

Business Ethics: An Overview

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Abstract: This essay provides an overview of business ethics. I describe important issues, identify some of the normative considerations animating them, and offer a roadmap of references for those wishing to learn more. I focus on issues in normative business ethics, but discuss briefly the growing body of work in descriptive business ethics. I conclude with a comment on the changing nature of the field.

Business is an activity. It is the purposeful exchange, including the buying and selling, of goods and services.¹ Understood this way, as commerce, normative theorists of all stripes have long been concerned about business. The most obvious examples are Adam Smith and Karl Marx, but remarks on business are found in philosophers as diverse as Aristotle, Aquinas, Hume, Hegel, Mill, Rawls, and Nozick. Business ethics in its current incarnation is a young, growing, and changing field. Its roots are in work done by moral philosophers in the 1970's (Bowie, 1986; DeGeorge, 2005). But many new self-identifying business ethicists are social scientists. Their contributions have pushed the field in new directions.

This essay provides an overview of business ethics, while highlighting several currently important issues and debates. The field is large. There are several journals devoted exclusively to it, and work in business ethics also appears in mainstream philosophy and social science journals. Since this overview is intended to be manageable, I do not delve into the details of specific debates. I describe what, in my view, the important issues are, identify some of the normative considerations animating them, and offer a roadmap of references for those wishing to learn more.² Even with this restriction, I must be highly selective. One emphasis merits mention at the start. While I discuss the growing body of work in descriptive business ethics, I am concerned mainly with issues in normative business ethics. That is, I am concerned mainly with how business *should be* conducted, as opposed to what the causes and effects of purportedly ethical business behavior *are*.

¹ Perhaps better: it is the *attempted* purposeful exchange of goods and services. Intuitively, one can do business with someone without *actually* exchanging a good or service. For example, one might negotiate in good faith but fail to reach an agreement. I leave this complication aside.

² For detailed overviews of a variety of specific issues in business ethics, see the recent guidebooks by Bowie (2002) and Brenkert and Beauchamp (Forthcoming).

1. The subject and its assumptions

If business is the purposeful exchange of goods and services, then business ethics can be understood as the study of the ethical aspects of activities including, and relating to, the purposeful exchange of goods and services. This includes their production, distribution, marketing, sale, and consumption.

Individuals and all types of organizations engage in business activities. However, not all organizations that “do business” qualify as business organizations, at least as this term is normally used. A public university does business with a student by exchanging enrollment in a course for money, but a public university is not a business. What is distinctive about business organizations is that they seek profit. Business ethicists typically focus on these types of organizations, and still more narrowly, on large publicly-traded corporations. Thus, business ethics is often restricted in practice to the study of the ethical aspects of activities including, and relating to, the purposeful exchange of goods and services as they are engaged in by (agents in) profit-seeking organizations, especially large public corporations.³

The results of inquiries in business ethics are sometimes prescriptions for individual behavior, e.g., “managers should not fire employees except for certain reasons,” and sometimes prescriptions for laws, e.g., “there should be laws against firing employees except for certain reasons.” In the latter way, business ethics overlaps with law and public policy. This is reflected in the methodology of business ethics. It draws just as often from moral philosophy – which deals centrally with character and action – as

³ For a criticism of business ethicists’ focus on corporations, see Marcoux (2006). He thinks what should be prioritized is the practice of business itself, which he describes as “(intentionally) self-sustaining, transaction-seeking and transaction-executing” (p. 60).

it does from political philosophy – which deals centrally with law and policy. (I return to the issue of methodology briefly below.)

A minority of writers consider the choice of economic systems as part of business ethics. But most assume (i) a market economy, where this is incompatible with central planning but not with government regulation, and (ii) private ownership of the means of production. No doubt some philosophers will challenge these assumptions, especially (ii). But making sometimes controversial assumptions is required in all areas of applied ethics. We risk putting our inquiries on hold indefinitely if we wait to see how more fundamental inquiries in normative ethics and metaethics (not to mention metaphysics and epistemology) turn out. Note also that, if business ethicists persistently questioned (i) and (ii), their field would not have flourished – to the extent that it has – in business schools, where doing so is heresy.

