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# Examples of Ethical Issues in Business

4-5 minutes

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Ethics in business encompasses so many areas that there are entire classes on business ethics at universities. Every business owner needs to understand how ethical issues pertain to running a business and dealing with employees and the broad public. It is always best to pre-empt problems with business ethics. Should ethics violations arise, business owners need to address the problem with quick actions.

## Discrimination in the Workplace

Every business needs to be aware of anti-discrimination laws and regulations. A business owner doesn't need to receive a complaint from an employee or customer to be fined for violating the Americans with Disabilities Act. In what are called "drive-by lawsuits," businesses are targeted for potential lawsuits by people who drive or walk by a business and note the violation. Violations might include not having doors with appropriate widths, the lack of handicap accessibility, or failure to provide handicap parking. People who file the complaints don't need to be handicapped to receive settlements of \$4,000 per violation.

## Unsafe Working Conditions

Employees have a right to safe working conditions based on regulations outlined in the Occupational Safety and Health Administration. While many OSHA citation violations deal with fall hazards, respiratory protection and chemical exposure, there have been lawsuits regarding the safety of inane items such as the signs that twirl at street corners for marketing. The violations stemmed from the sharp points of the signs and unprotected edges, which created lacerations. Businesses have restricted what twirlers can do with signs and provided safety features for signs. Many businesses moved away from twirlers entirely to avoid problems.

### **Whistleblowing or Social Media Rants**

Business owners must respect and not penalize employees who are deemed whistleblowers to either regulatory authorities or on social media. Essentially, employees are encouraged and cannot be penalized for raising awareness of workplace violations. A Yelp employee wrote an opinion piece on a blog website that described the poor working conditions at Yelp. The employee was fired for her negative views on the company. However, states are increasingly passing off-duty conduct laws to protect employees for stating opinions on social media when they are not at work.

### **Accounting Practices**

A business must maintain accurate bookkeeping practices. The oil giant, Enron was exposed in 2001 for "cooking the books" to misrepresent profits. The deception affected stockholder prices, and many public shareholders lost huge amounts of money because of the ethics violation. The company went bankrupt as a result, and the Sarbanes-Oxley Act of 2002 was established to

protect public shareholders with stricter financial reporting laws. Even small privately held companies must keep accurate financial records to pay appropriate taxes and employee profit sharing or to attract business partners and investments.

### **Nondisclosure and Corporate Espionage**

Employers are at risk of employees and former employees stealing information. This might be client data used by organizations in direct competition with the company. When intellectual property is stolen or private client information is sold on the black market, it is corporate espionage. Employers may require employees to sign nondisclosure agreements with stiff financial penalties to discourage these types of ethics violations. One of the biggest violations of corporate espionage exists with manufacturers who outsource technology products in China where the patents are stolen, re-engineered, and sent into the markets to compete with the companies that originally hired the factory.