

The background of the slide features a large, faint watermark of the Rutgers University seal. The seal is circular and contains the text 'RUTGERS UNIVERSITY' around the perimeter. In the center of the seal is a shield with a plow and a sheaf of wheat, and a banner at the bottom with the motto 'QUI PRO DOMINA JUSTITIA SEQUITUR'.

RUTGERS

Rutgers Business School
Newark and New Brunswick

**Can ethics drive firms to do the right
thing if there is no business case?**

Moderator

(aka Philosopher Wrangler)

**Danielle E. Warren
Rutgers University**

The ‘No Business Case for Ethics’ Scenario

Foxconn manufactures many of Apple’s products (e.g., iPhones, iPads) in China. Apple negotiated a highly favorable deal with Foxconn: thin margins for Foxconn and high profits for Apple.

In part as a result of its thin margins, Foxconn imposed “inhumane” working conditions: 12-hour shifts, six days a week; monitoring and controlling workers’ every movement; corporal punishment; crowded dorm conditions; separating workers in their dorms from others hailing from the same geographic area; and prohibiting socialization among workers ([Xu & Li, 2013](#): 375). Such conditions are unethical ([Arnold & Bowie, 2003](#)).

Because of its power and size, Apple had no business case to negotiate a deal that would allow Foxconn to treat workers ethically ([Clarke & Boersma, 2017](#)).

***YES! Ethics CAN* drive firms to do the right thing
if there is no business case!**

Many normative approaches (virtue ethics, consequentialism, deontology, etc.) support the humane treatment of workers, even when the business case does not support it.

***NO! Ethics CAN NOT* drive firms to do the right thing if there is no business case!**

Firms do not have ethics. People have ethics.

Firms were created to generate profits. Using them for other purposes is unethical.

First problem with the question...

If the business case determines what is ethical (pursuing profit = ethical), then following the business case is the only ethical option.

- ‘Business case vs. ethics’ is a false dichotomy because the business case = ethics.

Second problem with the question...

If the 'business case' is not a normative concept, then it is a false dichotomy to say, "business case vs. ethics"

- Similar to asking people, "Do you choose an orange or ethics?"

Can ethics drive firms to do the right thing if there is no business case?

Who won the debate?



YES (Wayne)



NO (Tobey)



MAYBE (Joanne)



***Can* ethics drive firms to do the right thing if there is no business case?**

- We were not asked *SHOULD* ethics drive firms to do the right thing if there is no business case
- Considering “can” is a useful endeavor (even for philosophers) because normative theories that cannot be followed by people are not very useful.
 - E.g., All humans should be Spock.
- “Can” suggests an empirical question, which could be answered with empirical research....

Future Research

- Is the 'Business Case' a form of an 'ethic' that is most salient to businesspeople?
 - If so, where do they learn it? (from us?)
 - What can be done to expand the menu of ethical rationales used by businesspeople?
 - Can we find ways to broaden the conceptualization of the business case so it includes ethics?
 - (I think we have slowly done so for many years)
 - E.g., corporate social reporting, SRI funds

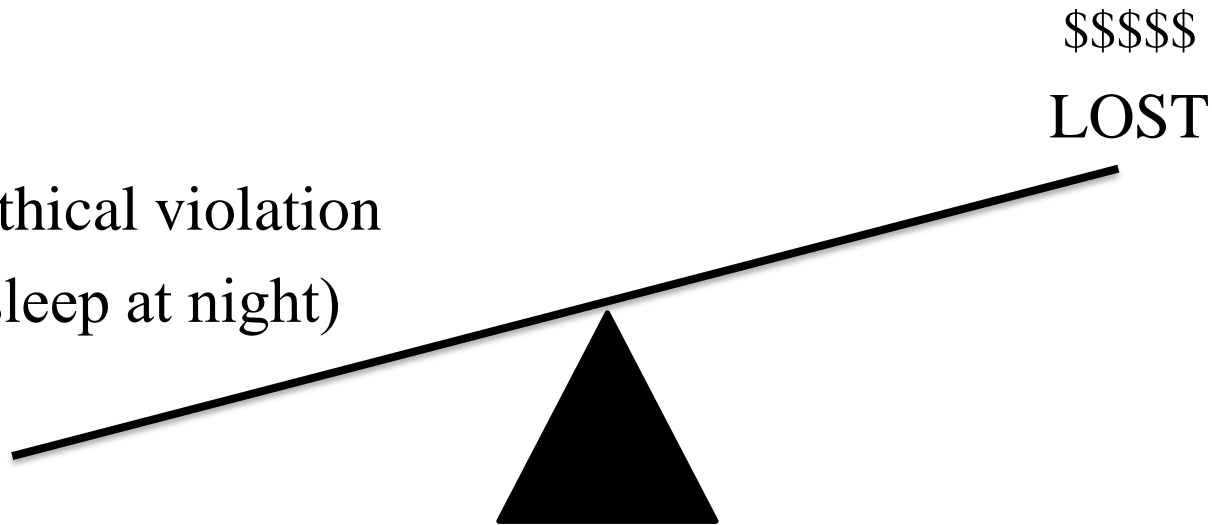
Future Research

- We should study firms that followed ethics when there was no business case...
 - Successful firms
 - Moderately successful firms
 - Bankrupt firms
 - *Financially, but not morally, bankrupt!*
 - Ryan Burg's concept of 'Firm Euthanasia'

Future Research Question....

- *When* will ethics drive firms to do the right thing if there is no business case?
 - Does the size of the ethical violation matter?
 - Is there a tipping point?

Huge ethical violation
(can't sleep at night)



What are YOUR questions?