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## Ethics and Business

In this lively and accessible book, Kevin Gibson explores the relationship between ethics and the world of business, and how we can serve the interests of both. He builds a philosophical groundwork that can be applied to a wide range of issues in ethics and business, and shows readers how to assess dilemmas critically and work to resolve them on a principled basis. Using case studies drawn from around the world, he examines topics including stakeholder responsibilities, sustainability, corporate social responsibility, and women and business. Because business can no longer be isolated from its effects on communities and the environment, these concerns are brought to the forefront. The book also captures the dynamic nature of business ethics in the era of globalization where jobs can be outsourced, products are made of components from scores of countries, and sweatshops often provide the cheap goods the public demands.

KEVIN GIBSON is Associate Professor, Departments of Philosophy and Management, and Director of the Center for Ethics Studies at Marquette University.

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## An Introduction

KEVIN GIBSON

*Marquette University*



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**With love to Anna and Alex**

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## Preface

*Ethics and Business: An Introduction* is an accessible, yet philosophically rigorous, book that gives readers the conceptual apparatus necessary to deal with the range of topics that they are likely to encounter. It is aimed at undergraduate students and students new to philosophical language. It reframes the way issues in business ethics are presented in order to give students a more unified, consistent, and conceptually elegant introduction to the field. There are numerous references to contemporary cases and ‘real-life’ examples, and each chapter comes with a case and discussion points at the end. The cases are designed as a springboard for further thinking, and hence are relatively short and open-ended.

Although it is explicitly philosophical, I believe this book will be appropriate for readers without any prior training in the discipline – for example, graduate or undergraduate business students. Philosophy should never be intimidating – and, in fact, most people engage in it naturally and unself-consciously without realizing what they are doing. So while some of the discussions occasionally involve technical language, as they would in any discipline, the substance is easily within the grasp of students and business professionals.

There are two major features that set this book apart. First, the conceptual framework deliberately sets up a way of approaching issues built on basic moral principles. We cannot hope to cover every possible topic in the field, but if we can develop a clear way of approaching *any* topic then we will have accomplished a lot. The conceptual scheme is not exclusive or exhaustive, of course – for example, we could examine employee privacy from several perspectives. Setting up an analytical framework goes a long way to bridging the awkward gap between theory and practice, and provides introductory students with proper tools to get a good intellectual grasp of complex issues. Once we map it out, though, students are able to apply

principles consistently across different topics and consequently construct arguments for a course of action from a reasoned argument rather than from awkwardly articulated intuitions.

Additionally, by situating business in the capitalist system we give a context for many of the forces that shape the way companies behave, and provide a backdrop to further analysis. My experience is that it is always worth laying out the fundamental framework within which the business world functions before moving ahead with discussions about individual or organizational morality. Clearly, in a profit-driven system there will usually be a paramount need for businesses to survive, grow, and make profits. At the same time, however, they are chartered by the public and thus instituted for the common good, and the pull to serve both investors and society is one of the foundational ethical tensions facing companies.

The second distinctive feature of the book is that it engages topics that are not often stressed in the literature, but are vital to any thorough examination of business ethics. They include:

- The impact of the growing “global economy” that may supersede or complicate issues of national sovereignty and business regulation;
- Feminist approaches to ethics in general and workplace concerns in particular;
- The relationship between business and environmental concerns, including discussions of economic sustainability and “triple bottom line” accounting.

In the words of one executive, the next billion computers are not going to be sold in the West. If a company is going to thrive in the global economy, they have to turn to thinking more broadly and in the longer term. Executives are coming to realize that they have a vested interest in developing and sustaining markets over time, that is, business ought not to be looking only at immediate returns, but at the communities that will become their consumers, and products lines that they can sustain for the foreseeable future. From this perspective, it is imperative that companies carefully re-examine what the overall business climate will be in a free international market and the nature of their interactions with all their stakeholders. Put bluntly, a simplistic notion of businesses operating by the ethics of a predatory jungle no longer applies, and companies will be forced to adopt a fresh approach to deal with changing conditions.

I have chosen to mention the law only where necessary, rather than use it as a basis for critical assessment of various topics. There is a temptation in life and business literature to use the law as a moral template, in the sense that following the law is morally sufficient, with the implication that if we have done nothing illegal we have done nothing wrong. While we have to admit that abiding by the law is a good start, it shortchanges the essential dialogue needed to establish appropriate standards and responses. The law cannot cover every case, and lawyers make a good living arguing about what precedent applies. Laws change or may not apply. It is usually easier and more productive to discuss the moral principles and policies involved in business dilemmas than to haggle over the merits of legislation, especially in the international arena. Furthermore, the law is a reactive instrument that often remedies harms that have already taken place, so if we wait around to have a case decided before we stop releasing a new chemical into the groundwater, the damage will have taken place before the case is decided. As we shall see, many cases fall into a legally gray area, where people are called on to use their discretionary judgment. Whatever the legality of giving notice about an impending factory closure, for example, doing so could be the morally decent thing to do. Finally, consider what a world would be like that relied on the law alone – everything would be regulated, and we would have armies of legislators, enforcers, judges and juries, and punishers. This vision alone should propel us into taking virtues of honesty, trust, fair dealing, and personal integrity seriously – in other words, it is well worth while to spend some time talking about the ethics as well as the legality of business.

In chapter 1 we look at the problem of ethical relativism, the notion that what is acceptable moral behavior is dependent on circumstances of time and place, or on each individual decision-maker. This is an important discussion for several reasons. First, if we are unable to defeat relativism in some way, then the whole ethical enterprise will falter, since it will have no leverage to criticize the behavior of others, and ethics will become a question of personal preference. Moreover, in the current global economy, the issue of varying standards across cultural boundaries has become immediate and pressing. For example, should businesses be allowed to use lower standards of worker rights (child labor, few safety measures) in overseas factories than in local factories, even though they may represent an improvement over previous standards?

