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Business Ethics?

A Critical Companion

Preface

This is a textbook, literally. It's for readers, those who like stories, ideas and arguments. More specifically, it's for those (quite obviously) with an interest in business ethics who (and that's not so obvious) may long for a somewhat different perspective – and a critical one. It could be that this book delivers what you sought.

I wrote it myself out of a feeling of lack – *a feeling* I got from reading a few other textbooks dealing with the issue, and *a lack* of context, of critical background stories, of history, of connections, of ideas and sometimes deep thought. Stuff that may feel a little aloof, I admit, from what's going on in the concrete here and now. Sure, most of it may be pretty old, abstract and theoretical – yet, it's very practical nevertheless, because it still has a huge impact on business, the economy and economics in the very here and now. That's one of the things I want to convey with this book.

Yet, before we turn to that, you may similarly get the feeling that something's missing here, when you read (or browse) the book: graphics, tables, causal models, cases, cartoons maybe, or at least a little more of them. Well, this has exactly to do with what I said. I just tried to fill this void I felt. And I have to add and admit it: You may also miss some sources. Who ever wrote a textbook may have sympathy for what I mean: You start writing up a few things for class, the stuff gets more and more, and then you end up with a raw text without all the sources. I'm overdoing it here, but it's still not a comfy situation – and I feel the urge to say that this is not how I would expect anybody (including myself) to write an article or a book that was meant to be written from the outset – which, however, just wasn't the case in that case. For that matter – I also feel the urge to address myself to my youngest readers: Dear students, don't take this as a blueprint (let alone an excuse!) for how to write your texts!

I eventually took comfort in the idea that, after all, what I claim to be original here is my viewpoint, my arguments, my synthesis, the connections I draw – not without stating it clear that, of course, I'm heavily indebted not only to all the material I do quote, but also to many more authors and people around me that I didn't quote – including

many of the students who made comments and corrections to earlier drafts and who were basically forced to discuss these issues with me in class. *Thanks a lot, guys!*

So far, I've almost exclusively dealt with what the book does *not* do. And I didn't even mention yet that I'm not a native English speaker – maybe another *lack*. So, this may be the moment when you start asking yourself: Why should I read that book then, what's actually so good, so special about it? Well, in very rough terms, that would be my answer: This book talks ethics not only in terms of what's good and bad about business, or plain evil, here and there. It addresses the more fundamental question, throughout, what “the economy” and, thus, every single business or economic activity is supposed to be *good for* in the first place. To this end, the book puts key issues in business ethics into a broader – social, historical, and economic – context, and views them from a thoroughly critical perspective. If you were to ask me what that latter point means, I would answer you, again in very rough terms: The book is to show that orthodox economics is “part of the problem” – and how conventional textbook understandings of sourcing, consumption, marketing, *HRM*, corporate governance, accounting and controlling as well as sustainability management are actually geared to an outdated, faulty and non-sustainable understanding of economic activity. At the same time, the book aims to show that these views and practices are man-made and, thus, can and must be altered in order for our economic activity to have a future.

In the remainder of that introduction, let me give you a more down-to-earth, concrete outlook about what this means – and what the book has to offer. As to its structure: It contains eight chapters, each (except for the first, introductory chapter) dealing with a particular field of management or economic activity. Every chapter starts with a discussion of ethical problems linked to that field, plumbs its connections with conventional economic ideas and interests, and then provides what I deemed a more inclusive and sustainable ethical perspective, including alternative lines of action.

Chapter 1 provides a brisk *introduction* to the field of business ethics. It aims to clarify some of the terms we need to talk “business ethics” – and how these relate to each other. It is to convey that business is a social activity embedded in a moral universe, and that ethics and economics share a fundamental question: What's the good life – and how shall we live it? The chapter includes a first overview of ethi-

cal paradigms (focusing on intentions, implications or interactions, resp.), showing the many ways to judge, direct and justify what's supposed to be a good decision – in business and other realms of life. It closes with a brisk discussion of ethical “values”, including individual “virtue/s” and collective “principles” (such as freedom, utility, justice, care, rights, responsibility and sustainability) that will be taken up again and discussed in more detail in the ensuing chapters.

Chapter 2 takes a look at the problems that occur, in *sourcing*, when cost-cutting for profits goes at the cost of planet and people, worldwide. It shows that supply chain management, as a new “process-oriented paradigm”, emerged and took off in the context of neoliberal globalization. The chapter points to what's special about this new phase of globalization, compared to earlier ones. It takes stock of promises and problems of globalization and – given the appalling lack of an effective politics of global governance – it discusses what businesses, through their supply chain management, can and should do in order to deliver on these promises.

