

Business Ethics – Second lecture Q & A

Conrad:

Related to PR/HRM and responses to resistance and assuming that companies are naturally opposed to resistance and seek to punish it to best serve their shareholders (minimize expenses à maximize profits):

- *How can political unrest and upheaval occur effectively to correct workplace inequalities if workers are underpaid and cannot resist (e.g., quit, strike) without suffering financial consequences and political activism aimed at labour reforms and workers' rights are extensively lobbied against by businesses?*
- *This benefits shareholders as, as long as labour reforms and workers' rights remain insufficient, anti-CSR (according to the slides' definition) practices cannot be observed in companies because the companies are legally allowed to treat their workers in a seemingly unethical manner.*

As to your first, insufficiently and with great difficulty. The twentieth century in the Global North saw, however, improvements in working conditions. These were sometimes initiated by the companies (Ford) and more often by governments. The motivation was in all cases the same: fear of revolution. Those were different times, economies were more national, and the Soviet Union and China kept the West on their toes.

As to your second, yes, you are correct. In globalized capitalism (whether Western corporate or Russian or Chinese state capitalism) it is often difficult to be responsible when the competition is not and laws do not back you up. You will, I believe, see a good example of that during the first quest lecturer's sessions.

Luis:

Every management approach have sin on using humans as means to an end (profitability). Can we dream of an alternative where humans can be treated as an end? Where a company is satisfied with their current profitability and do not jeopardize the humanity of their workers in pursue of higher profits.

You came to the right address with the question about means and ends. I have just been thinking and writing about it in a couple of different contexts. The main one – where I made some conceptual progress – was the treatment of nonhuman animals in industrial food production. The Finnish agrarian party does not want the law to state that these animals have intrinsic value. The party leaders believe that it would go against a “husbandly” worldview, which must see animals as instruments, as means, not ends in themselves.

In analyzing this, I took my cue from Immanuel Kant's Humanity Principle – “Act in such a way that you treat humanity, whether in your own person or in the person of any other, never merely as a means, but always at the same time as an end!” I suggested that for the case of nonhumans we could use a new Animality Principle – “Act in such a way that you treat animality, whether in yourself or others, never merely as a means, but always at the same time as an end!”

In the light of the Animality Principle, the agrarian party may misinterpret the “husbandly” worldview. Animal-food producers could agree with the principle, admit the intrinsic value of nonhumans, and then draw attention to the words “merely as a means”. Kant and I do not categorically prohibit using living beings as a means. That would make life impossible. Animals (human and nonhuman alike) are interdependent and use each other as instruments to their own ends all the time. The principles “only” order us to treat our fellow beings’ humanity and animality also as an end in itself.

The “good husbands” could then say that they know every cow by name, like them, and offer them a life which is much better than their life would be out there in the Finnish forest, surrounded by bears and wolves. Similarly, corporations could say that they offer employment in conditions that they can afford. It is either that or nothing. Employees matters to the corporation as ends in themselves although their instrumental use is a necessary prerequisite of their treatment as ends.

The farmers and corporations may lie, of course. But if they could be persuaded to use this language, it might be a step toward your dream. They would then be faced with the intrinsic value of their workforce and those in their care, and gradually see the error of their ways. Or is this too idealistic? Perhaps, but it could be a way forward. What do you think? If you see theoretical flaws in my analysis, please point them out. In the meantime, we can keep dreaming. I would not hold my breath, though.

Saara:

Do you have an idea what would be the next step in managing workers after personnel management and HRM? What will be the next prevailing “doctrine” how the workforce should be managed, or is HRM management something that will prevail?

Good question. I have not thought about that at all, I now realize. My reason for overlooking the next step in managing the workforce is, if I read my own mindset correctly, that times have moved on to being more concerned about environmental responsibilities. Human rights, and hence the rights of workers, are still in the mix, but in a schizophrenic kind of way. In the Global North, legislation steers HRM, but HRM tends to observe the letter rather than the spirit of national laws and international regulations. In other words, being departments of profit-making entities, they try to mitigate the business burden of being nice. As a part of the latter, HRM may signal to the entity that business would be better if work is done cheaper and with less regulation in the Global South. Or is this an unfriendly interpretation? Perhaps. Anyway, I would look for new trends within HRM itself and its responses to legislation and regulations, not in brand new management philosophies. But I am not an expert. What do you think?

