

Ethics and Business

Second Edition

This updated introduction to business ethics offers a clear and accessible framework for understanding the important and complex ethical issues facing business in the contemporary world. Kevin Gibson explains ethical concepts in plain language, showing how terms such as responsibility, autonomy, justice, equality, rights, and beneficence are central to the ways in which business is and should be conducted. He provides numerous examples and discusses cases including VW, Wells Fargo, the Boeing 737 Max, and the exploitation of rare earth minerals, and he pays special attention to recent and emerging issues such as the gig economy, internet commerce, racial and gender justice, and concerns about the impact of business on global climate change. His lively and comprehensive book will give readers the tools to identify and understand a range of problematic ethical issues that affect us all.

Kevin Gibson is Professor Emeritus of Philosophy and Business Administration at Marquette University. He is the author of *Business Ethics: People, Profit and the Planet* (2005) and *An Introduction to Ethics*, (2012), and co-author of *Sustaining Living Cultures* (2012).

Cambridge Applied Ethics

Titles published in this series

- ETHICS AND BUSINESS *Kevin Gibson*
- ETHICS AND THE ENVIRONMENT *Dale Jamieson*
- ETHICS AND CRIMINAL JUSTICE *John Kleinig*
- ETHICS AND ANIMALS *Lori Gruen*
- ETHICS AND WAR *Steven P. Lee*
- THE ETHICS OF SPECIES *Ronald L. Sandler*
- ETHICS AND SCIENCE *Adam Briggie and Carl Mitcham*
- ETHICS AND FINANCE *John Hendry*
- ETHICS AND LAW *W. Bradley Wendel*
- ETHICS AND HEALTH CARE *John C. Moskop*
- ETHICS AND THE MEDIA, *SECOND EDITION* *Stephen J. A. Ward*
- ETHICS AND ENGINEERING *Behnam Taebi*
- ETHICS AND ANIMALS, *SECOND EDITION* *Lori Gruen*
- ETHICS AND BUSINESS, *SECOND EDITION* *Kevin Gibson*

Ethics and Business

An Introduction

Second Edition

KEVIN GIBSON

Marquette University, Wisconsin





Shaftesbury Road, Cambridge CB2 8EA, United Kingdom
One Liberty Plaza, 20th Floor, New York, NY 10006, USA
477 Williamstown Road, Port Melbourne, VIC 3207, Australia
314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,
New Delhi – 110025, India
103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment, a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781009098229

DOI: 10.1017/9781009099127

© Kevin Gibson 2007, 2023

First published 2007

Second edition 2023

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press & Assessment.

A catalogue record for this publication is available from the British Library.

ISBN 978-1-009-09822-9 Hardback

ISBN 978-1-009-09689-8 Paperback

Cambridge University Press & Assessment has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

Cambridge University Press & Assessment
978-1-009-09822-9 – Ethics and Business
Kevin Gibson
Frontmatter
[More Information](#)

With love to Elizabeth, Anna, and Alex

Contents

<i>Preface</i>	<i>page xiii</i>
<i>Acknowledgments</i>	<i>xviii</i>
1 An Overview of Business Ethics	1
The Bhopal Disaster	1
The Philosophical Contribution	3
Two Meanings of Business Ethics	8
Instrumental and Prudential Approaches	9
Rule-Based Approaches	12
Ethics and the Law	13
Principle-Based Approaches	14
Ethical Relativism	15
Egoism	19
Machiavelli and Hobbes	20
Game Theory	22
Morality and Strategy	25
Responses to Egoism	26
Summary	28
Issues for Reflection	29
Case: Vaping	30
Questions from the Case	32
2 Insights from Ethical Theory	34
Case: Gleaning at the Grocery	34
The Value of Theory	35
Utilitarianism	36
Utilitarianism and the Voice of the Minority	38
Supererogation	39

viii Contents

Partiality	41
Preference Adaptation	42
Utility Is Not Always Fair	42
The Value of Life	43
Complications in the Calculus	45
Duty-Based Theories	47
Kantian Principles	48
Kantian Capitalism and Stakeholders	50
Virtue Theory	53
The Virtuous Corporation	57
Ethics of Care	59
The Female Voice	60
Summary	64
Issues for Reflection	65
Case: EpiPens	66
Questions from the Case	68
3 Capitalism and Its Ethical Implications	69
Features of Capitalism	69
The Invisible Hand	74
Market Morality	78
Market Failures	80
Regulation of the Market	84
Globalization and Its Implications	85
Capital	91
Summary	92
Case: Terminator Seeds	95
Questions from the Case	97
4 Responsibility	98
Case: The Volkswagen Diesel	98
Meanings of Responsibility	102
Role Responsibility	104
Legal Liability and Moral Responsibility	105
Cause	107
Codes and Compliance	112
Corporations as Moral Agents	114

