

# The ethical rule in institutions and companies ( A professional ethical legal vision)

القاعدة الأخلاقية في المؤسسات والشركات

( رؤية قانونية أخلاقية مهنية )

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## Abstract:

Institutions and companies work with their legal and economic concept, and economic dealers with the concept of competition law to revive and strengthen the position of competitiveness and competition in the market, so the legal, formal and procedural system is not sufficient on its own, so the new trend in the financial and business environment requires the development of ethical rules based on social responsibility and professional conscience, Therefore, companies need to focus on good business intelligence, and the effects of business ethics on the work environment and its progress.

**Keywords:** Moral rule, companies, legal rules, competition.

## INTRODUCTION:

Business intelligence is one of the fastest growing disciplines in corporate America. To many, however, the words conjure up images of trench coats and meetings in back alleys. Unfortunately, recent events only serve to reinforce these fears. Earlier this year, for example, Volkswagen agreed to pay \$100 million to General Motors after the U.S. firm alleged that VW used documents pilfered by an ex-GM executive to its competitive advantage. More recently, Johnson & Johnson and Boehringer Mannheim settled out of court after trading accusations of improper activities, including infiltrating company meetings and taking confidential documents. Even more unsettling to some may be the passage of the Economic Espionage Act in 1996. The law makes it illegal to steal any material that a business has taken "reasonable efforts" to keep secret, and if the material derives its value from not being known. The Act imposes fines of up to \$5 million and 10 years in jail for domestic cases, with greater penalties for cases in which the theft is committed on behalf of a foreign government.

From this point, we can formulate our main question:

**“How can business ethics can improve the practices of business intelligence in the organization?”**

This main question can be divided into these sub-questions:

- What is business intelligence ?
- What is business ethics ?
- How can business ethics contribute in supporting and developing business intelligence ?

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As pre-answers to these sub-questions:

- Business intelligence is the power of gathering good information about new products and competitors.

- Business ethics means that organizations must do all its business operations legally.

- Business ethics can contribute to the good practices of business intelligence by getting away of theft and bribes, and gathering information legally by Brochures, reports.

This article aims to achieve these goals:

- The identification of the Business intelligence and ethics.

- The exchange of experiences in the field of Business intelligence.

- Showing the importance of Business ethics in the contribution of the good practices of business organizations.

In order to reach the above objectives and test the proposed hypotheses we have divided our article to three sections, the first section highlight on the fundamentals on Business intelligence the second section shows the Business ethics in the business world. The third and the last section points on the contribution of business ethics to the good practices of business intelligence.

## **I. Fundamentals on Business intelligence:**

In this section, we are going to highlight the business intelligence, its evolution, its benefits on the business world, and the difference between intelligence and espionage.

### **I.1. Definition of business intelligence:**

Business intelligence is the process of understanding and anticipating the competitive environment in which the business operates. All companies who wish to remain successful gather business intelligence in some way and Best Buy is no different. It is our intent to compete aggressively but fairly, with our actions always firmly anchored in our values.<sup>(1)</sup>

### **I.2. Evolution of the business intelligence:**

Development of the business intelligence is tightly related to the innovations in the information technology field in general. As mentioned by Biere (2003: 30-41), before 1970s, managers were struggling to access the information they needed for the decision-making process since they were forced to wait for the programming changes and reports. Moreover, it was not possible to access a computer outside of the organization. Thus, all tools for reporting and query were sold to the organizations to be personalized by the IT departments and, thus, required a significant amount of the time and versatile programming skills. However, in the early 1970s some of the vendors started to offer tools which allowed also non-programming users to access and analyze the data. The main disadvantage of those solutions referred to the fact that vendors loaded proprietary data solutions (i.e. data was embedded into the system after the sale and there was no possibility to implement end-user data afterwards) as the relational databases and, hence, standardized formats to store data have not yet been developed. Such data sources were closed and worked only with that particular vendor's tool; extractions of the data sets were often not synchronized with the customer's actual data; most tools were not able to contain the required data volume; IT specialists were usually required to pull the information from the original data source; these tools required significant investment; consequently the customer could be trapped with the non-efficient tool. However, development of first query-based tools resulted in the

learning outcomes (e.g. understanding of how the data should be stored and accessed) and positively influenced on the further development in the field.<sup>(2)</sup>