Kamilla:

Is the management theory always justified as long as it is compatible with the company’s strategy? E.g., in the army it is efficient when subordinates obey their leader (authoritarian leadership), but in a more creative field all the suggestions and each person’s creativity is valuable and should be taken into account regardless of their positions in the organization, in terms of making the company’s operations effective and functional.

A nice, multilayered question which deserves a multilayered answer. – First one from me in my capacity as Adjunct Professor of Philosophy and Military Leadership at the National Defence University. Most trades and fields have their “shop level” on which someone follows orders or instructions. The military is known for that. Before the orders have been given, though, there has been a long chain of leadership and management decisions – political (What do we want as a nation or international community?), strategic (How do we win the war?), and tactical (How do we succeed in this particular battle?). All sorts of expertise and creativity going on in there. – Secondly, we need to distinguish between different kinds of justification and their limits. (i) Prudentially (in the spirit of rational self-interest) we can justify our entity’s management philosophy by its success in producing returns. (ii) Morally (ethically) we can justify our entity’s management philosophy by its contribution to responsibility (social, cultural, environmental, etc.) in business. (iii) Politically (if we take a critical stand) we can condemn business-as-usual as defined by (i) and (ii). Profit-seeking and greenwashing combined promote climate change and mass extinctions by their (actual) efficiency and (semblance of) responsibility. – Or something. How does that sound?

Joonas:

The lecture pointed out that HR is advertised as a more human touch than PM while it actually emphasises organisational goals over individuals. To what extent is this dichotomy still valid today? If it is valid, could that be a reason behind why so many people feel stressed and are burning out at work?

The dichotomy has become invisible because only HRM remains. And it is everywhere, especially in a shapelessly organised and led entity like a university. Recruitment? Ask HR. Discrimination? Ask HR. Harassment? Ask HR. Discontinuing an employer’s contract? Ask HR. In most of these cases, HR has actually been the first point of contact to begin with, so no one even has to ask them. The tail wags the dog. And yes, many people feel stressed and are burning out.

Sabina:

We heard today that Taylor rewarded high skilled workers. Since the economy in 19th / beginning of 20th century was not blooming and there was a lot of poverty in Europe, I was wondering: Did Taylorism establish a class society?

I think a fair description would be that Taylorism was an early sign of the later development of the meritocracy that we (some say) live in currently. Clever people get more, the not-so-clever less. But then, again, this was temporarily stalled by Fordism’s no-skills-needed-here approach.

Helena:

In the lecture was mentioned that the task of the Norwegian Government Pension Fund Global is to "reduce ethical risks attached to the investment portfolio." Johan H. Andersen.

How is the Governance within a company measured?

We do not know exactly, as the assessment is made by an external consulting body. But it seems that this is not the main focus – it is in whether the Fund’s rules have been followed.

lina:

When investigating the case of Imperial Tobacco Group Plc. (presented below), I couldn't stop wonder how company like that can even present any corporate social responsibility examples in their website and annual report? The harm that kind of company is doing for the world (environmentally) and for society (child labour, health problems) cannot be ignored.

The trick is made possible, and this will be a part of the conclusion of this course, by the very loose "rules" concerning responsibility. A relatively serious company can use the United Nations Sustainable Development Goals. There are 17 of them, all equally important according to canon, and one will always be a match to something that the company does. A less serious company can donate a little money to the local charity and advertise that. Smoke and mirrors. Spin.

Susanna:

Why is CSR often left out from the main study field of economic basic courses? I think that there is very little to no discussion of the ethical implications that the company's main objective is to make money to the stakeholders thought of only as shareholders and how this monetary way of thinking affects all the theories. Does CSR consider the implications of emphasizing only one group of the many groups interacting with the company (shareholders, workers, subcontractors...)?

I am not sure why it is left out. Considered as ornamental? "Business is about making money, and the rest is superfluous." I'll take your word for it – that ethics is not discussed enough. Our third lecture will suggest that justice requires us to take into account all those affected by our decisions. In economic reality, this may not be the case. A likelier scenario is that companies advertise in their CSR reports one or two dimensions or groups that they have done something about, and try to hide their failures in other, perhaps more important, matters.

