



Business Ethics in the Marketplace

A BUSINESS ETHICS CHECKLIST

American Friends of the
Jerusalem College of Technology



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The Technology of Today, The Solutions of Tomorrow

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The Jerusalem College of Technology (JCT)

is a leading institution of higher learning in Israel specializing in Technological and Industrial Management Studies combined with advanced studies in Torah, synthesizing Jewish tradition with the world of changing technology.

Founded in 1969, JCT is one of Israel's foremost accredited engineering schools and the only one in Jerusalem. JCT plays a significant role in Israel's economic infrastructure. Today JCT is comprised of two schools for men – **Machon Lev** (the men's college of engineering) and **Machon Naveh** (the evening college) – and **The Women's School of Engineering**, consisting of **Machon Tal** in Jerusalem and **Machon Lustig** in the Tel Aviv area.

JCT prepares students for Israel's science-based industries while integrating ethical values. The technology curriculum focuses on the most advanced subjects utilized in Israel's high-tech industries, i.e. Computer Science, Electronics, Physics, Electro-Optics, Bio-informatics, Applied Mathematics, Managerial Accounting, Marketing for the High-tech Industry, and Industrial Management. Graduates are qualified for immediate licensing as practicing engineers.

An affiliate of JCT, "**The Business Ethics Center of Jerusalem**", educates CEO's, managers, high-tech personnel and others in the industrial/business community about Judaism's approach to various ethical and moral issues arising within the contemporary business environment.

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עַל
חַטָּאֵינוּ

שְׁחַטְּאֵנוּ לְפָנֶיךָ ...

*For the sins
which we have
committed
before thee . . .*

The 'Al Chet' is a public confession of actions for which we, as a community, ask for God's forgiveness. Phrased in the plural, it is a re-affirmation of our communal character showing that we each have a moral responsibility for one another.

One of the most overlooked themes of this confession is its emphasis on unethical behavior. No less than 16 of the verses are devoted to honesty and integrity in monetary matters – what we commonly call nowadays 'Business Ethics'. The shift in emphasis from one line to the next draws our attention to another facet of life in the modern marketplace whether we are entrepreneurs, creditors, employers, employees, consumers, producers or simply citizens of the state. The following themes, relevant to present-day behavior, are among the ideas implicit in 'Al Chet'.

By Acting Callously

בְּאִמּוּץ הַלֵּב



We act callously and insensitively when we ignore the needs of the distressed and disadvantaged in our community. A Jew is encouraged to allocate 10% of his or her earnings to charity. We act callously when we withhold funds that should be directed to that end. Shaming of staff or peers in front of others would constitute another form of callousness, as would any harassment or bullying tactics in the office.

Both in Public and in Secret

בְּגִלּוּי וּבְסֵתֶר



Many crimes, particularly economic ones, can be easily hidden from public scrutiny. Insider trading, non-disclosure of material information, selling defective merchandise, using false weights or deceptive packaging and utilizing misleading advertising are all examples of 'secret crimes'. Copying copyrighted tapes, computer programs or other protected material is a further example of 'secret' thefts.

Knowingly and Deceitfully

בְּדַעַת וּבְצַרְמָה



Jewish Law forbids the defrauding, deceiving or misleading of people – be they Jews or gentiles – in all manners concerning buying and selling.

By Oppressing a Fellow Man

בְּהוֹנָאת רֵעַ



In addition to blatantly physical oppression there is monetary oppression through overcharging or excessive profits. Such oppression can also take place when unfair advantage is taken of another person's financial distress or ignorance of the market conditions. As mundane an act of as engaging a shopkeeper in a sales discussion, when one has absolutely no intention

in purchasing anything, is also forbidden. Big businesses, who delay payment beyond agreed limits, thereby harming other companies, are clearly acting in breach of this law.

By Violence

בְּחֻק יָד



Violence need not be a physical act. Withholding wages which are due, denying loans that are taken, misusing trust funds or client's monies, misappropriating charitable funds, squatting in another's home, coercing another by social pressure or by badgering, to make a sale (even at market price) – can all be considered figurative forms of violence.

By Defaming God's Name

בְּחִלּוּל הַשֵּׁם



Any action that brings God or Jewish people into disrepute is one of the most serious crimes in Jewish Law. The Talmud cites economic misbehavior as one of the most common examples of this. Fraudulent bankruptcy, white-collar crime, tax evasion and failing to pay the company's debts or payroll tax bill are all obvious examples. The subsequent defamation of God's name is increased by the degree of Jewish identity, learning or communal status of the perpetrator.

By the Evil Impulse

בְּיֵצֶר הָרָע



The yetzer hara (evil inclination) for obtaining and retaining material wealth is probably the most powerful of all. Money is not considered an evil in Judaism and therefore even this 'evil inclination' can be used positively when controlled. For this reason there are many more commandments regarding 'kosher money' than there are for example, regarding kosher food.

Wittingly and Unwittingly

בְּיֹדְעִים וּבְלֹא יֹדְעִים



We tend to rationalize our deceitful acts, turning witting acts into unwitting ones. An acceptance of prevailing lax ethical standards, the development of 'grey areas' in morality, and the social pressure for a higher standard of living, further help to blur the distinction between permitted and forbidden actions.

By Bribery

בְּכַפַּת שָׁחַד



Influencing the judicial system is not the only form of bribery. Anyone able to provide information or to affect business decisions is a judge. Undisclosed payments, kickbacks and illegal gifts are all examples of serious forms of bribery. Such bribery demoralizes not only the recipient, but also the giver.

