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(in formation)

DEVELOPING LEADERS AND BUILDING BUSINESSES BASED ON ETHICAL STANDARDS

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Introduction

Business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities. The law often guides business ethics, but at other times business ethics provide a basic guideline that businesses can choose to follow to gain public approval.

Business ethics has endless applications in today's business world and infinite shades. Since a few years, companies actively attempt to balance marketing and social responsibility. For example, Company A sells cereals with all-natural ingredients. While the marketing department wants to use the all-natural ingredients as a selling point, there are clear laws that govern labeling practices. Company B's advertisements talk about high-fiber cereals that have the potential to reduce the risk of some types of cancer. The cereal company in question wants to gain more market share, but the marketing department cannot make dubious health claims without the risk of litigation and fines. Even though competitors of A and B use shady labeling practices, that doesn't mean every manufacturer should engage in unethical behavior. For another example, consider the matter of quality control for a company that manufactures electronic components for computer servers. These components must ship on time, or the manufacturer of the parts risks losing a lucrative contract. The quality-control department discovers a possible defect, and every component in one shipment faces checks. Unfortunately, the checks may take too long, and the window for on-time shipping could pass, which could delay the customer's product release. The quality-control department can ship the parts, hoping that not all of them are defective, or delay the shipment and test everything. If the parts are defective, the company that buys the components might face a firestorm of consumer backlash, which may lead the customer to seek a more reliable supplier. Those are just a few examples of everyday question leaders need to balance – knowing that in most cases there are no clear right or wrong answers but morale considerations.

1 Corporate Context and Approaches

1.1 Alignment with own values, position, and ethical considerations

Corporate values do not come out of the blue – they are a consequence of long-lasting operations and corporate culture shaped over a period. Changing this culture is not part of our discussion here, but carefully evaluating business models towards a cultural fit. Business ethics aims to providing guardrails for the mind – the actual transition into corporate policies is one of the key challenges leaders must solve in current times. This is because every question is related to so many consequences and considerations that touch the fundamental values of a firm and its individuals. Moreover, every decision has a financial impact – either in revenue or profit and the question arises how to compensate for an ethical-driven loss in profit (if at all). In order to manage the implementation into local policies, leaders are advised to build a cross-discipline Morale Board that documents the rationales behind the decisions.

1.2 Corporate Morale Agency and Individual Board of Moral Decisions

Our way to think about business ethics is in terms of the moral obligations of agents engaged in business activity. Moral agents are individuals. In a corporate context, the sum of all individuals can be described as a of "corporate moral agency" or "corporate moral responsibility". Here 'corporate' does not refer to the corporation as a legal entity, but to a collective or group of individuals. To be precise, the question is whether firms are moral agents and morally responsible considered as firms, not considered as aggregates of individual members of firms. The clear answer is yes. Take BP as an example: Perhaps BP itself was morally responsible for polluting the Gulf of Mexico. Perhaps certain individuals who work at BP were. What hangs on this? Firms such as BP can be legally required to pay restitution for harms they cause even if they are not morally responsible for them. What ascribing agency and responsibility to firms enables us to do is blame and

punish them. It's about everyone to follow this or not. It not only makes sense (and is legal practice) to assign responsibility for the harm to the firm; moreover, corporate moral agency makes blaming behavior possible where it would otherwise not be. Because corporate reputation can be a significant asset or liability, this provides an incentive for firms to exercise due care in their operations. Leaders should define a Morale Board of selected individuals that are part of the value chain for a certain product or operations. These individuals discuss aspects and considerations in an open and honest way, come to a joint conclusion and document the rationales behind this conclusion. In our earlier example of the server component manufacturer, the morale board would consist of QC, sales, product development, and leadership. This board follows a structured catalog of questions along different ethical considerations we discuss in the next chapters. In this case, the decision outcome is binary (ship in time or not). This does not make the discussion process easier but at least defines the outcome of the discussion well. In the example of BP the key question of such a board would be how to handle the results of the pollution. This includes many follow-on questions like what appropriate measures should be to limit the impact to nature and society, who would pay for them and for how long, what would be the best communication strategy, how do we need to change our operations to limit the risk of those accidents happening again. Every of these questions open up to a tree of decisions and justifications – and there are no clear answers on right or wrong. Especially the last question is interesting in another context: How much effort does a firm put into its operations knowing that there will never be 100% security. Is it ethically correct to stop at 95% or shall we target 97%? And how do we measure this? Those are all questions the board needs to find answers for and document them.

1.3 Why should leaders care?

A business should have the ambition to change the world, through a clear purpose that goes beyond earning money. In today's world, every business must be based on solving a customer need. When entrepreneurs think at scale, they power their business by an ecosystem that allows to implement agility. Agility is key, as competition and buyer's transparency constantly increase.

