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

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Ethics and Business
An Introduction

Second Edition

KEVIN GIBSON
Marquette University, Wisconsin
With love to Elizabeth, Anna, and Alex
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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.
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 unconsciously 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.
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