

“Ethic and Social Business Responsibility”

Baylor Business School Students – Waco, TX

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Mr. Rapoport traces the path of ethics in the business world for the students at Baylor University. He starts with a definition, then the problem, his own experiences, and his offer of a solution. His analysis shows that ethics is something that means different things to different people. For businessmen and women, ethics boils down to social responsibility.

Webster’s dictionary defines ethics as “the study of standards, of conduct, and moral judgment.” Rapoport has learned through his experiences that this definition is inadequate for real life situations. For instance, if a person’s friend stole a loaf of bread, the strict ethicist would deem the friend as a thief. However, Rapoport believes that an ethical person would respond differently. The person might ask his friend why he stole the bread before passing judgment. Ethics does not mean a list of do’s and don’ts. Rapoport thinks that ethics should include sensitivity for individuals. Rapoport quotes the words from the Three Penny Opera in which the choir says, “You may proclaim your philosophy, dear sirs, but until you feed us, right and wrong can wait.” In business, ethics goes beyond the laws and regulations. It means social responsibility.

After 45 years in business, Rapoport has become increasingly disgusted at big business. Mergers and short-term stock investments create instability in the job market for the hard-working people of America. Pragmatism has become the ethical philosophy of too many businesses. Rapoport says that pragmatism means, “you mind your own

business, and therefore if you see someone commit a wrong, don't interfere." This has allowed businesses to grow less and less accountable for their unscrupulous behavior.

Rapoport has gone through many revisions of his philosophy of ethics. One of his first ethical lessons in business happened when he was in college and working for Zales Jewelry Company. Morris Zale, who went on to build the world's largest jewelry chain, was at the store in Austin watching Rapoport sell a ring. A customer wanted a ring that was on sale for \$37.50, but Rapoport knew the initial cost of the ring had been \$12. Usually Rapoport would create a payment plan for a customer to pay off the ring in installments. However, the customer offered \$30 in cash and Rapoport took it. After the customer left, Zale gave Rapoport a harsh lecture on ethics. He said that Rapoport had cheated the customers because he gave a special deal to one person. Zale wanted all people to be able to go into his stores and get the same price anywhere they went. Rapoport said this was his first lesson in business' social responsibility: "One price where we are fair to everybody."

Rapoport took his ethical education and applied it to his own business. At American Income, the salespeople sell a product that customers genuinely need. Using this company policy on products and without making any mergers, Rapoport turned a \$25,000 investment into an almost \$1 billion company. Rapoport's success came through hard work and building the company through small, stable increments.

Rapoport believes the greatest sin in management is a lazy, comfortable leader. Rapoport has always had a commitment to high standards and he has passed this belief onto his business associates. Managers have a responsibility to their workforce to educate and train them. Leaders open up opportunities for their employees to grow.

Rapoport has always built his company in such a way to avoid downsizing. Rapoport's company has never laid-off an employee because, "these ethical concerns impel us to constantly enlarge the areas which we serve so this enables us to continually increase the number of people associated with the American Income enterprise." Rapoport believes that businesses have an ethical obligation to take care of their employees. He also believes that this ethical concern can be the key to making a business profitable.

Social responsibility does not have to come from "do-gooders" at the top of management. Businesses can work with competing interests to find a beneficial compromise. For example, a community may have a processing plant that pollutes the water. Environmentalists want the plant closed to stop the pollution. The managers of the plant have a social responsibility to the health of the community's citizens, however they have to preserve their business. Rapoport says that the managers can meet with a number of competing interest groups to work out a solution. A demographer, an economist, and an environmentalist can discuss ways to keep jobs in the community while decreasing the pollution in the water. This solution brings in a panel of people to find a workable solution. Rapoport says, "The way business runs in our society is going to determine the quality of life of future generations." Humans all have a selfish instinct, but ethics help us all function peacefully in society. Businesses can protect their interests while serving the community by incorporating social responsibility into their company philosophy.

Rapoport admits that, "there are seemingly good excuses for ignoring ethics and social responsibility." He has faith in them as the future leaders of the business world. He hopes that their ethical temptations will be few and their decisions will always include

social responsibility. He ends his speech by saying, "I am optimistic about the future, and I wish for each of you a life filled with good health." He hopes they carry on the legacy of ethical American business.