In December 2020, Timnit Gebru, one of Google's best-known ethics researchers tweeted that she has just been suddenly lost her job. Within hours, the incident attracted a lot of attention in the tech community and generated a lot of solidarity for Gebru. For many it seemed clear: the black researcher Gebru has become too uncomfortable with her criticism. She had criticized the fact that both the artificial intelligences developed in the group itself and elsewhere would discriminate racially against minorities. More than 2,500 Google employees and more than 4,000 supporters from science expressed their solidarity with Gebru in a protest letter. Jeff Dean, the head of Google's artificial intelligence department, felt compelled to publish an email that he had sent to Gebrus team in the face of the protest. In it he explains that the core of the dispute was a research article that Gebru had written with others and whose publication he had forbidden because this current research, especially those with results to the contrary, did not take enough account of it. Gebru then threatened to quit - and Google accepted this on the same day. And yet there is still the charge that Google took the opportunity to get rid of an uncomfortable employee.

Today, working with stakeholders and other public bodies is a key requirement for success. Part of every corporation's purpose has to be to practice Corporate Citizenship (CC) – described as the civic engagement ("citizenship") in and of companies that pursue a medium and long-term entrepreneurial strategy based on responsible behavior and that act as "good citizens" beyond their actual business activities the local civil society or z. B. get involved in ecological or cultural issues. There are 3 main areas why this is crucial:

1. Individuals expect companies to follow a purpose beyond earning money.
2. Corporations need to understand the rationales, the thought process in the societies they do business, and the actual interpretation of law in detail. This requires engagement beyond applying all laws to business operations – e. g. through being part of the formal discussion, joining informal networks, socializing with other stakeholders on the same topics.
3. Corporations need to be ahead of change in public viewpoints or government regulations. Ideally, they need to be able to influence those changes before they happen.

Question 1: What should a company sell to the market?

Many people would argue that some things should not be for sale. Among the things commonly said to be inappropriate for sale are sexual services and weapons (with variations in different countries), surrogacy services, and human organs. Some writers object to markets in these items for consequentialist reasons: Markets in commodities like sex and kidneys will lead to the exploitation of vulnerable people. Others object to the attitudes or values expressed in such markets, expressing the attitude that women are mere vessels for the incubation of children; markets in kidneys suggest that human life can be bought and sold. For all those, legal regulations in Europe are clear and must be considered as guideline. The question is whether e.g., selling of sex being legal in some countries should not be a business practice by a firm operating in multiple markets at all (or whether its ok to operate sex business within legal boundaries). The attempt to "wall-off" certain goods and services from markets can also be discussed. Whether selling a particular product for money expresses disrespect, is culturally contingent. Furthermore, bad effects of markets in contested commodities can be eliminated or at least ameliorated through appropriate regulation, and that anyway, the good effects of such markets (e.g., a decrease in the number of people who die because they are waiting for a kidney) outweigh the bad.

Some things that firms are clearly legally allowed to sell, pose a significant risk of harm, to the user and others. The question when a product is too unsafe to be sold is often answered by government agencies, most popular the US Food and Drug Administration (FDA) and the European Medicine Agency (EMA), are responsible for assessing the safety of products for the consumer market. In some cases, these standards are mandatory (e.g., medicines and medical devices); in other cases, they are voluntary (e.g., certain supplies). Every state identifies minimum standards and individual businesses can choose to adopt higher ones. Questions about product safety are a matter of significant debate among economists, legal scholars, and public policy experts. Legal scholars have also devoted considerable

attention to tort law, the area of law that deals with cases of (non-contractual, non-criminal) harm. But business ethicists have paid scant attention to these questions. Existing treatments often combine discussions of safety with discussions of liability - the question of who should pay for harms that products cause - and tend to be shared by experts like Manuel Velasquez, who distinguishes three (compatible) views: The "contract view", according to which the manufacturer's duty is to accurately disclose all risks associated with the product; the "due care view", according to which the manufacturer should exercise due care to prevent buyers from being injured by the product; and the "social costs view", according to which the manufacturer should pay for any injuries the product causes, even if the manufacturer has exercised due care to prevent injury and has accurately disclosed all risks associated with the product. There is much room for exploration of these issues. One particular area of discussion is the definitions of "safety" and "risk" as business terms. Medical products pose risks to consumers; so, let's sell home improvement products like chainsaws. On what basis should the former be prohibited but the latter not be? On the question of liability, an important issue is whether it is fair to hold manufacturers responsible for harms that their products cause, when the manufacturers are not morally at fault for those harms.

Question 2: How should companies advertise and sell their products?

Advertising can contain both, an informational component, and a persuasive component. Advertisements tell us something about a product and try to persuade us to buy it and both is subject to ethical evaluation. On the informational side, there can be a positive value of advertising seen. Markets function efficiently only when certain conditions are met and information is one of these: minimally, consumers have to understand the features of the products for sale. While this condition will never be fully met, advertising can help to ensure that it is met to a greater degree. Another value that can be promoted through advertising is autonomy as people have certain needs and desires - e.g., to eat healthy food, to drive a fast car - which their choices as consumers help them to satisfy. Advertising can provide the necessary information to satisfy consumer needs by telling what is for sale. These good effects depend on advertisements producing at least not false beliefs (as truth is a difficult term – what are "true" beliefs?). This is commonly