2. Corporations' responsibilities

The question that has received the most attention in business ethics is: what, if any, are corporations' extra-legal responsibilities to parties or entities besides their owners (viz., shareholders), such as their employees, the environment, or the communities in which they operate?⁴

The question of whether corporations *have* responsibilities – in the sense of obligations – to certain parties is distinct from the question of whether corporations are *morally responsible* for what they do – i.e., whether they are moral agents. But the former naturally gives rise to the latter, and in general to questions about the ontological status of

⁴ This question can be seen as part of a larger set of questions about the ethics of corporate governance. Included in this set are questions about (i) regulation and compliance, (ii) the role of directors, shareholders, and employees, and (iii) codes of conduct and ethics initiatives.

corporations. These issues were once hotly debated (Donaldson, 1982; McMahon, 1994; Werhane, 1985). Discussion focused on whether corporations (or collectives) are sufficiently like persons – the paradigm moral agents – with respect to their capacity for intentional action to be considered distinct moral agents (May & Hoffman, 1991). Interest in this issue has waned. The status quo view is that corporations are distinct moral agents, as opposed to mere aggregates of individuals, but not moral persons (Arnold, 2006; Werhane & Freeman, 2003; cf. Velasquez, 2003).

Despite their relationship, the metaphysical question of whether corporations can be morally responsible is not thought to have implications for the normative question of what responsibilities, or obligations, they have (cf. Phillips, 1995). Those who believe, for example, that corporations ought to “give back” to their local communities would not be persuaded to abandon this belief upon coming to believe that corporations aren’t the kinds of things that can be morally responsible. What this suggests is that, when discussing what responsibilities (obligations) corporations have, ‘corporation’ is neutral between *the corporation itself, as a distinct entity* and *the individuals who manage it, qua managers*. Individual persons, at least, can have obligations.

The question of what corporations’ responsibilities are is examined under a variety of headings, including (i) shareholder/stakeholder theory, (ii) corporate social responsibility (CSR), (iii) sustainability, and (iv) corporate citizenship (Néron & Norman, 2008; Waddock, 2004). The different vocabularies suggest the existence of distinct issues. In my view, however, these are merely different conceptual frameworks for addressing the same underlying issue. In support of this, observe that, while fine distinctions among ‘stakeholder theory’, ‘sustainability’, ‘CSR’, and ‘corporate

citizenship' are possible (Waddock 2004), many writers use these terms interchangeably (Carroll, 2008, 1998; Dawkins, 2002; Waddock, 2004). They adopt whichever framework suits their purposes. For our purposes, the (i) shareholder/stakeholder framework is best. It is the one most often employed to assess normative claims about the nature and extent of corporations' responsibilities.⁵

According to *shareholder theory*, most closely associated with Friedman (2005), and embodied in U.S. corporate law, managers' sole responsibility is "to conduct the business in accordance with [the owners'] desires, which generally will be to make as much money as possible while conforming to the basic rules of the society" (p. 8). Managers should promote others' interests, but only to the extent that doing so promotes owners' interests. Some argue for shareholder theory by appealing to its good effects. Jensen says that "200 years' worth of work in economics and finance indicate that social welfare is maximized when all firms in an economy maximize total firm value" (2002, p. 239). Others appeal to deontological considerations. They tell a story on which owners, instead of running the firm themselves, hire others to do so on the condition that they manage it in their interests. Managers are thus bound to run the firm this way by a (tacit) promise to shareholders to do so (Friedman, 2005; Hasnas, 1998).

According to *stakeholder theory*, most closely associated with Freeman (1984), firms should be managed in the interests of all stakeholder groups, including shareholders, employees, consumers, suppliers, the local community, and perhaps other groups. Understood as an alternative to shareholder theory, stakeholder theory says that managers *should* sometimes take actions that benefit non-shareholder stakeholders, *even*

⁵ Having so many conceptual schemes in play at once can lead to confusion and hinder progress on the real issue. As George Berkeley said of 17th century metaphysics: "we have first raised a dust and then complain we cannot see" (1998, p. 90).