The next development milestone was the emergence of so called Information Center (IC) concept in the early 1980s. The idea of such centers was to decrease the lengths of the learning process for query-based reporting systems users (end-users who were standing in between the non-technical users and IT staff) by providing them with the online assistance concerning system's issues. Moreover, ICs also became personal computer (PC) competency centers as the personal computer has just emerged at that time. However, with the development of the spreadsheets, the role of the ICs declined and they have disappeared with time, ruining the settled knowledge centralization in the organizations. The most significant value of these centers was "setting the corporate standards for analysis tools". Due to the fact that IT cost decreased significantly during this period, the impact of the IT systems on the company's performance started to be more visible. In order to make users being more responsible while utilizing the IT systems (especially those which has a significant impact on the organizations' business processes) end-users were charged with users fees when they were processing data, using reporting or maintenance. However, this practice was not eventually successful since the end-users were not willing to pay for utilization of the tools when they are not able to estimate the real impact of their actions towards the performance of the organization.<sup>(3)</sup>

During late 1980s and early 1990s data processing and manipulation was performed directly in the data warehouse, the access to which was provided to any users. This approach had many negative aspects such as: excess of errors and anomalies in the data which users had to deal with, high complexity and volume of the data since it was pulled from various disparate sources, problem of validating and qualifying of the results, lack of performance etc. However, such practice also brought a positive development and, namely, understanding the need for the metadata. Metadata is the data which is represented by the attributes that describe this data (Turban, 2011: 55) (e.g. metadata for the file can be represented by such attributes as: creation date, author, size of the document etc.). Thus, such development led to several conclusions, such as: all data sources and metadata should be defined, there should be a central repository for users to access the data such as data warehouse or data mart (a more specific repository which is derived from the warehouse to suit end-users needs more specifically).<sup>(4)</sup>

From the terminological point of view, the actual term of "Business Intelligence" was introduced by the Gartner Group in the mid-1990s as mentioned by Turban et al. (2011: 29). However, based on the above presented information, the idea of the reporting systems already existed in the early 1970s being represented by the static two-dimensional reporting systems grouped as the Management Information Systems (MIS). Later in 1980s another concept named Executive Information Systems (EIS) emerged. These systems were meant as the decision-making support for the top-level managers and executives. Some of the functions these systems performed include the following: dynamic multidimensional ad hoc or on-demand reporting, forecasting and predictions, drill down to details, trend analysis, status access, critical success factors (CSFs). After mid-1990s, with addition of some new features, commercial products which offered functions mentioned above appear under a common name of business intelligence. Thus, from the conceptual prospective, EIS transformed into BI. As pointed out further by the

author, by 2005, BI started to include also artificial intelligence capabilities meant to facilitate the decision-making process as well as powerful analytical features.<sup>(5)</sup>

### **I.3. Benefits of Business Intelligence:**

According to Thomas Jr. (2001) "BI is both an offensive and defensive system". It provides a better understanding of the competitive environment and at the same time acts as a protection for intellectual property. Gibson et al. (2004) group benefits of BI into tangibles (e.g. Return on Investment and Cost savings) and intangibles (e.g. better information, better strategies, better tactics and decisions, and more efficient processes). They further argue that the intangibles benefit out-weighs the tangibles, since BI falls under IT, where its benefits cannot be clearly identified. BI has lots of influence on strategic activities and where traditional evaluation techniques are applied in respect to projects with strategic benefits, success rates is very low. As users advance in skills of BI tools, such users can e.g. be very instrumental in making strategic decisions, for instance, for the organization not to pursue a particular market group; the level of BI benefit here is global in scope and not so obvious to identify and measure. Tools in BI enable possibilities for users to rapidly discover information to queries relating to their work. Timely answers to business questions, improve operational efficiency, eliminate report backlog and delays, negotiate better contracts with suppliers and customers, find root causes and take action, identify wasted resources and reduce inventory costs, leverage your investment in your ERP or data warehouse, improve strategies with better marketing analysis, empower sales force, provide quick answers to user questions and challenge assumptions with factual information, are some of the benefits to be gained from BI implementation.<sup>(6)</sup>

### **I.4. Difference between intelligence & espionage:**

The organization known as Strategic and Competitive Intelligence Professionals (SCIP) makes it clear that the primary difference between intelligence and espionage is that "intelligence is the process of legally and ethically gathering and analyzing information about competitors". From that, it can be argued that espionage represents a failure to abide by these rules. That is to say, if the information in question is gathered in an illegal or unethical way, the gatherer of the information has committed an act of espionage.