called the "issue of deception" in advertising. The issue here is not whether deceptive advertising is wrong - most believe it is - but what counts as deceptive advertising, and what makes it wrong. In the 1980s, Beech-Nut advertised as "100% apple juice" a drink that contained no juice at all. Its advertisements were deceptive, and clearly wrong, because they made a false claim. However, many advertisements that do not seem deceptive make false or unverifiable claims. Consider Gillette's slogan, "the best a man can get". These types of claims are not warranted as true, and so cannot be deceive. Regulators address this complication by employing a "reasonable person" standard. Advertisements are deemed deceptive when a reasonable person, not any person at all, is deceived. This makes deception in advertising a matter of results in consumers, not intentions in advertisers. One may believe Gillette's claim that its products are the best a man can get and purchase them on that basis. Deceptive advertising may also lead to harm, to consumers (who purchase suboptimal products) and competitors (who lose out on sales for actually better products). Finally, deceptive advertising may erode trust in society: When people do not trust each other, they will either not engage in economic transactions, or engage in them only with costly legal protections.

In general it can be questioned whether deceptive advertising informs people how to acquire what they want at all, but instead gives them new wants ("dependence effect"). Moreover, since we are inundated with advertising for consumer goods, we want too many of those goods and not enough public goods. Scholars are concerned about the persuasive effects of advertisements: They are alleged to cross the line into manipulation. It is difficult to define manipulation precisely, but it can be understood as advertising that attempts to persuade consumers, often (but not necessarily) using non-rational means, to make irrational or suboptimal choices, given their own needs and desires. Associative advertising is often held up as an example of manipulative advertising. In associative advertising, the advertiser tries to associate a product with a positive belief, feeling, attitude, or activity which usually has little to do with the product itself. For instance many commercials for cigarettes used associate them with freedom, masculinity, sometimes cosmopolitanism. Commercials for body fragrances associate those products with sex between beautiful people. The suggestion is that if you are a certain sort of person (e.g., a manly one), then you

will have a certain sort of product (e.g., a cigarette). One can argue that this sort of advertising attempts to create desires in people by circumventing their faculty of conscious choice, and in so doing subverts their autonomy. And that it makes people desire the wrong things (not in their best interest to fulfill their true desires), encouraging us to try to satisfy our non-market desires (e.g., to be more manly) through market means (e.g., by smoking). How seriously we take these criticisms may depend on how effective we think associative and other forms of persuasive advertising are. To the extent that we think that advertisers are unsuccessful at "going around" our faculty of conscious choice, we may be less worried and more amused by their attempts to do so. Judgments on this issue may be context sensitive: Most people may be able to see through advertisers' attempts to persuade them, some may not be (or they don't want to). And children do not have the capacity for making wise consumer choices. Thus, advertising directed at children constitutes a form of objectionable exploitation. Other populations who may be similarly vulnerable are the senile, the ignorant, and the bereaved. Ethics may require not a total ban on marketing to them but special care in how they are marketed to.

Besides advertising, sales are central to business and much of what is said about advertising also applies to sales. Salespeople are, in a sense, the final advertisers of products to consumers. They provide benefits to consumers in much the same way as advertisers and have the same ability to deceive or manipulate consumers. Rachel Carson published a detailed theory of ethics for salespeople and according to him, salespeople have at least the following four pro tanto duties: provide customers with safety warnings and precautions; refrain from lying and deception; fully answer customers' questions about items; and do not steer customers toward purchases that are unsuitable for them, given their stated needs and desires. Carson justifies those points by appealing to the golden rule: treat others as you want to be treated. He identifies two other duties that salespeople might have: do not sell customers products that you (the salesperson) think are unsuitable for them (given their needs and desires, e.g., "sell fridges to Eskimos"), without telling customers why you think this; and do not sell customers poor quality or defective products, without telling them why you think this. The broader issue here is one of disclosure: Salespeople are required to disclose to customers what a "reasonable person would want to know" about a product before they purchase it. Hence

salespeople should disclose all information that is "relevant" to a buyer's purchase. But there is no consensus on what information is relevant to a purchasing decision, or what reasonable people want to know. A good example is the bartender who is dealing with all types of people – from social background to age and drinking habits. Most bar tenders would agree that it's a moral obligation not to sell drinks to people that are too drunk. But what if somebody is medium drunk? Who defines what "too drunk" means? And what if a medium drunk person orders a bottle that is most likely out of pay range – would the bar tender still sell it or inform the customer?

Question 3: What should be a fair price and how should negotiations happen?

The key question behind a fair price is the money a company should and is allowed to earn. There are legal regulations in Europe for immoral behavior that does not allow companies to charge a "unconscionable price". While extreme cases are relatively clear, when do immoral pricing starts? In simplified models of the market, individual buyers and sellers are "price-takers", not "price-makers". That is, the prices of goods and services are set by the aggregate forces of supply and demand; no individual can buy or sell a good for anything other than the market price. In reality, things are different. Sellers of goods have some flexibility about how to price goods. In most cases, it is accepted that the prices at which products should be sold is a matter for private individuals to decide ("freedom of contract"). This view has been defended on grounds of property rights. Some claim that if I have a right to X, then I am free to transfer it to you on whatever terms that I propose, as long as you accept. It has also been defended on grounds of welfare. Prices set by the voluntary exchanges of individuals reveal valuable information about the relative demand for and supply of goods, allowing resources to flow to their most productive uses. Despite this there are some limits on prices. One issue that has received attention recently is price discrimination, e.g., pricing on the basis of a person's membership in traditionally protected classes such as race and sex. While this is widely regarded as wrong, what about discrimination in pricing based on people's willingness to pay: charging more to people who are willing to pay more and charging less to people who are willing to pay less. This concept can be extended to selling the same product under different names (like som large retailers