*if different actions would have benefited shareholders more.*⁶ Stakeholder theory has been defended on a number of grounds. Donaldson and Preston (1995) argue that shareholders' property rights are not absolute, and can be justly limited by other stakeholders' moral claims. Donaldson and Dunfee (1999) invoke social contracts, arguing that societies (would) allow businesses to exist in their present legal form only on the condition that they seek to benefit all of their stakeholders. Other arguments for stakeholder theory appeal to the Kantian idea of respect for persons (Evan & Freeman, 2005) and fair play (Phillips, 1997). Stakeholder theory does not entail that corporations have specific responsibilities to non-shareholder stakeholders. But, in directing managers to consider their interests as ends, it, unlike shareholder theory, supplies a moral basis for a substantial set of such responsibilities.

Many business ethicists seem to find the case for stakeholder theory attractive – or at least more attractive than the case for shareholder theory (Hasnas, 1998). However, stakeholder theory faces two notable difficulties. The first is: who are the stakeholders? We might choose Evan and Freeman's wide definition, on which they are people “who can affect or [are] affected by the corporation” (2005, p. 79), their narrow definition, on which they are people who are “vital to the survival and success of the corporation” (2005, p. 79), or something in between. A second problem is: what ought managers to do when stakeholders' interests diverge? Stakeholder theorists sometimes talk of “balancing” stakeholder interests (Evan & Freeman, 2005; Reynolds, Schultz, &

⁶ Stakeholder theory is sometimes understood *descriptively*, as a theory about how managers *actually run* firms, and sometimes understood *strategically*, as a theory about how managers should run firms *if they want maximally to promote shareholders' interests* (Donaldson & Preston 1995). To distinguish it from these versions, the version of stakeholder theory I have described is sometimes called “normative ethical stakeholder theory.” Freeman (1984) originally presented stakeholder theory as a strategic theory, but later came to endorse the normative ethical version.

Hekman, 2006). But it is unclear what this means, whether this is desirable for certain interests (Orts & Strudler, 2002), or how trade-offs among different kinds of goods are possible (Jensen, 2002; Sternberg, 1997). According to some, instructing managers to balance stakeholder interests is not merely unhelpful but harmful. In leaving managers unaccountable to any single constituency, it provides cover for managerial misconduct (Heath & Norman, 2004; Jensen, 2002).

I lack the space to canvass stakeholder theorists' responses (but see Phillips, 2003; Phillips, Freeman, & Wicks, 2003). However, the question of whether corporations have extra-legal responsibilities to parties or entities other than shareholders does not hinge on the truth of stakeholder theory. Many who reject it recognize a variety of such responsibilities based on familiar moral considerations (Heath, 2006; Goodpaster, 1991). Even Friedman thinks managers should adhere to the "basic rules of the society," including "those embodied in ethical custom" (2005, p. 8). Stakeholder theorists above all have stressed that managers' actions should be sensitive to the moral claims non-shareholders have on the firm. But that non-shareholders have moral claims on the firm, as most believe, is independent of stakeholder theory. Let us now turn to a consideration of specific ethical issues in the context of business.⁷

3. Selected issues

Many writers approach issues in business ethics by asking what their preferred moral or political theories say about them. Kant's moral theory has been applied to a

⁷ Assuming that firms have extra-legal responsibilities to parties other than shareholders, how might we assess firms' success in meeting them? An answer to this question is the so-called "triple bottom line" (Elkington, 1998). The idea is to "total up" a firm's social and environmental performances alongside its financial performance. For a recent exchange on the viability of this proposal, see Norman & MacDonald (2004), Pava (2007), and MacDonald & Norman (2007).

wide swathe of issues by Bowie and his collaborators (Arnold & Bowie, 2007, 2003; Bowie, 1999; Reynolds & Bowie, 2004). Aristotle's virtue ethics has been adapted to business by Solomon (1993), Hartman (1996), and Moore (2005), as has the social contract tradition by Donaldson (1989) and Donaldson and Dunfee (1999). Lately some writers have examined the implications of Rawls's (1971, 2001) justice as fairness for business organizations (Hartman, 1996; Hsieh, 2005).⁸

However natural this approach seems, the application – or “retrofitting” – of moral and political theories to issues in business has been criticized. Phillips and Margolis argue that, because of the uniqueness of the organizational environment, “organizations need an ethics of their own” (1999, p. 619). This methodological debate cannot be pursued here (but see and cf. Hartman, 2001; Moriarty, 2005). But note that, whether or not we can do without moral and political *theories* in business ethics, we cannot do without the *concepts* around which they are built: utility, consequences, rules, rights, duties, virtues, caring, social contracts, and so forth. Nor can we do without our pre-theoretical intuitions about their importance.

