees, Smith and Soderberg, 2024).

These concerns reflect that the modern business environment's expectations of regulation, the market and society are changing, and there is a growing focus on responsibility(Ahn, 2024). Investors increasingly consider environmental and social factors when evaluating enterprises(Friede, Busch and Bassen, 2015). Consumers show stronger interest in the values companies claim to uphold(Gunawan, Budiarsi and Hartini, 2020). Governments have introduced stricter requirements in terms of data privacy, carbon emissions and corporate responsibility(Sun, Yu and Zhang, 2025). Despite this, many organisations continue to view profit maximisation, rapid expansion and risk-taking as the key drivers of competitiveness. The tension between business ambitions and moral expectations affects enterprises' understanding of their responsibilities and the sustainability of their strategies(Prayitno, 2025).

This report examines whether greed can be treated as a legitimate source of motivation in business and whether companies have ethical responsibilities beyond profit. It draws on key ethical theories and recent business cases to consider how self-

interest relates to social responsibility. Through this analysis, the report addresses the central question of whether modern enterprises should sustain the “**greedy**” without restraint.

ETHICAL FOUNDATIONS

2.1 Ethics and Business Ethics

Ethics refers to the principles used to judge the right or wrong of human behaviour. It includes the values that guide moral judgement and the norms that regulate social behaviour(Zakaria, 2025). Business ethics applies these concepts to business activities. It studies how enterprises, employees and other market participants should act when profits interact with broader social expectations(Crane *et al.*, 2019). As stakeholders was influenced by organizations, ethical considerations become essential for maintaining trust, responsibility and fair practice(Trevino and Nelson, 2021).

2.2 Principles and Outcomes in Ethical Reasoning

Since business ethics provides a framework for behavioural norms and management practises, organisations must manage relationships with stakeholders and fulfil the responsibilities that come with stakeholders. Therefore, it is crucial to understand moral reasoning. Ethical reasoning refers to the process of assessing whether an individual's system, policy or action meets the established ethical standards, including an ethical evaluation of corporate decision-making(Ng *et al.*, 2021).

Within ethical theory, deontology and theology offer two completely different methods for assessing the moral legitimacy of business behaviour(Ateeq, 2024).

Deontology holds that behaviour should follow the principles of duty and universal morality, rather than judging only by results. It emphasises core values such as

honesty, fairness and respect for individuals(Ateeq, 2024). When an enterprise puts profit above its obligations to employees or customers, it is difficult to justify its behaviour from this perspective(Melé, 2024). The sales scandal of Wells Fargo is a standout case. Employees are encouraged to open unauthorised accounts to achieve performance targets, which violates the principle of integrity and turns customers into tools to obtain economic benefits(Salman, Jayasundera and Manama, 2025). From a deontological view, such conduct cannot be morally justified regardless of its economic impact.

Teleological reasoning shifts the focus to the results of behaviour. It believes that the legality of corporate behaviour depends on the effects it produces(Melé, 2024). As a core argument of teleology, utilitarianism advocates that action should maximise overall welfare, not just serve narrowly defined organisational interests(Sola, 2023). Therefore, if a profit-oriented strategy can bring about net growth in social welfare, it may be acceptable; but if it harms the interests of stakeholders, it fails to meet utilitarian standards. In the case of Wells Fargo, although fraudulent sales temporarily boosted investor confidence, the broader harm to customers and employees exceeded these benefits, which made the behaviour lose its moral legitimacy under utilitarian considerations.

2.2 Corporate Approaches to Self-Interest and Greed

External observers frequently assess whether a company exhibits a "greedy" tendency

based on profit-driven behaviours, whereas the organization's internal perspective often oscillates across various value orientations(Goswami and Bhaduri, 2023). The business practises of entrepreneurs can be explained to some extent by the existing ethical framework, although these business practises are not always publicly stated. The shareholder supremacy theory represented by Friedman believes that as long as it does not violate the boundaries of the law, managers have the obligation to do their duty to maximise the interests of shareholders(Cheffins, 2024). Under this paradigm, those behaviours that are considered "greedy" may be interpreted as legitimate management responsibilities as long as they help to improve financial performance. For example, Amazon's strict warehouse management system has also brought significant profit growth while improving operational efficiency. From the perspective of shareholder supremacy, such practises seem to be consistent with corporate goals and are morally defensible to a certain extent(Pope, 2022).

