BEH
Business
Ethics
Highlights

Cite as: **Business Ethics Highlights**
Original Content
July 13, 2016

www.beh.fyi

Curated by **Alexei Marcoux** *&* **Chris MacDonald**

Review of *Business and the Greater Good: Business Ethics in an Age of Crisis*, by Knut. J. Ims and Lars Jacob Tynes Pedersen. Elgar Publishing, 2015

David C. Jacobs

Business and the Greater Good: Rethinking Business Ethics in an Age of Crisis, edited by Knut. J. Ims and Lars Jacob Tynes Pedersen (2015), was the product of the Seventh TransAtlantic Business Ethics Conference (TABEC) in Norway 2012. Many of the writers are active in the European Business Ethics Network and others are familiar names in the US. The themes of the book might be unusual in the constrained "professional ethics" context that characterizes much business ethics instruction in the US. As Hsieh (2016) writes, "when conceived as professional ethics, business ethics may be seen as nothing more than an expression of the values and beliefs required to sustain the current economic system." Contributors to the present volume intend a different species of business ethics as they propose moving from inequality to equality, and from the technical-materialistic to the ecological-spiritual. The authors take the subtitle seriously; they do not regard the task of business ethics to be to refine the rules of behavior that emanate from the market model or commerce itself (the "market failure" or "implicit morality of the market" approaches) as Joseph Heath (2006), Wayne Norman (2011), John Hasnas (2013), and Christopher McMahon (1981) have argued in various ways. Rather, they embrace particular critical perspectives outside the market paradigm; they see considerable peril in merely tinkering with business practice.

Proponents of the “market failure” approach to business ethics may not welcome this volume. The contributors to *Business and the Greater Good* return to the battleground of ideology. If one believes business ethics is in “crisis,” given rising inequality, “financialization,” rapid climate change, and the impotence of political institutions, one is more likely to look for solutions in systemic change. While Heath, Norman, and others have hoped for a new common ground in business ethics, the authors of this volume do not share this project.

The critical stance of the book is clearly reflected in Ims’ and Peterson’s chapter (among others) on “responsible acts.” They profile an individual who left an oil company for Greenpeace. This symbolizes the option of exit from the “system,” given crisis conditions.

Georgetown scholar George Brenkert, one of five North American contributors and a co-founder of the Transatlantic Business Conference, begins the volume with a powerful essay on the need to address growing economic inequality. Brenkert tackles arguments on inequality from Jan Narveson and Frederick Hayek. Both Narveson and Hayek argued that efforts to address inequality would necessarily lead to an oppressive statism. Narveson denied that justice in any way entailed equality as any free and uncoerced agreement on compensation would be just. Crucially, Narveson considered business transactions to be the paradigm cases of human relationships. Hayek perceived a “spontaneous order” of impersonal business transactions with results neither intended not foreseen, with compensation serving as a signal to the recipient. The great wealth produced by this market system would, according to Hayek, be endangered by the inappropriate introduction of concern for equality or desert. Brenkert counters that inequality may have social consequences that we may appropriately address. Wages can be so low as to obstruct access to necessities. Brenkert proceeds to identify responsibilities for business to challenge inequality including curbing executive pay, avoiding unsustainable mortgages, recognizing workers' rights to organize, and refraining from seeking the weakening of legitimate regulation.

Brenkert's essay is among the best in the volume because he engages directly with thinkers who would be most hostile to his arguments. It would have been especially valuable to see Wayne Norman's response to Brenkert's call for business action on inequality, as Norman was at the conference but his voice is absent from the volume.

Wesley Cragg provides a brief history of the rise of shareholder primacy theories and submits that the profit-maximization model creates tendencies toward social irresponsibility that cannot be adequately addressed by regulation after the fact. Cragg finds that profit-maximizing creates an inherently unstable ethical environment and inevitably erodes trust, for which reason he favors a reconceptualization of the purpose of the corporation. He is not very specific about defining the way forward. Cragg would disagree with Heath who identifies management disregard of shareholder interests, rather than shareholder primacy, as the root of much unethical practice. (Heath 2006, 538)

George Enderle proposes collective wealth and public goods, not merely private wealth and private goods, as priorities of the economic system. He emphasizes the necessary interplay of particular interests and broader public interests. His thinking reflects the influence of Catholic Social Doctrine. The most novel element of Enderle's argument is his contention that both markets and human rights should be regarded as public goods depending upon collective action.