Below, I review four important, overlapping issue-clusters in business ethics: (A) employee rights and obligations, (B) globalization, (C) sales and marketing, and (D) role morality. Although these areas are much discussed, I do not claim that statistically they are the *most* discussed. I choose them because, in my view, they are important, and significant normative work is now being done in them.

A. Employee rights and obligations

⁸ Werhane's (1999) work on moral imagination is useful whatever one's theoretical convictions. Moral imagination is a tool that helps us to see what the best outcome is. What makes an outcome “best” is a substantive normative question.

Since the inception of the field, business ethicists have been concerned about a number of issues that can be grouped under the heading “work quality.” This includes (i) freedom from discrimination and harassment, (ii) job security (employment-at-will vs. just cause), (iii) safety, (iv) privacy, (v) meaningful work, (vi) employee participation, and (vii) compensation. What ties (i) – (vii) together is, roughly, that they are all desirable for workers. The questions then are: to what extent should they have them? And: on what basis do we decide?

Treatments of (i) – (vii) can be complex, drawing on legal, economic, and moral considerations unique to each issue. However, at the core of many discussions is one (or more) of three common considerations. First, there is *cost*. Making workers’ lives better by, say, giving them more job security or allowing them to participate in firm decision-making is likely to involve significant costs (Boatright, 2004; Epstein, 1984). Someone must bear them. But who, and why? Second, there is *respect*. For example, some argue that, even if it is costly to provide people with safe or meaningful work, it ought to be done, because this is what respect for workers requires (Arnold & Bowie, 2007, 2003; Bowie, 1999; Werhane, 1985). The third consideration is *the contract*. Some claim that the justice of workplace arrangements depends on whether the parties involved agree to them without force or fraud (Maitland, 1989). These three considerations can point in the same direction, or in different directions. Determining which one to privilege when they diverge is a persistent and deep moral question.

Another important issue involving employees, (viii) whistleblowing, resists the above analysis. “Blowing the whistle” – paradigmatically, reporting illegal or unethical behavior in an organization to an external agency – is not a benefit employees seek, but a

burden they may be required to discharge. Because whistleblowing is an act of disloyalty (cf. Baron, 1984), it is thought to require justification. DeGeorge's (2006) focuses on the harm the employee prevents; Davis's (2003) focuses on the employee's (otherwise) complicity in the organization's bad behavior. *Permitting* whistleblowing, of course, is different from *requiring* it. To clear the latter hurdle, justifications must take into account the considerable harm whistleblowers often suffer.

Issues (i) – (viii) do not receive equal attention. Recently, compensation and whistleblowing have received boosts from the media attention given to executive pay and the role of whistleblowers in Enron's and WorldCom's downfalls. Meanwhile, the once vigorously debated subjects of discrimination and employee participation have all but dropped off business ethicists' radar screens. But business ethicists aren't the only ones interested in these issues. In other quarters, the debate goes on. For example, political philosophers, long interested in questions of *distributive* justice, have renewed their interest in questions of justice in *production*. This has led them to discussions of meaningful work and participation (Hsieh, 2008; Pateman, 2002).

B. Globalization

Increasingly, business activities, and many business organizations, span national boundaries. And often, there are significant imbalances of wealth and power between the nations – and firms – that do business. This has given rise to discussions about relativism, sweatshops, and duties of assistance.