The question of when intelligence becomes espionage is further elaborated upon in an article by Crane (2005), in which he attempts to determine "at what point does legitimate competitive intelligence gathering cross the line into industrial espionage".

He argues that, ethically speaking, an act of intelligence can be considered an act of espionage, if it is found that: the nature of the information gathered can be considered as confidential, the tactics used go beyond what is deemed acceptable, or the information was gained with the purpose of being used against the public interest. His argument neatly captures three of the areas in which a LIS professional could face ethical struggles in intelligence work. The first area relates to questions of how far -by what methods or nature-one should go to gather data. The second area relates to problems stemming from the ambiguity of what is acceptable.

The third area relates to issues around whose interests are being served and what future problems may arise there from.<sup>(7)</sup>

## **II. Business Ethics in a business world**

In this section, we will highlight on the definition of business ethics, its importance, and the acceptable and Unacceptable sources of Informations.

### **II.1. Definition of business ethics:**

Business ethics can be defined as the principles and standards that determine acceptable conduct in business organizations. The acceptability of behaviour in business is determined by customers, competitors, government regulators, interest groups, and the public, as well as each individual's personal moral principles and values.<sup>(8)</sup>

### **II.2. Importance of Ethics:**

Business intelligence practitioners are beginning to develop more explicit standards. For example, the SCIP Code of Ethics (printed at the front of every issue of CIR) exhorts members to maintain the highest degree of professionalism and to avoid unethical practices; to comply with all applicable laws; to adhere to their own companies' practices, objectives, and guidelines; to identify themselves and their organization prior to interviews; and to respect requests for confidentiality. However, these guidelines are somewhat general and don't provide a beginning practitioner with the specific guidance needed to make decisions in ethically ambiguous situations. For example, what should a SCIP member do when the law provides insufficient guidance or when his or her company seems to encourage unethical conduct? As the profession continues to grow, its challenge will be to develop consensus about acceptable and unacceptable Business intelligence practice.<sup>(9)</sup>

### **II.3. Acceptable and Unacceptable sources of Informations:**

Most of the factual information required for successful intelligence analysis can be found in the "public domain." A key role you can perform is to assist in gathering this publicly available information; sources that you may find useful include (but are not limited to):<sup>(10)</sup>

- Published materials – e.g. local newspapers and press accounts.
- Public filings – zoning, building permits, litigation, etc.
- Financial documents, such as competitor company annual reports.
- Published financial information and broker reports.
- Brochures, reports, other information published by or about competitors that can be collected at trade shows, exhibits, etc.
- Published market surveys and consultant reports.

Illegal activities should not be pursued under any circumstances. Examples of such actions include (but are not limited to):<sup>(11)</sup>

- Theft (tangible or intangible property).
- Bribery.
- Blackmail.
- Trespassing.
- Wiretapping.
- Receiving stolen property.
- Clandestine recording.
- Eavesdropping.
- Misappropriation of intellectual property.
- Extortion.
- Price fixing.
- Market allocations of products or territories.
- Illegal boycotts.

- Bid rigging.

### **III. Practicing Economic intelligence ethically:**

In this section, we will highlight on how companies actually collect Business intelligence, the ethics of business intelligence, and the impact of ethics on Business intelligence.

#### **III.1. Collection of business intelligence:**

The lifeline of effective strategic planning is the infusion of high quality competitive information. To insure such quality, experts recommend that companies develop alternative intelligence sources, scan multiple aspects of the environment, and sensitize employees to the necessity of intelligence gathering. How do companies actually collect competitive intelligence? There is more speculation than documentation about the vast amounts that are being spent on tactics ranging from electronic eavesdropping to encouraging loose talking executives. The few systematic studies available have been conducted by the American Marketing Association and have been limited to traditional marketing research activities. There is also a surprising lack of information on the attitudes of the company personnel who have been identified as the key sources for gathering intelligence. Again research has been confined to measuring marketing researchers' and marketing research executives' attitudes towards specific marketing research activities, especially as they impact on their or on the rights of the consumers or experimental subjects being studied.<sup>(12)</sup>