do with their "Private Brands"). Economists tend to think that price discrimination is valuable insofar as it enables firms to increase output, but the moral status of it is less clear. When it was revealed that some US retailers and online stores were charging consumers in different zip codes different prices for the same products at the same time, consumers were outraged. But some writers argue that this practice is no worse than musums giving discounts to elderly people. The problem may be that this practice happened without disclosing it. In doing so, they were taking advantage of consumers' ignorance.

Another issue of pricing ethics is price gouging, a sharp increase in the price of a necessary good in the wake of an emergency which renders that good scarce. During Covid-19 pandemic in spring 2020 we saw many medial suppliers increasing prices for essential items like face masks. Many jurisdictions have laws against price gouging, and it is widely regarded as unethical: A extracts an excessive fee out of B in circumstances in which B cannot reasonably refuse A's offer. But some theorists defend price gouging. While granting that sales of items in circumstances like these are exploitative, they note that they are mutually beneficial. Both the seller and buyer prefer to engage in the transaction rather than not engage in it. Moreover, when items are sold at inflated prices, this attracts more sellers into the market. Permitting price gouging may thus be the fastest way of eliminating.

For many products bought and sold in markets, sellers offer an item at a certain price, and buyers take or leave that price. In big purchases like cars and houses, there is negotiation over price (and other aspects of the transaction). While there are many ethical issues that arise in negotiation, one issue that has received special attention is "bluffing", or deliberately misstating one's bargaining position. Bluffing in negotiations might be permissible because business has its own special set of rules and bluffing is permissible according to these rules: Everyone who enters the business arena accepts bluffing as permissible, just like everyone who enters a boxing ring accepts punching people as permissible. If you have good reason to believe that your adversary in a negotiation is misstating her bargaining position, then you are permitted to misstate yours. A requirement to tell the truth in these circumstances would put you at a significant disadvantage relative to your

adversary, which you are not required to suffer. An implication of this view is that you are not permitted to misstate your bargaining position if you do not have good reason to believe that your adversary is misstating hers. In B2B transactions there are fewer formal rules to protect a customer as the policy makers believe business representatives are well informed about a "fair" price and B2B pricing should be covered by general freedom of contract. Hence complex pricing schemes are standard – rebates are bound to multiple criteria, kickbacks are part of the deals, and sometimes tie-ins are used to bundle different deals (like a sale and purchasing engagement) together. Usually, those companies are more profitable that negotiate better. This is a matter of better trained (smarter) salespeople, lawyers, and a higher risk appetite. But is it acceptable from a moral standpoint that the end point of a negotiation (a signed contract) depends on the skills and ability of people involved to negotiate? This goes back to the discussion on bluffing in negotiations. Most contemporary scholars believe that sellers have wide, though not unlimited, discretion in how much they charge for goods and services. But there is an older tradition in business ethics, found in Aquinas and other medieval scholars, according to which there is one price that sellers should charge: the "just price". There is debate about what exactly medieval scholars meant by "just price". According to a historically common interpretation, the just price is determined by the seller's cost of production, i.e., the price that compensates the seller for the value of her labor and expenses. More recent interpretations understand the medieval just price at something closer to the market price, which may be more or less than the cost of production.

Question 4: How to treat business workers (and pay them)?

On the side of the workforce there are many considerations like hiring and firing, fair and equal pay, meaningful work, and whistleblowing. Ethical issues in hiring and firing tend to focus on the question: What criteria should employers use in employment decisions? The question of what criteria employers should not use is addressed in discussions of discrimination. Discrimination is legally prohibited in more and more markets. There are two questions: First, when does the use of a certain criterion in an employment decision count as discriminatory? It seems wrong for Aldi or Salisbury to exclude white applicants for a job in their

marketing department, but not wrong for Cirque de Solei (a theater troupe) to exclude overweight applicants for a production of Swan Lake. We might say that whether a hiring practice is discriminatory depends on whether the criterion used is job relevant. But this may not go far enough, as the case of "reaction qualifications" reveals. Suppose that white diners prefer to be served by white waiters rather than black waiters. In this case race seems job-relevant, but it also seems wrong for employers to take race into account. Another question that has received considerable attention is: What makes discrimination wrong? Some argue that discrimination is wrong because of its effects on those who are discriminated against; others think that it is wrong because of what it expresses to them. Some writers believe that employers' obligations are not satisfied simply when they avoid using certain criteria in hiring decisions: Employers have a duty to hire the most qualified applicant. Some justify this duty by appealing to considerations of desert; others justify it by appealing to equal opportunity. The standard challenge to this view appeals to property rights. A job offer typically implies a promise to pay the job-taker a sum of your money for performing certain tasks. While we might think that excluding some ways you can dispose of your property (e.g., rules against discrimination in hiring) can be justified, we might think that excluding all ways but one (a requirement to hire the most qualified applicant) is unjustified. "Severely disabled persons are given preference in the case of equal suitability" is a commonly used phrase in German job post for government positions. Companies started to introduce a female quota across various job levels, and this might lead to hiring a less qualified person for the sake of filling the quota (although it's not intended to). In support of this, one might think that a small business owner does nothing wrong when she hires her daughter for a part-time job as opposed to a more qualified stranger.