A general question is how managers should deal with the fact that people in different nations accept different moral codes. In an ideal world, perhaps, we would

determine who is right and all abide by that code. But for a variety of reasons, this is infeasible in the real world. Moreover, many business ethicists seem willing to accept some moral diversity, at least at the level of non-fundamental moral rules (DeGeorge, 1993; Donaldson, 1989). The most sophisticated and influential treatment of these issues (though it also has intra-national applications) is Donaldson and Dunfee's Integrative Social Contracts Theory, or ISCT (Donaldson & Dunfee, 1999). ISCT recognizes "hypernorms," or moral minimums to which all economic arrangements must adhere, but also "moral free space" in which different communities can devise different arrangements. ISCT has been the subject of much critical attention over the past decade (see Dunfee, 2006). Normative theorists have pressed, in particular, for a more philosophically robust justification of hypernorms.⁹

The issue in the international arena that has received the most attention is outsourcing. Firms in wealthy nations, such as the U.S., often locate their manufacturing operations in countries with low labor costs, such as China, Indonesia, and Vietnam. Working conditions in these countries' factories – called "sweatshops" by their detractors – are characterized by comparatively unsafe conditions, long hours, and low wages. Some critics argue on Kantian grounds that these conditions are incompatible with respect for persons (Arnold & Bowie, 2007, 2003; cf. Sollars & Englander, 2007). Others argue that, while these jobs may seem bad to us, they are better than many other jobs in those countries, and that the best way for countries to develop economically is to have a low unemployment rate (Maitland, 2005).

⁹ For early critical discussion of ISCT, together with a reply by Donaldson and Dunfee, see the articles in *Business and Society Review*, vol. 105, issue 4.

As the case of sweatshops illustrates, business in developing countries is conducted under non-ideal conditions. In addition to moral diversity, managers must contend with fraud, corruption, and other kinds of immorality, as well as instability and poverty. This has led business ethicists to consider, among other things, whether and to what extent multinational corporations have duties to assist people in the developing countries in which they operate. Some think they have only negative duties, i.e., duties not to harm, or at most to protect people from harm (Donaldson, 1989). Others think they have positive duties, i.e., duties to provide benefits other than those provided by their normal business operations (DeGeorge, 1993; Dunfee & Hess, 2000; Hsieh, 2004). Business ethicists' discussions of these issues are informed by philosophers' discussions of duties of assistance (Pogge, 2002; Singer, 1972).

C. Sales and marketing

Numerous ethical issues attend the exchange of information at the core of business activity. In negotiations, sales, and marketing, people can tell us the whole truth or leave something out. They can exaggerate, bluff, deceive, and lie. We may be informed, persuaded, manipulated, or coerced.

In a classic article, Carr (1968) compares business to the game of poker. He says that, just as “bluffing” – deliberately misrepresenting your position – is permissible in poker, it is permissible in business. Carr gives no explicit argument for this view, but is likely relying on the claims (i) that bluffing in games (or other special contexts) is permissible just in case all participants agree that it is, and (ii) that all participants in the “games” of poker and business have agreed to it. Carson (1993) invokes a principle of

self-defense in support of business bluffing. According to him, we are permitted to lie in a negotiation when others are lying to us, and when by telling the truth we put ourselves at risk of significant harm (cf. Kavka, 1983).

Sales can involve negotiations at the end, but often involve the soliciting of information at the beginning. The ethics of the sales process has received some attention (Carson, 2001; Holley, 1998, 1986), but not as much as it should, given the centrality of sales to business. Theorists agree that salespeople should give truthful answers to pointed questions buyers ask, and should not “steer” them to products that are defective, overpriced, or otherwise unsuitable given their stated interests (Carson, 2001). But should they proactively warn buyers who steer *themselves* to such products? A balance must be struck between promoting welfare and respecting autonomy.¹⁰

Similar considerations play a role in marketing, including product labeling and advertising (Brenkert, 2008; Laczniaik & Murphy, 2006). Writers have considered the extent of marketers’ obligations with respect to information disclosure. To take just one example, food manufacturers are required to disclose their products’ ingredients, but should they also be required to disclose whether any have been genetically modified (MacDonald & Whellam, 2007)? In addition to informing, marketing attempts to persuade – sometimes, according to critics, to manipulate and coerce, with the result of undermining autonomy (Crisp, 1987; Sneddon, 2001; cf. Bishop, 2000). Whether advertising has this effect depends, in part, on the vulnerability of the target audience. The fact of vulnerability may tell in favor of restrictions on advertising targeted to

¹⁰ Here it might be useful to distinguish – though few writers do – between business-to-consumer sales and business-to-business sales. The ethics for sales to consumers might be more demanding than the ethics for sales to businesses, since businesses are likely to be more informed and savvy than consumers. I owe this point to an anonymous reviewer.

children (Paine, 1984) and the ill (Arnold, Forthcoming). In recognition of the ethical aspects of marketing, the American Marketing Association (2004) recently adopted a code of ethics, which is itself a possible subject of ethical inquiry.

