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Christian Ethics in Australian Business

Part 2

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Ethics in Customer Relationships

Customer relations is a two-way street. It refers not only to the attitude that the business owner and his staff have to customers, but it also refers to the attitude customers have to the people involved in the business.

First, it is clear that many businesses have a wrong attitude towards their customer. They believe that they have a God-ordained right to be the sole supplier of their particular goods and services, and that the customer has no right to buy elsewhere. Thus, many businesses seek to eliminate competition. They form cartels, they organise professional bodies, they ask politicians to pass legislation prohibiting or limiting competitors from commencing in their field of business. We can all think of examples: the medical associations, the lawyers, the dentists, the pharmacists, the teachers, and a host of businesses who have had legislation passed prohibiting or limiting others from entering their field.

I know it is all done with well-sounding and well-meaning phrases. We do, after all, have to ensure a quality product. But this is the first and most distressing problem with this attitude. It treats the consumer as if he is a fool and an idiot. The consumer, apparently, is incapable of finding out for himself if a lawyer is good or bad; or whether a teacher is competent or not; and supposedly the ordinary person in the street is unable to study a little medicine so he can self-diagnose and obtain the treatment he believes necessary for his ailment.

This false paternalism in the eyes of many businessmen treats the consumer as less than a fully functioning human being. After all, the suppliers of the goods and services are assumed competent at knowing what is best, but the poor consumer is given little alternative these days.

This attitude is theft. It is stealing from consumers their God-given right to be fully responsible for their actions. Despite the false notion that says we are supposed to be our brother's keeper (Deut. 4:9), it needs to be born in mind that these words were spoken by Cain, a murderer and a liar. He used this phrase as an excuse to refuse to answer God who had asked him where was his brother, as if God needed to ask anyway. But this false notion of being our brother's keeper is used by many — essentially those who plan to do the

keeping, you might notice — to treat their fellow man as less than their brother.

Second, something must be said about workmanship. Too easily we give the customer second and third rate goods when we have it in our power to give him prime quality. Why do we do it? We resent it when it happens to us. For example, we go into the local fresh fruit store and ask for a bag of fresh peaches or whatever takes our fancy. And we see the store owner leave the best fruit on the barrow and pick out the second and third rate quality to sell to us. "Why doesn't he give me the best ones," we think to ourselves. Yet, if we were to swap places, we would probably do the same thing. After all, we want the best looking fruit to remain on display to attract prospective customers, don't we? Naturally, we have forgotten that we've just offended one customer who, when it comes to buying fresh fruit in the future, will readily try our competitor's premises.

Now it may well be true that there is insufficient quantity of the best grade goods to sell to every customer. That is evident from all walks of life. And items such as fruit present this peculiar problem. But what about the goods that we manufacture, or the services we provide? Do we not have some moral obligation to give the customer the very best we can?

Impossible, you say? Not really. Think about McDonald's. Does not the genius of Ray Kroc and the initiation of controls and procedures that he implemented in order to deliver the humble hamburger provide us with an example of a business overcoming the problems of human nature to deliver the same product with the same quality, time and time again? No matter where in the world you go, a McDonald's hamburger has the same consistent quality.

Third, Christian business ethics demands that the business represent accurately its goods to its customers. Perhaps there is no more difficult area than this thorny issue of advertising. When does advertising pass the bounds of moral propriety? Is the business bound to tell the customer all the features of the product, good and bad? Doesn't the customer have any obligation to follow the injunction, *caveat emptor* (buyer beware)?

It is too easy for the business owner to respond that he does no more nor less than the market demands. There is an economic truth about this, but we are concerned here with

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ethics, not economics, since we've already discovered that for many there is no morality in economics. The market is not, and cannot be, our ethical standard in business. At all times, God's word as revealed in the Scriptures is our moral standard. God's law, and His law alone, is to be our only guide, not just in business but in all that we do. Thus, even if there is an enormous market demand for pornography, abortion or euthanasia, we cannot supply these services without violating the moral law. The Christian business man or woman would refuse to supply these services — and many more like them — on moral grounds.

Fourth, there is an obligation on the part of business that they supply full value. In short, they must make sure that the customer gets what he has bargained for. To give him more than is expected is, of course, charitable, prudent, and good business sense. To give him less is to become a thief and a robber.

While we have thus far considered the business' moral obligations to customers, what about the customer's attitude to business? While it is often true that business people are seen as the villains in all business affairs, the customer, I'm afraid, is just as guilty as the businessman on many occasions.