#### **III.2. The ethics of business intelligence:**

The question of whether or not the conduct of activities relating to business intelligence is ethical is really composed of two parts. First, there is the broad question of whether or not the collection and use of business intelligence is an ethical practice. If we come to the conclusion that this "end" is acceptable, then we have to deal with the question of the means. This second question examines which of the specific methods of collection and use of business intelligence are allowable and which methods are not. Contrary to the opinion that business is an amoral activity (i.e., that it is devoid of any ethical or moral dimension), we believe that business ethics is a viable and necessary field of study. Business, just as any field of human endeavor, is a human activity and, therefore, has a moral dimension. However, unlike other human activities that are founded on the central motive of love or charity toward one's fellow human, the primary motive behind business is profit. Ethicists and moralists have pronounced this motivation as being acceptable in the eyes of God and man. Some apologists for capitalism have even called the concepts of profit and individual success divinely inspired by an invisible hand that governs the actions of every rational economic man, to the benefit of society as a whole. To profit from one's business dealings is not, in itself, unethical. While one might judge this motivation to be base, it cannot be said that it is immoral or amoral. Profit as an end is perfectly acceptable to most; however, the means to attain that goal can be a problem. The judgement as to whether or not an action is ethical should be made within the moral framework of the business environment. The purpose of business intelligence is to help managers assess their competition, their vendors, their customers, and the business and technological environment. This allows the managers to avoid surprises, forecast changes in business relationships, identify opportunities, predict a competitor's strategy and develop a successful business plan. All of these motives are aimed at making a business more effective and efficient, hence more profitable. That added efficiency

benefits not only the owner but society as a whole. We are not aware of any framework for evaluating business ethics which would call either these motives or these results immoral or which would prohibit the collection or use of business intelligence.<sup>(13)</sup>

### **III.3. Impact of ethics on Business intelligence:**

Legal and ethical guidelines are the ground rules that all employees must follow in carrying out their business intelligence duties, be that speaking with suppliers, customers, or even direct competitors. Whatever form the guidelines take, they must reflect and reinforce your company's corporate ethical guidelines—with added specificity about intelligence activities. Clients of the Futures Group have spanned the range in terms of how detailed they make their guidelines—from a simple statement of the company's commitment to the highest ethical standards to a multi-page document of specific guidelines and examples that leave little doubt in the reader's mind about what is and is not permitted. Whatever method you choose, it is critical that the guidelines mirror the ethical culture of the organization.<sup>(14)</sup>

What's the best way to institute such guidelines? Perhaps the most critical element is the support of top management. This ensures two things: that the guidelines will be followed and enforced and that they are seen to apply to all employees, not just those in the intelligence unit. Any guidelines that lack top management's support will soon be forgotten or ignored.

Secondly, it is crucial to enlist the help of your company's legal department early on. Just the mention of business intelligence can give some lawyers the shakes, conjuring up a host of fears and misconceptions. Meeting with your lawyers early will allow you to fend off these misconceptions and gain your attorneys' input before you begin drafting the parameters. In return, by engaging the legal department you can help elevate the status of the intelligence unit. If your guidelines are "blessed" at the corporate level, a clear signal is sent that the intelligence unit is an integral part of the organization that's here to stay. Too, you can begin to forge a valuable relationship between your company's intelligence and legal units, which often have information of value to each other. Corporate lawyers often know first about pending legislation or regulatory issues that could affect company strategy. For its part, the intelligence unit can often provide early warning of potential takeovers, as well as input on mergers and acquisitions and anti-dumping cases.<sup>(15)</sup>

Third, the guidelines should be introduced with a short training program. It's important that everyone know the limits of legitimate business intelligence from the outset. Equally important, the guidelines should not frighten employees into ignoring the valuable information they come across daily. A short training program can help strike this balance. In it, there should be a discussion of the inevitable gray areas employees may encounter. What is a salesperson to do for example, if a contact volunteers a document from your competitor that is clearly proprietary and reveals some valuable insights? The answer to this will vary by firm, and it is important that your employees recognize the potential for such situations. It's important at this point therefore, to give your employees a single point of contact to call if they have questions or concerns. This person could be in the legal or security department, but it's best to designate only one contact point to avoid confusion.<sup>(16)</sup>

## CONCLUSION:

Intelligence is steadily making its way in the business world, combining business processes, technology and best practices to offer managers insights that guides strategic decision-making based on the accumulated data. Though expensive and needs ample time to implement and matures, its improved decision-making, helps reduce cost and identify new business opportunities. Organizations, whose operations results in the large accumulation of data and needs better understanding of the past, present and to influence future decision-making are adopting BI systems.

In this article, we derived to these results:

- Business intelligence is the process of understanding and anticipating the competitive environment in which the business operates.
- Business ethics can be defined as the principles and standards that determine acceptable conduct in business organizations.
- Business ethics can contribute to the good practices of business intelligence by regulating the organizations' operations, and make them exercised in fair manners.

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