There has been a robust discussion of the ethics of firing, and there are two main camps: those who think that employment should be "at will", so that an employer can terminate an employee for any, and those who think that employers should be able to terminate employees only for "just cause" (e.g., poor performance or a business downturn). In fact, few writers (and legislations) hold the "pure" version of the "at will" view. Most would say that it is wrong for an employer to terminate an employee for some reasons, e.g., a discovery that he is Muslim or his

refusal to commit a crime for the employer. Thus, the debate is between those who think that employers should be able to terminate employees for any reason with some exceptions, and those who think that employers should be able to terminate employees only for certain reasons. In the U.S., most employees are at will, while in most European countries, regular employees are protected after a probationary period, by something analogous to just cause. Arguments for just cause appeal to the effects that termination has on individual employees, especially those who have worked for an employer for many years. Arguments for at will employment appeal to freedom or macroeconomic effects. It is claimed, in the former case, that just cause is an unwarranted restriction on employers' and employees' freedom, and in the latter case, that it raises the unemployment rate.

Business organizations generate revenue, and some of this revenue is distributed to their employees in the form of pay. Since the demand for pay typically exceeds the supply, the question of how pay should be distributed is naturally analyzed as a problem of justice. Two general theories of justice in pay have attracted attention. One may be called the "agreement view". According to this view, the just wage is whatever wage the employer and the employee agree to without force or fraud. This view is sometimes justified in terms of property rights. Employees own their labor, and employers own their capital, and they are free, within broad limits, to dispose of it as they please. A second view of wages may be called the "contribution view". According to it, the just wage for a worker is the wage that reflects her contribution to the firm. This view comes in two versions: On the absolute version, workers should receive an amount of pay that equals the value of their contributions to the firm. On the comparative version, workers should receive an amount of pay that reflects the relative value of their contributions to the firm, given what others in the firm contribute and are paid. The contribution view strikes some as normatively basic, a view for which no further argument can be given. The pay of any employee in a firm can be evaluated from a moral point of view, using these two theories. In addition two groups of employees, CEOs and sweatshop workers, are under special discussion. There is a robust debate about whether CEOs are paid too much and whether workers in sweatshops are paid too little. One could argue that sweatshops wages, while low by our standards, are not low by the standards of the countries in which the sweatshops are located. This

explains why people choose to work in a sweatshop: it is the best offer they have. Efforts to increase artificially the wages of sweatshop workers, might be misguided on two counts. First, it is an interference with the autonomous choices of employers and workers. Long-term, it is likely to make workers worse off since employers will respond by either moving operations to a new location or employing fewer workers in that location. On the other hand, are te worker's choices truly voluntary? Given their very low wages, this suggests that sweatshop workers are exploited. Moreover, some argue, appealing to a Kantian duty of beneficence, that firms can and should do more for sweatshop workers. In response to the claim that firms put themselves at a competitive disadvantage if they do, writers have pointed to actual cases where firms have been able to secure better treatment for sweatshop workers without suffering serious financial impacts. Think for a moment on the production costs of a T-Shirt in Bangladesh being at 90 cents now with the worker's wage share of around 10-20 cents. Shouldn't local firms be able to double the worker's salary easily as the Shirt's retail price will be around 9 Euro?

On the question of "meaningful work", experts observed that a detailed division of labor greatly increases the productivity of manufacturing processes. To use his example: if one worker performs all the tasks required to make a pin himself, he can make just a few pins per day. However, if the worker specializes in one or two of these tasks and combines his efforts with other workers who specialize in one or two of the other tasks, then together they can make thousands of pins per day. But there is human cost, according to Smith, to the detailed division of labor. Performing one or two simple tasks all day is likely to make a worker "as stupid and ignorant as it is possible for a human creature to become". Calls for "meaningful work" are a response to this problem. As this implies a call for meaningful work is not a call for work to be more "important", i.e., to contribute to the production of a good or service that is objectively valuable, or that workers believe is valuable. Instead, it is a call for labor processes to be arranged so that work is interesting, requires skill, and gives workers substantial decision-making power. The argument that labor processes are more efficient when they are divided into meaningless segments leads some writers to believe that, in a competitive economy, firms will not provide as much meaningful work as workers want. In