Lukas:

The circumstances of the industrial revolution led to a strong solidarity amongst the working-class forming labor associations. Do companies (that are maybe aware of CSR practices) nowadays eliminate these movements by subcontracting and splitting various steps of the product chain in separate silos again and diverging them to other actors, and therefor take the chance of forming strong resistance (I have parcel or food delivery service in my mind which have a questionable business model based on inadequate working conditions)?

Yes, the process that you describe is part of it. In the wider picture, capitalist employers try to weaken labor unionism in any way they can. For a long time the situation was more amenable in Western Europe, give or take a couple of Margaret Thatchers here and there. Perhaps this was because the exploitation of the rest of the world was still relatively easy, so that affluent countries could be nice to their own citizens at the expense of Third World countries. But increasing global competition has apparently changed the situation. Platform economy is a good example of the divide-and-rule tactic that now drives capitalists.

Joaquin:

How much power and capacity in the investment sector does the Norwegian Government Pension Fund have? Are its decisions any that could affect or lead to the illiquidity of any company?

It depends on the case, but in the exclusion instances the portion has not been enormous, and the direct economic impact has been minor. In some cases, the Fund has started a moral awakening which has led to more serious consequences, but this has been rare.

Nils:

Given the evolvment from PM towards HR, which in my opinion is concentrated on creating benefits for privileged Europeans, how can we ensure that the entire supply chain of a company can reap the benefits (which has evolved due to the distribution of labor) and what will happen when the over demand of jobs and under supply of qualified staff will shift again? Will the companies use their market power or are we able to determine a new theory, which will decouple economic growth from living standards?

The problem of getting any kind of solution is that there is no Big Benevolent Agency that could set rules and enforce them. Consumers or voters cannot be counted on, because they are self-interested and prefer their own immediate good over the good of societies and the environment. Politicians cannot be counted on, full period. Corporations cannot be counted on unless consumers change their ways. Which is unlikely. What do you think?

Ha:

Both companies I studied for my personal assignments (Jacobs Engineering and Lockheed Martin) were excluded from the Council on Ethics under the same premise -- production of key components of nuclear weapons. Even so, it was quite strange for me that neither company faced much repercussion in terms of influence in the market, per se. While it is true in the case of Jacobs Engineering that they faced huge decreases in return on stockholders' equity, they still play rather big roles in nuclear development. In the case of Lockheed Martin, they're still pretty much thriving.

I then thought that part of the reason why these companies have continued to thrive is due to the dependence and reliance of governments on them for development of military grade equipment and nuclear weapons. This made me wonder about how and if CSR (GSR for governments?) applies to governments or governmental entities operating in typically "grey" areas in terms of ethics (i.e., military). While it is true that these companies are supposedly profiting off potential pain and suffering, isn't it the governments that are allowing them to do so?

You are answering your own question. Governments are so involved in the military industrial complex (look it up if the term is unfamiliar) that it is difficult to tell where one ends and the other begins. Unfortunately, this has been the case for a couple of centuries now, and since humankind is not getting any wiser, probably continues to do so. Sad but a reality.

Kyoka:

How does Norges bank and ethical council working on sustainability aspects such as greenhouse gas emission, governance, and social impact. In recent trend many companies and financial institutions are straggling to make clear decision because these areas are new

and there are many factors to consider. For example, in my home country (Japan) many companies rely on third parties' certification, but it does not work well.

Greenhouse gas emissions are covered by many of the Council's rules. Governance and social impact not so much, except the prohibition of corruption and human right violations. On a more "mundane" level, I guess the Pension Fund's logic is that businesses (and nations) take care of their own governance for their own good, and that independent states are responsible for their citizens. There will be more on these themes during the course. Certification we do not discuss all that much, because, as you note, it does not work well. White-, green-, and pink-washing.

Sofía:

Beyond the theory management seen in class, there is a way to make managers to care about their workers conditions and consequences of their actions (for instance environmental damage)? Could it be possible through early education teach values that make them care on CSR more than on profit?

I suppose a business school could concentrate on making its alumni responsible, caring managers. Some companies might even hire them. But the rest of the companies might prefer alumni from the other business schools that focus on making a profit.