In contrast, the stakeholder theory holds that businesses have a moral responsibility to a wider range of groups, including employees, consumers and local communities(Mahajan *et al.*, 2023). From this perspective, Although Amazon can make more profit, didn't break the boundary of legal, it fails to fully consider the negative effects of relevant stakeholders for sure, including physical fatigue, psychological stress and potential labour exploitation(Pope, 2022). Therefore, management behaviour for self-interest is not only morally questionable, but also undermines the fundamental responsibility of enterprises to key stakeholders.

The tension between these two views highlights the different expectations of how enterprises should conceive and manage their own interests. Shareholder theory prioritises economic efficiency, competitiveness and financial returns, while stakeholder theory emphasises fairness, harm avoidance and respect for the interests of all affected parties. Therefore, different theoretical foundations will produce different criteria for judging, which are used to define the circumstances in which the pursuit of profit exceeds the acceptable range, thus losing its moral legitimacy.

By reviewing ethical reasoning and enterprises' responses to "greed" behaviour, the research finds that a single analytical perspective has inherent limitations. The moral acceptability of “greed behaviour” ultimately depends on the range of stakeholders involved, the distribution mechanism of benefits and burdens, and the degree of risk and harm that society can tolerate. Given that such ethical judgments cannot be simplified into a binary answer of "Yes or No", it is necessary to systematically assess the ethical impact of enterprises' profit-seeking behaviour through specific business cases. The following text will further analyse this.

THE ETHICAL IMPLICATIONS OF CORPORATE GREED

3.1 When Greed Appears Beneficial

As an inherent feature of business activities, self-interest can motivate enterprises to

promote technological progress, improve operational efficiency, and benefit the public to a certain extent under certain conditions(Rosengart, Hirsch and Nitzl, 2020). In the field of science and technology and energy, Tesla continues to increase investment in electric vehicle research and development with optimistic expectations for the prospects of the new energy market. Although their motivation stems from commercial profit-seeking, these measures have objectively accelerated the transformation of the transportation industry to low-carbon and prompted competitors to adopt a more environmentally friendly technological paths(Lin, 2024). In the semiconductor industry, NVIDIA has keenly grasped the strategic opportunities brought by the development of artificial intelligence, continued to increase investment in research and development, and significantly promoted the progress of artificial intelligence technology, thus bringing extensive progress in scientific research, industrial applications and even daily life (Xu, 2025).

In this scenario, the actions they take for their own benefit often become an important driving force for innovation(Wang, Zhang and Xu, 2025). As cases said that leading technology companies such as Tesla and NVIDIA, while pursuing profits, also uphold a morally legitimate long-term vision, which is to empower various industries and promote the development of human civilisation through cutting-edge technologies such as artificial intelligence. This goal orientation enables them to bear the high cost of research and development, showing the potential synergy between the pursuit of profit and social value. Such behaviour is not only in line with the principle that

enterprises should balance the interests of multiple parties in the stakeholder theory but also passes the ethical test under the framework of the theory of obligations.

It is worth noting that the effectiveness of the above-mentioned profit-oriented behaviours depends on the constraints and guidance of sound regulatory mechanisms, shareholder supervision, laws and regulations, and industrial policies. It is these institutional conditions that promote enterprises to transform their profit motivation into a development direction in line with broader social interests.

3.2 When Greed Creates Harm

It is worth noting that when business operators deliberately cross the moral bottom line, the same incentive mechanism may also lead to the consequences of harming the public interest(Braun, 2024). In this context, greed is divorced from responsibility, and enterprises shift risks and costs to stakeholders in pursuit of strategic goals(Newman *et al.*, 2020).

To maintain its competitive advantage in the diesel vehicle market and avoid large-scale investment in clean emission technology, Volkswagen Group secretly installed the so-called "cheating device" in its diesel engines. The software will automatically reduce the emission level when vehicle is detected, so that the exhaust gas data is superficially in accordance with environmental regulations; however, during normal driving, it will return to the normal operating mode, resulting in harmful gas

emissions as high as 40 times the legal limit. In 2015, the U.S. Environmental Protection Agency exposed the behaviour, which caused widespread attention and condemnation around the world. Volkswagen immediately faced criminal investigations, huge administrative fines, consumer class action lawsuits and a serious reputation crisis. As a result, its CEO also resigned (Cavico and Mujtaba, 2016). This deliberate deceptive business behaviour not only violates basic business ethics and fails to maintain long-term shareholder value, but also seriously infringes on the legitimate rights and interests of consumers, the public and other stakeholders. The act of installing cheating software itself is a lack of morality and violates relevant laws and regulations. This case profoundly reveals the systematic problem of enterprises, driven by short-term business interests, evading compliance responsibilities through fraud, and transferring environmental risks, public health costs and social ethics costs to the whole society.