By Fraud and Falsehood

בְּכַחַשׁ וּבְכֹזֵב



It is quite legitimate to present goods in the most favorable light possible but falsehood in Jewish Law applies to taking advantage of another's ignorance or naiveté. This includes deceptive advertising, extravagant claims and concealing defects in goods. Anyone (including, of course, accountants, lawyers and landlords) providing substandard services would also be guilty of this sin. Furthermore, consultancy agencies and financial services which conceal conflicts of interest or provide harmful advice are considered by Torah as if they had placed 'a stumbling block before the blind'.

In Commerce and in Business

בְּמִשְׁאָה וּבְמִתְן



The sanctification of God's name through exemplary behavior in the marketplace, is obligatory for all Jews. According to the Talmud, one of the first questions that we shall be asked in the next world is whether or not

we were honest in business. In other words, being dishonest in business means that you have broken both human and Divine law.

In Eating and Drinking

בְּמֵאֵל וּבְמִשְׁתֵּה



Modern-day gluttony extends far beyond eating and drinking. Always wanting to have more creates a search for a constantly rising standard of living, often through dishonest means. Conspicuous consumption and exaggerated consumerism are also a betrayal of basic standards of self-control.

Usury and Interest

בְּנִשְׁךָ וּבְמִרְבִּית



Charging interest for lending money is not intrinsically immoral. Logic tells us that charging interest for lending money makes no less sense than charging a fee for hiring out a car. However Jewish Law commands, as an act of charity, that you forgo the interest due on a loan made to a fellow Jew. You are of course expected to be charitable to all peoples, however, this form of charity is only mandatory when it relates to coreligionists as it could not be viable on a wider scale. Such acts enable recipients to break out of the vicious poverty cycle.

Brazen Arrogance

בְּעִזּוֹת מִצַּח



This repeats the disapproval of callousness. It also includes browbeating competitors, employees and debtors; defaulting on debts and ignoring rules and regulations. Arrogance leads people to ignore the pain and loss that they cause others.

Ensnaring People

בְּצָרֵית רַע



Naive clients can easily be misled by high-powered salesmen into borrowing money that they cannot ever repay or into buying goods and services that they neither need nor can afford. Similarly, misrepresenting business information can fool shareholders or creditors into making decisions which are to their detriment. Moreover, takeovers and buyouts are often accompanied by tactics which are close to plotting and conniving.

By Egoism and Selfishness

בְּצָרוֹת עֵין



Putting one's needs first need not be selfish, but ignoring others and refusing to help certainly is. Jewish tradition teaches that any society which ignores its obligations to the poor, the weak and the old, cannot endure. Selfless behavior is considered the sign of a refined Jewish character.

By Breach of Trust

בְּתִשּׁוּמַת יָד



All financial and business deals are based on trust, a breach of which can lead to severe economic disruption. The Torah expects all commitments, even verbal ones, to be fulfilled. Breaking a verbal commitment, even when no loss was incurred, would traditionally bring a public rebuke in the synagogue.

Yom Kippur atones only for what goes on between human beings and God. As for what we do wrong to each other, only remorse and restitution can ensure atonement before God.

What is specifically Jewish about Jewish Business Ethics?

Judaism recognizes that economic activity is essential and morally legitimate, yet at the same time it places certain limitations both on how you are allowed to conduct yourself in the marketplace and on the use made of wealth.

Jewish Law objectively legislates for normative moral standards, thereby minimizing much of the agonizing over what one may or may not do. However, since not everything that is legal is always permissible and since legislation on its own can easily become cruel and ineffective, Judaism also insists on moral education.

Judaism emphasizes the damage done to the integrity and moral fiber of the perpetrator of an economic crime.

The major reason for dishonesty is uncertainty, and the faith in God as the ultimate provider is the protection against it. This allows for the risk-taking essential to entrepreneurship, but it should be remembered that faith in God as the provider also implies the need for honesty, moral business and ethical accountability.

Judaism teaches the concept of 'enough'. In other words, more is not always better than less. All too often, moral restraints collapse in the attempts to satisfy the onslaught of unlimited desires.

Judaism expanded the concept of morality far beyond the simple concept of not harming another person.

Economic immorality is a religious crime in Judaism and making good damage done to another is a precondition to any rehabilitation.

A society may choose any economic system. However, as no system solves all moral problems, the chosen system must be conducted within the ethical parameters of Judaism. Economic efficiency may have to be knowingly sacrificed to ensure social morality and to protect the environment.

Jewish Law insists that the community has obligations towards its weakest members and that it has certain rights to the property of its citizens in order to fund these obligations.

The obligation to study Torah is binding on all, irrespective of status, age or wealth, and is a major restraint on the time that can be allocated to creating wealth.

The Jewish Role Model for Commerce

“**T**he Jewish role model for commerce has to act in truth and in faith. His yes is to be yes and his no, no. He forces himself to be exact in calculations when he is paying but is willing to be lenient when others are his debtors. He should not buy on credit when he has the wherewithal to pay cash nor should he be surety for a loan (getting involved in potential conflicts which are not of his concern) or serve as a representative to collect other’s debts. (This does not refer to acts of charity or to assisting in collecting debts from recalcitrant debtors.) He should keep his obligations in commerce, even when the law permits him to withdraw or retract, so that his word is his bond; but if others have obligations to him he should deal mercifully, forgiving and extending credit. He should be careful not to deprive his neighbor of his livelihood (even where this is legal) or cause hardship and anguish to others (either bodily or financially). He who acts in this way is the one referred to by the prophet Isaiah, when he said in God’s name, “You are My servant, Israel, in whom I exalt”.

(Maimonides, 1135-1204, Code Hilchot Deot 5:13)

If you would like more information on the activities of the Jerusalem College of Technology and/or the Business Ethics Center of Jerusalem or further copies of this document, please contact:

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