First, the customer has the obligation to make sure he pays for the goods — *on time*. Too often, the customer delays as long as possible payment for the goods or services which he is already enjoying. Honesty and integrity are often missing from many customers. Unfortunately, Christians are not exempt from this kind of behaviour.

Second, the customer has the obligation to make sure the business is well paid. However, I want to make some qualifying statements here. I do not mean that the customer has to pay whatever profit margin the businessman asks. There are businesses that contain their costs better than others and can supply at a lower price. I do not think we have an obligation to subsidise inefficiency. Nor do I think that it is essential that the customer pay even the cost of goods. In an imperfect world there will be businesses that incorrectly guess the state of the market and produce goods at a higher price than "the market" (i.e. buyers) are willing to pay. In other words, we maintain the economic truth that it is buyers who determine ultimate selling prices for goods.

Having made those qualifying comments, however, customers must realise that if they wish to have the goods they want delivered, when they want them, in the quantities that they want them, and at the price they are willing to pay, there must be an equitable profit margin in it for the supplier. In short, the customer needs to analyse the goods he's buying and his ongoing need for them. Then he must make sure that the business supplying those goods makes enough profit to stay in business, otherwise he loses access to the goods — or at the very least he might lose access to those goods at that particular price.

This policy of making sure the supplier is suitably rewarded is especially relevant when the customer wants ongoing service and warranty of the items purchased. In short, there is little benefit to anyone to buy an article at a price which forces the supplier to go out of business. When they buy something, many people like to boast about the great bargain they negotiated for themselves. How many families have gone hungry, though, as a result of supplying goods at a price where the family could only boast of unpaid bills and insufficient funds to feed the children, while the customer could boast of a great bargain.

No man or woman is an island. We are not asked to be communists in the sense of having the Big Brother State look after us by providing cradle-to-grave security. Rather, we are to *voluntarily* share the material wealth, and the way to do that is through the free exchange of goods and services at prices where everyone is happy.

With all these qualifying comments on this subject of pricing, perhaps you're asking how a customer can determine what is a fair price to pay? This is the guiding principle in

Scripture: what price is *voluntarily* agreed to by *both buyer and seller*. In modern marketing and sales language, this is called a win-win situation. It is also the procedure which upholds the absolute property rights of both parties and allows for the free exchange of goods and services. This is the biblical pattern. We see this, for example, in the incident where Abraham purchased the cave of Machpelah in which to bury his wife, Sarah (Gen. 23).

Ethics in Employer-Employee Relationships

The area of industrial relations is always high on the agenda of most businesses. In a country where employees have so readily banded together in trade unions of various kinds, the question of ethics in employer-employee relationships is certainly in need of serious attention.

First, I have just mentioned above the area of customer and business relations, and in a discussion of prices, I suggested that the biblical pattern was for both buyer and seller to agree on what would be a fair price for exchange to take place. When it comes to staff relationships, it is evident that the employer is a *customer* of the employee. He *buys* the labour and skills of the employee. Therefore, the information dealing with prices are as relevant in wages as they are in any other transaction which involves buyers and sellers. The principles remain the same.

But it is not only necessary to make sure a fair price is paid; it is also necessary to ensure that the price being paid is matched by the goods being delivered. That is, each party must know as precisely as possible, what is being exchanged. Only with full knowledge can the parties come to a mutually satisfactory decision.

There is perhaps no greater area of dissatisfaction in business than in employees who are asked to do things they feel were not part of the original deal with the employer. Now there are some who will argue that it is the employee's duty to do whatever he is asked. But this is not necessarily true. It depends, ultimately, on what *basis* the employer and employee have entered into a business relationship.

For the employee this means a *comprehensive* job description. The modern employer-employee relationship is one of contract, where both parties agree to certain conditions. Those conditions need to be spelt out, and the better that is done, the easier it is for *both* parties to have a successful ongoing relationship. Now it may well be that an employee agrees to no limitation in his duties. It is certainly his right to sell his labour under those conditions. But if these conditions are deliberately excluded and the employer demands that work outside the agreement be undertaken, work which the worker does not voluntarily consent to undertake, then it is clear there has been a breaking of the work contract and the employee would be free to ignore the request.

Unfortunately, many business firms do not like comprehensive job descriptions precisely because they want to maintain the freedom to ask the employee to do whatever needs to be done at the time. Yet, it does not occur to them that it would be more honest and fair to negotiate this possibility right up front. This way, everyone knows where the business relationship is headed. Of course, naturally the worker might demand a higher wage since he is to do all tasks, but that is only a fair demand. The worker certainly has the right to be paid for whatever he does at a fair rate.