This is not to say, of course, that there should be a single absolute standard for everything, a procrustean bed where the occupant is stretched or severed to fit. Rather, it demands we work out what values should be regarded as universal, and the conditions that let us treat others unequally, questions which naturally lead into an overview of ethical theory.

The chapter on feminism brings in an important perspective. Women make up almost half the workforce, and appear to carry disproportionate burdens. They still take on most household duties, and are over-represented in poorly paid employment. The chapter questions whether there is an essential difference in human nature between men and women, and asks whether the model we use for our work and private lives is still fitting for contemporary society or the more flexible workplace of the future.

The heart of the book examines business using the language of responsibility, rights, autonomy, and beneficence. By putting responsibility as a central focus we can group other concepts in a coherent way. When we ask, for example, whether a company is responsible for its actions, then the reader can draw fairly broad conclusions about the relationship between business and society that will apply to new and emergent cases. Responsibility is often elusive, and there may be cases such as the ferry disaster when the *Herald of Free Enterprise* capsized and 200 died. Although there was much blame to go around, no individual was held accountable. The survivors wanted the company to be charged with corporate manslaughter, but their case failed. At this point we critically examine what it means to be morally responsible (in contrast to legally liable) and the various conditions where we might properly morally censure a corporation and its employees.

Chapters 6 and 7 bring together some of the issues that have emerged thus far by introducing the terminology of rights and autonomy. Rights, which are often seen as a counterpoint to responsibilities, give us a way of establishing fixed points of business behavior – for instance, that there should be threshold levels of safety standards or that employers should be able to dismiss unproductive employees. Here we distinguish fundamental rights (sometimes referred to as “human rights”) from rights that arise as a function of a legal system (what might be called “privileges”); and positive (claim) rights from negative ones (immunities). These distinctions will enable students to work through some of the arguments about, for example, sweatshops, so they can discuss the issues in a systematic way. Rights claims are often thought to override other considerations, so an employee’s right

to have access to a fire exit is more important than an employer's right to prevent pilfering by chaining the door shut. We will critically assess how these sorts of disputes can be played out. We will also look at recent claims that humans are not the only ones entitled to rights – perhaps animals and the environment should also be part of the discussion.

After rights and responsibilities, the third major concept I use is the notion of autonomy. Capitalism itself is founded on the idea that the consumer is sovereign, and individual free choice is a paramount good. Yet at the same time, we restrict sales and regulate goods in the market, often to protect people from themselves. Therefore if people choose to buy the drug Ephedra or other herbal supplements, perhaps they should accept the associated risks. In a similar vein, if a worker wants to use recreational drugs over the weekend, should that be any concern for an employer if there is no effect on his or her performance on the job?

The discussion in chapter 7 shows that the treatment of individuals as either workers or consumers is essentially two sides of the same coin. This is also an appropriate place to discuss advertising, which, if effective, sways us to buy things we otherwise might not have. The reason sales and marketing are ever morally questionable is because they risk offending personal autonomy. The chapter also covers the morality of discrimination. If an employer never hires obese people because he dislikes them intensely, his choice is an autonomous one, and if we restrict it, we are restricting his freedom, and we are led to issues of when something good for society matters more than individual choice.

Chapter 8 deals with beneficence. Roughly speaking, beneficence means that we have a duty to do good. The concept appears in a lot of contemporary literature under the banner of *corporate social responsibility*, and here we expand the analysis to discuss the general relationship between business and the community at large. The basic tenets of capitalism appear to promote doing only as much as the law requires on behalf of workers, consumers or the community at large. On the other hand, there are many cases where business has acted as an agent for moral good, and we will examine the strategic and intrinsic dimensions of corporate philanthropy. Some people have suggested that the greater power and influence of big corporations means they have correspondingly greater duties to act for the common good. This claim gets tested, though, when we consider whether they should interfere with sovereign states, even ones where the company

could bring significant social benefits. Finally, our analysis goes to the issue of diversity, and whether firms have any duties to improve domestic societal wrongs, especially when past injustice is reflected in a homogeneous workforce.

The final chapter deals with the relationship between business and the planet. In broad terms, it is becoming increasingly apparent that unless we act properly to preserve and sustain the biosphere there will be a very bleak future for our descendants. The push for economic globalization can be thought of as the spread of free-market economics, which embodies certain assumptions about the desirability of consumption and wealth creation. This is especially pressing since one of the pressures in capitalism is constant growth, which effectively means the consumption of finite resources. We should also sound a note of urgency in that China is now the world's largest car manufacturer, and with India also becoming more reliant on petroleum there will be an exponential draw on our natural resources.

There is some movement toward including corporate impact on the environment as a factor in annual reports (so-called "triple bottom line accounting"), and also highlighting ecological stewardship in corporate mission statements (for example, Volvo). Still, globalization presumes that the market is an adequate mechanism for valuing the environment, which may not always be the case, especially if we are dealing with aesthetic, historical, cultural, or religious values.

As an epilogue, I return to the place of business in our lives and in our world. To make sense of our lives, I believe we need to find meaning in our work. Adding value means more than creating wealth – value is a moral term that speaks to the nature of human experience. Work, then, has a moral as well as economic aspect, and hence it is vital that we constantly remind ourselves that business is not an end in itself but a tool to enhance our lives. To do so, we need to develop institutions that support a virtuous trinity of consumers, employers, and workforce.