Other cases show that such phenomena are not limited to the automotive industry. Under the pressure of cost control and in competition with Airbus, Boeing chose to downplay the disclosure of known software risks in the 737 MAX project, which eventually led to two fatal air crashes and triggered extensive legal accountability and regulatory reviews (Herkert, Borenstein and Miller, 2020). In the digital realm, Facebook's failure to effectively prevent Cambridge Analytica from accessing data of millions of users and using it for precise political targeting exposed the potential threat that data-driven business models could pose to democratic processes, while

severely eroding public trust in the platform(Light and McGrath, 2010). These cases collectively demonstrate that when enterprises prioritize short-term profits over safety, transparency and respect for the rights of stakeholders, it often has an adverse impact on the sustainable development of the enterprises.

WHY ETHICS MATTERS FOR MODERN BUSINESS

2.4 Insights from Carroll's CSR Pyramid



Figure 1. Carroll's CSR Pyramid (Carroll, 1991)

Carroll's pyramid model of corporate social responsibility provides a powerful theoretical framework for understanding how greedy business practices deviate from the social expectations that modern enterprises should fulfill. The model divides corporate social responsibility into four progressive levels, namely economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility(Carroll, 2021). Although economic responsibility is the foundation of business operations, the theory of corporate social responsibility emphasizes that the pursuit of profit should be in harmony with legal compliance, ethical standards and

social contributions(Visser, 2006).

Enterprises that take financial goals as the sole orientation often face the risk of undermining their long-term sustainable development(Burkova, Shepeliuk and Rtyshchev, 2023). As analysed in the main text, Volkswagen's disregard for local environmental regulations in pursuit of market dominance not only exposes it to severe legal sanctions but also poses a challenge of significant financial losses. Such phenomena are not uncommon across various industries. Whether it is the violation of user privacy, the neglect of product safety standards, or the excessive exploitation of natural resources in the global supply chain, once enterprises prioritize short-term profits over moral responsibilities, they are likely to face increasingly strict scrutiny from regulatory authorities, investors, and consumers(Ho, Ho-Dac and Huang, 2023). These external reactions correspond to the ethical and legal dimensions in Carroll's model, highlighting that enterprises cannot separate their economic goals from their broader social responsibilities.

Tesla, as a positive case, has not only effectively enhanced its market competitiveness but also earned a wide reputation for its brand by integrating corporate social responsibility into its system(Lin, 2024). Ethical management helps enhance the trust of stakeholders, increase employee loyalty, and align with the value orientation of socially responsible investors; compliance management can significantly reduce the risk of violating laws and regulations; and actively participating in social welfare

undertakings is conducive to shaping a good corporate reputation(Akinsola, 2025).

This further confirms the proposition of whether modern enterprises should be "greedy": only on a solid moral foundation can enterprises achieve a balance between their own interests and public interests.

According to Carroll's theoretical framework, when greed manifests as a deliberate disregard for moral responsibility, its legitimacy will be weakened. In the current complex business environment, enterprises urgently need to establish a dynamic balance between financial goals and ethical practices. Therefore, corporate social responsibility not only establishes fundamental value norms but also plays a strategic guiding role at the practical level, revealing the fundamental logic that extreme self-interest will ultimately backfire.

CONCLUSION

Enterprises should not be guided by "greed" but should earnestly undertake corporate social responsibility.

The analysis in this report shows that although self-interest is an inherent component of business activities, the blind pursuit of profit not only lacks moral legitimacy but also makes it difficult to realise the sustainable value of the enterprise. Whether from the point of Deontological theory or utilitarianism, if enterprises act only for economic interests and ignore basic moral obligations such as honesty, fairness and harm avoidance, or if their behaviour causes damage to broader social welfare, this practice will eventually lead to failure. The theory of shareholders' rights and stakeholders reveals the essence of "greed" from the perspective of corporate governance, which is sacrificing the rights and interests of the majority to meet the interests of the minority. Carroll's corporate social responsibility pyramid model further explains why greed goes against the expectations of modern business society. The fulfilment of ethical commitments by enterprises will not weaken their success. On the contrary, the success of enterprises will be consolidated and enhanced by continuing to practice social responsibilities.

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