A *second* area of ethical concern in business is the attitude many businesses have towards their employees. They treat them as machines, or as merely instruments to help the owners and shareholders reap larger profits. Now the Bible is never against profits but it does speak against the abuse and misuse of profits. Profits, when properly obtained, are the *necessary ingredient* for economic and cultural advancement. So let's not despise profits.

If profits are the ultimate aim of the company, it is easy to see the worker purely as an economic entity to help in

achieving that goal. This is why it is essential that a proper understanding of the *purpose* of business is obtained from the Scriptures. When the biblical pattern is kept in mind, it is easy to remember that employees are human beings who, like the employer, are attempting to understand and fulfil the calling which God has placed on their life.

This is why it is such a privilege to be able to offer others employment opportunities. The successful business person who is able to employ others has provided an opportunity for someone else to achieve their goals in life — goals which, if properly understood, are the direct outworking of God's leading in the life of the individual. Being an employer is not a right: it is a high privilege granted to some by God. Man, being made by God to be a productive worker, finds his real self-identity in his work and calling. Thus, to be able to provide other people with an opportunity where they can work and find fulfilment in their callings, has to be one of the most important opportunities that God provides. We should treat it with due respect and make the best of the opportunity — before He takes it away due to our mismanagement.

Employers should therefore keep in mind that they have *responsibilities* to their employees. One of the those duties is to ensure that the employee does not neglect his family. For example, an employee who has a wife and children also has an obligation to be at home with this family at least some time so that he might fulfil his obligations as husband and father. This might mean, for example, spending time with the children, and making sure that he leads the family in daily prayer, Bible study, and praise of God.

The modern executive who leaves home early before the family arises, and arrives home late after they have gone to bed, is clearly falling short in his duties. And it would be wrong, awfully wrong, for an employer to expect any person to neglect his family for the business.

Now please keep in mind what I am and am not saying. I am not saying people should not work hard and work long hours. A single person who does not have a spouse and children clearly has a freedom to spend time in the office that a family person may not have. Nor am I saying that a married person should not work long hours. Many men and women can take work home from the office and spend an hour or two at home after fulfilling family duties. What I'm saying here is that people have other duties to perform apart from working for an employer, and it is the employer's responsibility to make sure he does not make unreasonable demands on his employees. This is especially so when those demands conflict with express biblical teaching. We might use another example to illustrate this point. It would be wrong, for example, for an employer to ask an employee to steal from someone to help the business. Well, it is also wrong to ask the employee to steal time from his other God-ordained duties in order to keep the employer happy. Everything should be in balance.

Naturally, employees also have responsibilities towards their employers. They have the responsibility to make sure that they deliver on what they promised when they were employed. Just as the local butcher has a duty to hand over a kilogram of steak when it is requested, so too does the employee have to make sure that he delivers what he promised to deliver. Anything less is theft.

Theft, unfortunately, is one of the great problems in modern business. Workers are slack on the job. They don't do their eight hours a day. Or else they steal their employer's products for their own use. The use of the office telephone with permission for long distance calls is a classic example of theft. Pilfering of goods, at around 10% of stock over a year in Australian businesses, is a considerable cost for any firm. Yet there are many workers in this country who feel almost duty bound to take whatever they can from the employer.

One of the most prevalent examples of theft occurring

today is not so much staff pilfering their employer's goods, but stealing from other businesses. Computer software privacy is an example of this. So, too, is the unauthorised copying of videos or cassette tapes. One does not have to look at many computer systems to find unauthorised software in abundance. People are too stingy to pay for what they use.

At all times, good old-fashioned honesty between employer and employee would go a long way to alleviate many of the problems of modern industrial relations. Let us hope that more and more Christian business men and women will lead the way in showing that it is not only possible, but highly desirable for all businesses to operate in terms of Biblical principles when it comes to dealing with employees and their families.

Third, nothing needs overhauling more than the manner in which wages are paid to many workers. The hourly rate, paid irrespective of the productivity of the worker, is probably the most inefficient means whereby a worker can have his true worth calculated. Of course, if the worker is lazy, indolent, and has no sense of duty, then the hourly rate is a bonanza to him. But if a worker is diligent, conscientious, reliable and industrious, then equity demands that he be paid full value? But how is that full value to be calculated? Only by determining an equitable rate of payment for the task performed, rather than the hours spent on the job.