Eleanor O'Higgins asks us to consider alternative forms of capitalism. Her primary concern is the development of investment value chains characterized by trust and embodying solidarity as a remedy for "financialization." She suggests a regime of "slow finance" based on long-term thinking.

The middle section of the book may be somewhat opaque to the proponents of business ethics rooted in the inherent morality of the market (with the exception of writers for *Markets and Morality)*. Lazlo Zsolnai criticizes the materialism and profit-orientation of modern capitalism and calls for the spiritually-driven non-materialistic management he associates with the Grameen Bank in Bangladesh. Peter Pruzan continues in this spiritual direction by examining Buddhist and Hindu notions of wholeness and universal unity. Kevin Jackson explores balance and musical performance in order to motivate a more creative and improvisational style in management. Otto Jakobsen develops a model of ecological economics that reconceives growth, emphasizes cooperation rather than cooperation, and seeks to enhance dialog among stakeholders. All of these contributors have found individual managers who are sympathetic to these non-traditional values despite the tension with mainstream capitalism.

The final section of the book compares voluntary and legally mandated approaches to responsible corporate behavior. Ims and Pedersen illuminate the power of personal responsibility and autonomy. S. Prakash Sethi and Donald H. Schepers deploy their considerable knowledge of stakeholder codes of conduct, including the United Nations Global Compact, in proposing measures to maximize effectiveness. Johannes Brinkmann proposes Socratic dialog, "ideal" moral conversations, and facilitated group deliberation as a model for stakeholder dialog and business ethics research. Brinkmann is aware of the complications of recommending such a demanding model of moral inquiry for practical, professional contexts. The cumulative impact of these chapters is a call to shift the focus of reason and judgment from the manager and professional to a position of critical distance.

The last chapter, featuring dialog among the contributors, only reinforces the departure from a business ethics defined by professional understandings and market concepts. Brenkert worries about the role of power as a constraint on ethical reform. Peter Pruzan asks that the priorities of business be reversed: financial health as a prerequisite for but secondary to the public good. He returns to his concern for spiritual centeredness. Eleanor O'Higgins also finds a crisis and endorses a business ethics of a piece with societal ethics that fosters virtue rather than sin. Kevin T. Jackson calls for a business ethics unconstrained by technocratic, political, and corporate interests.

Where, then, is the common ground desired by Heath and Norman? I can only speculate that there was division at the Transatlantic Business Ethics Conference leading to some disengagement by the advocates of a market-oriented common ground. Whatever the virtues of a market-failures approach, it does not necessarily reach those who believe that human relationships transcend business transactions. In particular, the employees of market enterprise and their family members may find their interests insufficiently addressed; the deficits they are likely to perceive in their treatment will not rise to the level of market failure.

References

Hasnas, J. 2013. "Teaching Business Ethics: The Principles Approach." ***J Bus Ethics Ed*** 10: 275–304, http://doi.org/10.5840/jbee20131014

Heath, J. 2006. "Business Ethics Without Stakeholders." ***Bus Ethics Q*** 16(4): 533–557, http://dx.doi.org/10.5840/beq200616448

Heath, J. 2007. "An Adversarial Ethic for Business: or When Sun-Tzu Met the Stakeholder." ***J Bus Ethics*** 72(4): 359–374, http://dx.doi.org/10.1007/s10551-006-9175-5

Hsieh, N. 2016. "The Task of Business Ethics and Contemporary Capitalism" presented to Academy of Management Meeting, August 8, Anaheim, California.

Ims, K. J. and Pedersen, L. J. eds. 2015. ***Business and the Greater Good: Rethinking Business Ethics in an Age of Crisis***. Cheltenham, U.K.: Elgar Publishing.

McMahon, C. 1981. “Morality and the Invisible Hand.” ***Phil & Pub Aff*** 10(3): 247–277.

Norman, W. 2011. “Business Ethics as Self-Regulation: Why Principles that Ground Regulations Should Be Used to Ground Beyond-Compliance Norms as Well.” ***J Bus Ethics*** 102 (S1): 43–57, http://dx.doi.org/10.1007/s10551-011-1193-2

Contributor Note

David C. Jacobs teaches Business Administration at Morgan State University, in Baltimore, Maryland.