D. Role morality

Businesspeople occupy roles. They are buyers and sellers, but also managers, employees, bankers, engineers, and accountants. Thus a natural way to approach business ethics is by examining the rights and obligations attaching to roles. “Role morality” played an important part in early discussions of business ethics (Goldman, 1980; Werhane, 1985). Although it has not received sustained attention over the years, its popularity is once again growing.

A major reason for this is the role played by “gatekeepers,” including accountants, bankers, and lawyers in recent scandals involving such firms as Enron and WorldCom (Boatright, 2007; Coffee, 2006). For example, Enron’s energy traders did not hide the firm’s massive debt on their own; Arthur Andersen’s accountants helped. It is easy, and probably right, to condemn Andersen (Duska & Duska, 2003). But questions can be raised about the extent and foundation of gatekeepers’ responsibilities. Aren’t gatekeepers’ (e.g., Andersen) primary duties, it might be asked, to their employers (e.g., Enron)? To ground gatekeepers’ duties to the public, writers have stressed the responsibilities attaching to the *professional roles* of the accountant, banker, and lawyer. These responsibilities, in turn, have been justified by their importance for the health of financial markets (Duska & Duska, 2003), and relatedly, by the hypothetical preferences of rational investors (Boatright, 2007).

One other role that has received increasing attention in the business ethics literature is that of *leader*. Managers, especially senior managers, are not only agents of shareholders and (perhaps) other stakeholders, and authorities with respect to employees, they are also leaders of people. Conceptual, normative, and empirical inquiries – about what it means to be a leader, what good leadership is (Ciulla, 2004), and why leaders fail ethically (Price, 2006) – are now underway.

4. Recent work in descriptive business ethics

Lately there has been an explosion of work in descriptive business ethics. Instead of proposing norms for ethical business behavior, this work examines the causes and effects of purportedly ethical business behavior. It can be divided into two categories: that concerned with individuals, and that concerned with organizations.

The overarching issue in the descriptive literature on individuals is: how do “individuals actually think and act when faced with ethical situations”? (O’Fallon & Butterfield, 2005, p. 375-376). Treviño (1986) and Jones (1991) have proposed models of ethical decision-making in organizations. These models build upon the influential work of Rest (1986), who argued that ethical decision-making occurs in four steps: becoming aware of the issue, making a judgment, deciding on a plan of action, and executing it.¹¹ The “making a judgment” step has received considerable attention. According to the dominant rationalist model, due to Kohlberg (1969), moral judgments are arrived at through a discursive process of reasoning. According to Haidt’s (2001) “social intuitionist” model, these judgments are better described as “intuitions,” by which

¹¹ See Hunt & Vitell (1986) for a model of ethical decision-making in marketing.

he means simple, reflexive responses. On Haidt's view, any moral reasoning that occurs does so post-hoc, serving only to justify the intuition.

A related issue in the descriptive literature on individuals is: what are the determinants of individual ethical behavior within organizations? The literature on this question is vast and unsettled. In a recent review, Treviño et al. (2006) note that ethical behavior has been found to be correlated with cognitive moral development, ego strength, locus of control, pressure (including incentives) to act ethically, co-workers' (including managers') attitudes and behaviors, the extent to which co-workers talk about ethics, and rigidly authoritarian organizational cultures.¹²