response, it has been argued that there is a market for labor, and if workers wanted meaningful work, then employers would have an incentive to provide it. According to this argument, insofar as we see "too little" meaningful work on offer, this is because workers prefer not to have it - or more precisely, because workers are willing to trade more meaningfulness for other benefits, such as higher wages. This argument assumes, of course, that workers have the financial ability to trade wages for meaningfulness. The above argument treats meaningful work as a matter of preference: as a job amenity that employers can decline to offer or that workers can trade away. Others resist this understanding: Employers are required to offer employees meaningful work, and employees are required to perform it, out of respect for autonomy. The thought is: the autonomous persons make choices for herself; she does not mindlessly follow others' directions. A difficulty for this argument is that respect for autonomy does not seem to require that we make all choices for ourselves. A person might, it seems, autonomously choose to allow important decisions to be made for her in certain spheres of her life, e.g., by a coach, a family member, or a military commander. A potential problem for this response brings us back to the original question, and to "formative" arguments for meaningful work. The problem might be that if most of a person's day is given over to meaningless tasks, then her capacity for autonomous choice, and perhaps her other intellectual faculties, may deteriorate. A call for meaningful work may thus be understood as a call for workplaces to be arranged so that this deterioration does not occur. However, one defines it, whether its meaningful work or a challenge on intellectual capabilities, it seems to be increasingly hard to define what is good.

Different theorists give different definitions of whistleblowing, the following elements are usually present: insider status, non-public information, illegal or immoral activity by the company (e.g. bribery), avoidance of the usual chain of command in the firm, intention to solve the problem by the employee who "blows the whistle". The debate about whistleblowing tends to focus on the question of when whistleblowing is justified - in the sense of when it is permissible, or when it is required. This debate assumes that whistleblowing requires justification, or is wrong, other things equal. Many business ethicists make this assumption on the grounds that employees have a pro tanto duty of loyalty to their firms. Against this, some argue that the relationship between the firm and the employee is purely

transactional - an exchange of money for labor - and so is not normatively robust enough to ground a duty of loyalty. One prominent justification of whistleblowing is due to Edward Snowden (born 1983), an American whistleblower who copied and leaked highly classified information from the National Security Agency (NSA) in 2013 when he was a Central Intelligence Agency (CIA) employee and subcontractor. His disclosures revealed numerous global surveillance programs, many run by the NSA and the Five Eyes Intelligence Alliance with the cooperation of telecommunication companies and European governments and prompted a cultural discussion about national security and individual privacy. In the U.S., Snowden's actions precipitated an intense debate on privacy and warrantless domestic surveillance. President Obama was initially dismissive of Snowden, saying "I'm not going to be scrambling jets to get a 29-year-old hacker." In August 2013, Obama rejected the suggestion that Snowden was a patriot, and in November said that "the benefit of the debate he generated was not worth the damage done, because there was another way of doing it." In June 2013, U.S. Senator Bernie Sanders of Vermont shared a "must read" news story on his blog by Ron Fournier, stating "Love him or hate him, we all owe Snowden our thanks for forcing upon the nation an important debate. But the debate shouldn't be about him. It should be about the gnawing questions his actions raised from the shadows." In 2015, Sanders stated that "Snowden played a very important role in educating the American public" and that although Snowden should not go unpunished for breaking the law, "that education should be taken into consideration before the sentencing." Snowden said in December 2013 that he was "inspired by the global debate" ignited by the leaks and that NSA's "culture of indiscriminate global espionage ... is collapsing." At the end of 2013, The Washington Post said that the public debate and its offshoots had produced no meaningful change in policy, with the status quo continuing. In 2016, on The Axe Files podcast, former U.S. Attorney General Eric Holder said that Snowden "performed a public service by raising the debate that we engaged in and by the changes that we made." Holder nevertheless said that Snowden's actions were inappropriate and illegal.

Whistleblowing picks out a real and important phenomenon. But it does not seem morally distinctive, in the sense that the values and duties involved in it are

familiar. Loyalty to an individual (or firm) may require that we give preference to her (or their) interests, to an extent. While we should avoid complicity in immoral behavior, whistleblowing is simply the attempt to act in accordance with these values, and discharge these duties, in the context of the workplace.

Question 5: Which role should the firm play in society?

Businesses have an enormous impact on society, by producing goods and services and by providing jobs. But businesses can also impact society by trying to solve social problems and by using their resources to influence governments' laws and regulations. Corporate social responsibility (CSR), is typically understood as actions by businesses that are not legally required, and intended to benefit parties other than the corporation (where benefits to the corporation are understood in terms of return on equity, return on assets, or some other measure of financial performance). The parties who benefit may be more or less closely associated with the firm itself; they may be the firm's own employees or people in distant lands. Social scientists question whether, when, and how socially responsible actions benefit firms financially. The conventional wisdom is that there is a slight positive correlation between corporate social performance and corporate financial performance, but it is unclear which way the causality goes. That is, it is not clear whether prosocial behavior by firms causes them to be rewarded financially (e.g., by consumers who value their behavior), or whether financial success allows firms to engage in more prosocial behaviors (e.g., by freeing up resources that would otherwise be spent on core business functions). Many writers connect the debate about CSR with the debate about the ends of corporate governance. Scholars say that managers should be maximizing shareholder wealth instead. Stakeholder theory is thought to be more accommodating of prosocial activity by firms since it permits firms to do things other than increase shareholder wealth. One can see it as a debate about the nature and scope of firms' moral duties, i.e., what obligations (e.g., of rescue or beneficence) they must discharge, whatever their goals are. Many writers give broadly consequentialist reasons for CSR: First, there are serious problems in the world, such as poverty, conflict, environmental degradation; Secondly any agent with the resources and knowledge necessary to ameliorate these problems has a moral responsibility to do so, assuming the costs they incur on