Chapter 3 starts with a critique of the narrow concept of *consumption* (viz. “buying stuff”) in conventional economics, based on theoretical ideals of a complete division of labor, market exchange and consumer sovereignty. It shows that consumer capitalism is characterized by an increasing dependency, on the part of individual consumers and the productive system itself, on rising levels of consumption. The chapter dissects our non-sustainable consumer lifestyle, in terms of sufficiency, substitution and subsistence, and it discusses recent alternative trends such as a “moralization of markets” or “collaborative consumption” (a.k.a. the “sharing economy”).

Chapter 4 starts with a discussion of the market, its origins and relatively young history in economic life. It shows that marketing is actually a function of defective markets and non-sovereign consumers – and that this is where its very productivity rests upon: Marketing creates markets, i. e. it actively transforms goods into commodities, relationships into deals, values into prices. Conventional marketing ethics does condone this commodification, as it is marketing's principal function. It instead focuses on limiting marketing's potentially bad influence on competition and customers. Yet, as the chapter shows, marketing ethics today has to take a more inclusive perspective that extends to all stakeholders that are being affected throughout the marketing mix – and it has to take a thoroughly critical stance on commodification.

Chapter 5 discusses two opposing views of the firm, its constituents and social function. It critically reviews the classic neoliberal understandings of “shareholder governance”, of managers’ “moral risk” and the peculiar “social responsibility” of business “to increase its profits” that this implies. It then goes on to discuss how a “*stakeholder approach*” to corporate governance departs from this model, what view of the firm and its purpose it entails, and how “stakeholder governance” can be managed in practice.

Chapter 6 differs from conventional coverings of *HRM* in that it starts with *labour* (the capacity to work) and the crucial role it plays in our lives, as a source of income and identity. The chapter highlights the significance of this “work ethos” and recaps the remarkable story of its evolution. It shows that labour is both the cornerstone of liberal claims for private property and socialist claims for its expropriation – and that many problems of today’s *HRM* policies actually have their origins in this old “class struggle”. The chapter discerns crude, physiological and psychological “stages” of exploiting labour that actually co-exist, even today, possibly within one and the same company or value chain. It identifies core ethical issues of *HRM* as to working time, workplace and pay, including various forms of discrimination, and it eventually discusses ways to overcome our increasingly obsessive – and harmful – dependence on work, as individuals and societies.

Chapter 7 starts with a discussion of capitalist economic rationality and its implications for business ethics. *Accounting*, in this light, appears as the “language of business”, *controlling* as its “spellchecker” – literal representations of economic rationality and rationalization. The chapter then distinguishes a conventional, narrow ethical approach that focuses on accountants’ and controllers’ responsibility for reliable financial figures, thereby securing trust and capital from shareholders; and a more comprehensive approach that criticizes the systematic exclusion of “non-financials” from the books and calls for the integration of social and ecological externalities into accounting and controlling schemes – even at the risk of an eventual “financialization” of ethical issues.

Chapter 8 starts with the observation that *sustainability*, as a problem, has likely been with mankind ever since it was “driven out of paradise”, as it were. Still, as a conscious ideal and an ethical category, sustainability is fairly young. The chapter discusses the original debate on sustainability in forestry, how this original problem was “solved” with

the discovery and exploitation of non-renewables, and how the term – and the problem – re-emerged and merged with “development” in earth politics towards the end of the fossil era. The chapter closes with a discussion of sustainable development as a normative ideal and a theoretical construct, and it aims to show what makes it the very imperative of our time.

Hopefully, this brief overview gave you a clearer understanding of what the book is all about – and what makes it special. Its lack is intrinsically linked to its focus. Whatever reader you are, keep that in mind: If you’re a lecturer, you will probably not rely on a single textbook anyhow – so this one could serve you well, because it can provide a different viewpoint, or maybe even many of them. If you’re a student, you will want to have a look at additional, maybe more “practical” material – just because it’s generally good to draw on more than one source. If you have just a general interest in the issue, finally, the book could provide you with one or the other good thought. Whoever you are: May the book serve you as a *critical companion*. Indeed, we all need one.

P. S.: In case you still long for a more graphic (and colourful) approach to the ideas presented in this book, or also if you want to be a *critical companion*, yourself, in their refinement: I provide some additional material (slides, sort of), updates and a contact address on the book’s subpage on the publisher’s website. Else, if you are in urgent need for a more drastic representation (and critique) of conventional (call it *Promethean*, capitalist or patriarchal) business ethics, or for critical companions, as it were, you might also want to throw a glance at the cover of the book, once in a while.

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