Now it might seem on the surface that the best paid jobs are those where high hourly fees are paid. And this may well be true. But there is also high remuneration for

those who learn how to use their time more efficiently to become more productive. Because they are paid by productivity rather than by hours, they have incentive to make their time more productive. Salespeople — and I don't mean the charlatans that give the profession a bad name — professional salespeople can earn very high incomes in many profession. Sure, they put in a lot of hours. There are no free lunches, or easy roads to high incomes. But they learn how to make their hours increasingly productive so that their monetary reward per hour increases.

When a worker is paid by the hour, rather than by productivity, he loses the necessary economic incentive that will drive him to increase his productivity. Not surprisingly, the hourly wage rate is more associated with jobs and professions that are unionised in some form rather than those professions where there is no union regulating the market. They are also associated with work opportunities that provide limited scope for advancement.

Business and Government

Before concluding this study on ethics in business, something must be added about government and its association with business. After all, if we are truthful about the relationship that exists between government at all levels and business, most of us are in partnership with government. It does, after all, demand a share of our profits. Government, in addition, requires that we seek its permission in a myriad of ways before we even start in business. In fact, if they don't approve of our business venture, we may not even be able to start it in the first place.

There is an urgent need for Christians in this period of history to come to grips with government as defined in the Bible. Unfortunately, there is very little agreement between Christians about the role of government, especially when it comes to business.

It is beyond the scope of this address to explore a biblical philosophy of government. Let me say a couple of things, though. *First*, it is clear that government is *not* given the task of redistributing wealth. There is simply no precept or example in the Bible where men (or women) who are appointed to civil office obtain the power or the moral duty to take

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wealth from one class of citizens and give it to another merely because they have been elected to this position. This idea is the very antithesis to the biblical teaching. "But Jesus called them to Himself and said, 'You know that the rulers of the Gentiles lord it over them, and those who are great exercise authority over them. Yet it shall not be so among you; but whoever desires to become great among you, let him be your servant'" (Matt. 20:25-26).

The biblical pattern for wealth redistribution is not obtained through the use of coercive force but by the free exchange of goods and services. Exchange is the very thing that makes some people wealthy. At the same time it furnishes the poorer classes with a range of goods and services they have not had previously.

Second, there is no warrant from the Bible for the government to control and regulate business in the many ways that it does. So much of our legal and political system is attempting that which only God can do: to save men and women from sin — and from practicing sin in the first place. In the Bible, the authorities are to administer *justice*. That is, they are to administer *God's law* to all people equally. When governments bring in regulations and controls of business, they immediately treat some people unequally. Those who are already in business have a granted privilege which others do not. Unless the field is wide open to all contenders, the government must therefore play selection games, and treat some people unequally.

Third, there is no evidence in Scripture that the civil authorities are entitled to tax people in order to provide these regulatory bodies. Of course, the whole question of taxation must be relegated to a study of government, not a study of business. But we need to seriously think about this issue: How much tax are we *morally* obliged to pay? In other words, at what point can we legitimately say to the government, "Your taxation demands have surpassed the level of moral propriety." Or, in other words, at what point can we say the government is *stealing* — that is, taking someone else's property when it is not morally entitled to do so?

Taxation is a sign of sovereignty. This is why, for example foreign embassies do not pay local taxes. Each nation considers itself sovereignly equal with most other nations, so it refuses to pay taxes to a foreign power. To do so would be an admission that it is *under* the jurisdiction of another.

In the Bible, only the Lord God, the Triune God Almighty who made heaven and earth and all things is declared to be sovereign. For us to admit that there is any other sovereign, either in heaven or on earth, is to worship false gods. This is forbidden in Scripture by the First commandment: "Thou shalt have no other gods before me."

Ultimately, this question of sovereignty is the central question when we consider ethics in business. If the Triune God of Scripture is our God, we will worship Him and give Him his proper place in our lives by attempting to live in humble obedience to Him at all times, not only at home, but also — yea, especially so — in our business, where we affect so many other people.

Conclusion

The business community in Australia in general, and the Christian business community in particular is faced with the issue that Joshua presented to the Israelites many centuries ago: "And if it seems evil to you to serve the LORD, choose for yourselves this day whom you will serve, whether the gods which your fathers served that were on the other side of the River, or the gods of the Amorites, in whose land you dwell" (Josh. 24:15). Most of us present here today live, not in the land of the Amorites but the land of the Australians. Like the Amorites, however, we have false gods and false idols competing for our allegiance.

Our businesses, our homes, our churches, our schools, our universities and our governments are either under the control of the God of Scripture or the false gods that men manufacture in their revolt against the Creator.

May God raise up His people who, like Joshua will declare: "But as for me and my house, we will serve the LORD."