themselves are not excessively high; thirdly firms have the resources and knowledge necessary to ameliorate these problems without incurring excessively high costs; therefore, and finally firms should ameliorate these problems. The view that someone should do something about the world's problems seems true to many people. Not only is there an opportunity to increase social welfare by alleviating suffering, suffering people may also have a right to assistance. The controversial issue is who should do something to help, and how much they should do. Do firms have these duties or should they be properly assigned to individuals or states (like it is a common practice in Europe with church taxes being collected by the government in many states). Scholars argue that firms are "agents of justice", much like states and individuals, and have duties to aid the needy. Others legitimate altruistic behavior by firms by undermining the claim that shareholders own them, and so are owed their surplus wealth. Debates about CSR are not just debates about whether specific social ills should be addressed by specific corporations. They are also debates about what sort of society we want to live in and the role governments vs. the free market should play.

Some businesses are active participants in the political arena, by supporting candidates for election, defend positions in public debate, lobby government officials, and more. Social scientists have produced a substantial literature on corporate political activity (CPA). This research focuses on such questions as: What forms does CPA take? What are the antecedents of CPA? What are its consequences? CPA raises many normative questions as well. We might begin by asking why corporations should be allowed to engage in political activity at all. In a democratic society, freedom of expression is both a right and a value. People have a right to participate in the political process by supporting candidates for public office, defending positions in public debate. It is generally a good thing when they exercise this right, since they can introduce new facts and arguments into public discourse. People can engage in political activity individually, but in a large society, they may find it useful to do so in groups. The firm might be seen as one of these groups. Indeed, we might think it is especially important that firms engage in (at least some forms of) political activity. Society has an interest in knowing how proposed economic policies will affect firms; firms themselves are a good source of information. But political activity by corporations has come in for criticism. One concern focuses on what corporations' goals are. Some worry that firms engage in

CPA to advance their own interests at the expense of their competitors' or the public's. This activity is sometimes described, and condemned, as "rent-seeking". Questions have been raised about the nature and value of rent-seeking. According to a common definition, rent-seeking is socially wasteful economic activity intended to secure benefits from the state rather than the market. But there is disagreement about what counts as waste. Lobbying for subsidies, or tariffs on foreign competitors, are classic cases of rent-seeking. But subsidies for (e.g.) corn might help to secure a nation's food supply, and tariffs on (e.g.) foreign steel manufacturers might help a nation to protect itself in a time of war. One person's private rent-seeking is another's public benefit. A second concern about CPA is that it can undermine the ideal of equality at the heart of democracy. Some corporations have a lot of money, and this can be translated into a lot of power. In 2010, the state of Indiana passed a law - the Religious Freedom Restoration Act (RFRA) - that appeared to give employers the freedom to discriminate against LGBTQ people on religious grounds. In response, Salesforce and Angie's List cancelled plans to expand in the state and threatened to leave it altogether. Indiana quickly convened a special session of its legislature and announced that the new law did not in fact give employers this freedom. By contrast, if the average Indianan told the legislature that they might leave the state because of the RFRA, the legislature would not have cared. This objection to CPA is also an objection to political activity by powerful groups like the Bill and Melinda Gates foundation or German Car Manufacturer Associations. Over many years those have lobbied for a specific exhaust gas test method. On September 18, 2015, it was publicly disclosed that Volkswagen AG used an illegal defeat device in the engine management system of its diesel vehicles; the U.S. emissions standards were only achieved in a special test bench mode, while in normal operation a large part of the emission control system is largely switched off. The original VW emissions scandal triggered a far-reaching crisis in the automotive industry. Lately, the association's influence in politics have eroded in the wake of the VW Group's transformation, which was accelerated by the emissions scandal. A third objection to CPA is more narrowly targeted. According to it, corporations are not the right type of entities to engage in political activity. The key issue is representation. Lobby organizations are legitimate participants in the political arena because they represent their members in political debate, and people join or leave them based on political

considerations. By contrast, business organizations have no recognized role to play in the political system, and people join or leave them for economic reasons, not political ones. On this criticism, corporate political activity should be conceptualized not as a collective effort by all the corporation's members to speak their minds about a shared concern, but as an effort by a small group of powerful owners or executives to use the corporation's resources to advance their own personal ends. Joe Kaeser of Siemens is the first CEO of a DAX company to intervene in the newly ignited debate about the future of Hong Kong and German-Chinese relations. In response to a question, Kaeser tells DIE ZEIT newspaper: "We are observing the current developments in Hong Kong, but also in Xinjiang province, closely and with concern." With the so-called Security Law from 2020, China is undermining Hong Kong's autonomy as a special administrative region, which is guaranteed until at least 2047. Most recently, thousands of citizens demonstrated against the postponement of the parliamentary election. At the same time, according to media reports, the Muslim minority of the Uyghurs is being systematically suppressed in the Chinese province of Xinjiang. Kaeser is also chairman of the Asia-Pacific Committee of German Business. In this committee, German industry formulates its interests vis-à-vis Asian trading partners. Kaeser makes it clear: "We categorically reject any form of oppression, forced labor and involvement in human rights violations. As a matter of principle, we would not tolerate any of this in our operations, nor would we accept it from our partners without consequence."