Inalienable Responsibility	118
Agency, Commission, and Omission	120
The Doctrine of Double Effect	123
Summary	129
Issues for Reflection	129
Case: The Boeing 737 MAX	130
Questions from the Case	134
5 Autonomy	136
Case: Herbal Weight Loss	136
Autonomous Agency	137
Autonomy Defined	138
Limits on Autonomy	145
Let the Buyer Beware	148
Advertising and Autonomy	150
Workplace Restrictions on Autonomy	154
Psychological Testing	157
Impure Data	158
Whistleblowing	159
Summary	160
Issues for Reflection	161
Case: Wells Fargo	161
Questions from the Case	165
6 Justice and Equality	167
Types of Justice	170
Discrimination	175
Sex and Gender Discrimination	178
Discriminatory Biases	188
Diversity, Equity, and Inclusion	192
Summary	195
Issues for Reflection	195
Case: Insurance Data	196
Questions from the Case	197
7 Rights	198
Case: Shipbreaking	198

x Contents

Rights in the Workplace	200
Positive and Negative Rights	202
Distinguishing Rights and Privileges	203
Recent Initiatives	205
The Niger Delta	207
Sweatshops	210
Rights and Accountability	212
Challenges to Rights Frameworks	215
Insights from Non-Western Philosophy	216
Religious Perspectives	217
Nonhuman Rights	218
Summary	220
Questions for Reflection	222
Case: Privacy Worries	222
Questions from the Case	223
8 Beneficence	224
Case: Walmart	224
Corporate Beneficence	225
Motivations for Beneficence	227
Corporate Philanthropy	232
Corporate Social Intervention Overseas	237
Summary	240
Questions for Reflection	242
Case: Sponsoring a Contentious Cause	243
Questions from the Case	244
9 Business and the World	245
Case: Rare Earth Minerals	245
The Environment and Pascal's Wager	248
Sustainability	251
Perspectives on the World	252
Environmental Values	252
Web of Being	255
Monetizing the Environment	257
Accounting Techniques	259
Monetization Applied	264

Beyond Cost/Benefit	266
Sustainability and the Triple Bottom Line	270
Summary	272
Issues for Reflection	276
Case: Industrial Farming	277
Questions from the Case	279
<i>Select Bibliography and Further Reading</i>	281
<i>Index</i>	285

Preface

Much has altered in the world since the first edition of *Ethics and Business: An Introduction* was published in 2007. Companies such as Amazon and Facebook, which are in essence marketing companies, were barely on the scene but are now hugely powerful, and handheld smart phones have become omnipresent. The world has encountered a pandemic which has encouraged remote and flexible working. The “gig” economy – where individuals see themselves as independent consultants doing discrete projects rather than being tethered down to a traditional corporation – has mushroomed. Issues of diversity and inclusion have rightly come to the fore. In response, many of the cases and examples have been updated, to include vaping, EpiPens, genetic use restriction technology (GURT) and genetically modified organism (GMO) applications, the VW scandal, Boeing’s 737 MAX, Wells Fargo’s unethical sales, diversity issues at Starbucks, and concerns about rare earth minerals, among others. Recent philosophical work on intersectionality and standpoint theory is now integrated into the text. An expanded section reviews the concept of justice not only from the viewpoint of classical theory but also its application to women and people of color. Nevertheless, the fundamentals of business ethics remain: questions of how to deal with one another and the environment when faced with the internal logic of capitalism; the thorny issues of how to be fair and just when businesses have a mandate to serve their stakeholders while at the same time needing to survive, grow, and make a profit.

This new edition of *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 as the issues continually evolve and should be further researched.

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

Second, 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.

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, it must 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, businesses ought not to be looking only at immediate returns, but at the communities that will become their consumers and the products lines that they can sustain for the foreseeable future. From this perspective, it is imperative that companies carefully reexamine what the overall business climate will be in an 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.

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 heart of the book examines business using the language of responsibility, rights, autonomy, justice, and beneficence. The term responsibility is ambiguous and Chapter 4 clarifies its meanings, which will help discussions varying from corporate social responsibility to notions of fault. Chapter 5, on autonomy, closely examines the foundational notion in capitalism that the consumer is sovereign and individual free choice is a paramount good. This is also an appropriate place to discuss advertising, which, if effective, sways us to buy things we otherwise might not.

Justice has many facets, and after looking at traditional approaches (Chapter 6) we apply the concept to the urgent contemporary issues of diversity and inclusion. Next, we consider rights claims (Chapter 7), which are often thought to override other considerations. We 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. Chapter 8, on beneficence, asks what moral duties companies have to society at large. The concept appears in a lot of contemporary literature under the banner of *corporate social responsibility* or *Environmental, Social and Governance reporting*, 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. 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.

Chapter 9 deals with the relationship between business and the planet. It is becoming increasingly apparent that unless we act properly to preserve and sustain the biosphere the future for our descendants will be very bleak. This is especially pressing since one of the pressures in capitalism is constant growth, which effectively means the consumption of finite resources. There is some movement toward including corporate impact on the environment and climate change as a factor in annual reports (so-called triple bottom line accounting) and also highlighting ecological stewardship in corporate mission statements. 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. While the book draws mainly on American and English-speaking sources, I believe that the global reach of business means that the issues involved are both international and timely.

Acknowledgments

I am grateful to many people for making this book possible. Foremost, I must thank Hilary Gaskin of Cambridge University Press, Dr. Melissa Shew, Dale Jamieson, and two anonymous reviewers. My partner Elizabeth Lentini has been a patient critic and supporter throughout and has done much more than anyone could reasonably ask. My children are consistently kind, caring, and giving adults in a sometimes harsh world. I need to thank many other students and colleagues who have contributed to the project. I am also indebted for support from friends and family who have helped in many invaluable ways that they probably don't realize, including Michael Mahar, Dale Skaggs, Rich Kudronowicz, and Dragana Majkic.