Traditionally CPA goes "through" the formal political process, e.g., contributing to political campaigns or lobbying government officials. But increasingly firms are engaging in what appears to be political activity that goes "around" or "outside" of this process, especially in circumstances in which the state is weak, corrupt, or incompetent. They do this through the provision of public goods and infrastructure and the creation of systems of private regulation or "soft law". For example, when the Rana Plaza collapsed in Bangladesh in 2013, killing more than 1,100 garment industry workers, new building codes and systems of enforcement were put into place. But they were put into place by the multinational corporations that are supplied by factories in Bangladesh, not by the government of Bangladesh. This kind of activity is sometimes called "political CSR," since it is

a kind of CSR that produces a political outcome. Instead of influencing political outcomes, corporations bring them about almost single-handedly. This is a threat to democratic self-rule. Some writers have explored whether it can be ameliorated through multi-stakeholder initiatives (MSIs), or governance systems that bring together firms, non-governmental organizations, and members of local communities to deliberate and decide on policy matters. Prominent examples include the Forest Stewardship Council (FSC), or the Roundtable on Sustainable Palm Oil (RSPO). Critics have charged that MSIs, while effective in producing dialog among stakeholders, are ineffective at holding firms to account. There is another kind of corporate political activity. This is political activity whose target is corporations, known as "ethical consumerism". Consumers typically make choices based on quality and price. Ethical consumers (also) appeal to moral considerations. They may purchase, or choose not to purchase, goods from retailers who make their products in certain countries or who support certain political causes. These can be described as political activities because consumers are using their economic power to achieve political ends. It is difficult for consumer actions against, or in support of, firms to succeed since they require coordinating the actions of many individuals. But consuming ethically may be important for personal integrity. You might say that you cannot in good conscience shop at a retailer who is working, in another arena, against your deeply held values. One concern about ethical consumerism is that it may be a form of vigilantism, or mob justice. Another is that it is yet another way that people can self-segregate by moral and political orientation as opposed to finding common ground.

Many businesses operate across national boundaries. These are typically called multinational corporations (MNC). Operating internationally heightens the salience of several all ethical issues discussed, such as CSR, but it also raises new issues, such as relativism and divestment. Several business ethicists have developed ethical codes for MNCs. International agencies have also created codes of ethics for business. Perhaps the most famous of these is the United Nations Global Compact, membership in which requires organizations to adhere to a variety of rules in the areas of human rights, labor, environment, and anti-corruption. In his important work for that body, Ruggie developed a "protect, respect, and remedy" framework for MNCs and human rights, which assigns the state the primary duty

to protect human rights and remedy abuses of them, and firms the duty to respect human rights. Every introductory ethics student learns that different cultures have different moral codes. This is typically an invitation to think about whether or not morality is relative to culture. For the leaders, it presents a more immediate challenge: How should cultural differences in moral codes be managed? In particular, when operating in a "host" country, should the companies adopt host country standards, or should she apply her "home" country standards? Thomas Donaldson is a leading voice on this question, in work done independently and with Thomas W. Dunfee. Both argue that there are certain "moral minima" that must be met in all contexts. These are given to us by "hypernorms", or universal moral values and rules, which are themselves justified by a "convergence of religious, philosophical, and cultural" belief systems. Within the boundaries set by hypernorms, firms have "free space" to select moral standards. Firm's choices must be guided by the host country's traditions and its current level of economic development. This approach is called "integrative social contracts theory" (ISCT), since it seeks to merge norms derived from hypothetical contracts with norms that people have agreed to societies. A complication for the debate about whether to apply home country standards in host countries is that multinational corporations engage in business across national boundaries in different ways. Some MNCs directly employ workers in multiple countries, while others contract with suppliers. Adidas, for example, does not directly employ workers to make shoes. Rather, Adidas designs shoes, and hires firms in other countries to make them. Our views about whether an MNC should apply home country standards in a host country may depend on whether the MNC is applying them to its own workers or to those of other firms. The same goes for responsibility. MNCs, especially in consumer-facing industries, are often held responsible for poor working conditions in their suppliers' factories. Adidas was subject to sharp criticism for the labor practices of its suppliers in the past. Initially the company pushed back, saying that those weren't their factories, but under inreasign pressure, it changed course and promulgated a set of labor standards that it required all its suppliers to meet, and now spends significant resources ensuring that they meet them. This is increasingly the approach Western multinationals take. On March 3rd, 2021, the German federal cabinet passed the draft of a supply chain law, which is to be passed in this legislative period. It creates a legal framework for due diligence along the supply

chain: From 2023, companies must check all direct suppliers for compliance with minimum social and ecological standards - violations risk fines. This means new obligations for companies and, above all, purchasing. The leading company EcoVadis won over 450 multinational companies who manage risks, reduce costs and drive innovation and new revenue. Integrity Next focuses on supplier assessment in combination with real time social media monitoring.

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