Two questions dominate the descriptive ethical literature on organizations. The first is: what are the determinants of "socially responsible" corporate action, i.e., action intended to benefit non-shareholder stakeholders? A second, related question is: is such action, commonly known as corporate social performance (CSP), positively correlated with corporate financial performance (CFP)? In other words – but perhaps tendentiously – does ethics pay? In a review 127 studies of the CSP-CFP link, Margolis and Walsh (2003) note that "a simple compilation of the findings suggests there is a positive association" between CSP and CFP (p. 277; see also Orlitzky, Schmidt, & Rynes, 2003). However, they also note that reviewers of the CSP-CFP literature "see problems of all kinds in this research" (2003, p. 278), and urge caution in accepting its conclusions. If CSP doesn't pay, then what motivates it? CSP has been linked with the wishes of firms' founders (Martin, Knopoff, & Beckman, 1998), desires for competitive differentiation (Bansal & Roth, 2000), and "community isomorphism," or the extent to which other firms in the community engage in it (Marquis, Glynn, & Davis, 2007).

¹² For reviews of related literature, see O'Fallon & Butterfield (2005) and Treviño & Weaver (2003).

Descriptive ethics is important because, by investigating its causes and effects, it helps us to promote ethical behavior in business. In addition, some of the results arrived at by descriptive ethicists – or in general by social scientists – are relevant for normative inquiries. This is recognized in the field of ethics at large (Andreou, 2007). A well-known example is Doris’s (2002) work on character. Doris argues that, given the pervasive influence of situational factors on behavior, we have reason to doubt the existence of the robust character traits assumed by virtue theory. This debate has been extended to the organizational context by a number of writers (Alzola, 2008; Harman, 2003; Solomon, 2003). They have examined whether Doris’s conclusions, and the empirical results on which they are based, undermine attempts to devise virtue-theoretic norms for business (cf. Hartman, 1996; Moore, 2005; Solomon, 1993).¹³

5. Closing thoughts on the changing nature of business ethics

While admitting that descriptive business ethics is important in its own right and sometimes useful for normative inquiries, it might be denied that it is properly part of business ethics. On this view, business ethics is an essentially normative field, giving us “oughts” about business. Because it only describes the causes and effects of purportedly ethical behavior, it might be said, descriptive business ethics is better seen as a social science, e.g., as a branch of psychology or sociology.

There is no doubt that descriptive ethics falls into the category of social science. The question is whether business ethics comprises social science in addition to normative theory. If one takes one’s cue from the seminal works in the field, one might insist that it

¹³ A further question is whether the descriptive and normative branches of business ethics can be combined into a single hybrid theory. Some argue, surprisingly, that they can (Jones & Wicks, 1999; Weaver & Treviño, 1994); others deny this (Donaldson, 1994).

does not. But this line is hard to maintain given (i) the alignment of business ethics associations with management associations,¹⁴ (ii) the fact that the majority of articles now published in business ethics journals are in descriptive ethics,¹⁵ and (iii) the large number of self-identifying business ethicists in the social sciences. A full treatment of this issue would require a detailed discussion of the nature of disciplinary boundaries. It is unclear that we could arrive at a determinate answer, or how much one would be worth. What is important is not whether such-and-such an inquiry belongs to such-and-such a discipline, but whether the inquiry is valuable, and whether it is pursued with the appropriate methods, given the kind of inquiry it is.

Nevertheless, as this brief discussion indicates, the field of business ethics – understood as what is published in business ethics journals and who identifies as a business ethicist – has changed, and continues to do so. It is not, I think, just that more social scientists are entering the field. It is that fewer normative theorists, including philosophers, are doing so. The presence of social scientists in business ethics is, in itself, a boon. Understanding the causes and effects of ethical behavior assists us in producing it. But social science cannot replace normative inquiry. The latter is necessary for determining what ethical behavior is.

One reason for this change may be that many whose work defined the field early on, such as Bowie (1986), Donaldson (1982), Freeman (1984), and Werhane (1985) moved into Ph.D.-granting business schools. Instead of training philosophy students to

¹⁴ While the first meeting of the Society for Business Ethics (SBE) in 1980 was held in conjunction with a meeting of the American Philosophical Association, the SBE now holds its meetings in conjunction with the Social Issues in Management Division of the Academy of Management (DeGeorge, 2005).

¹⁵ See any recent table of contents of *Business and Society Review*, *Journal of Business Ethics*, or *Business Ethics: A European Review*. Even *Business Ethics Quarterly*, arguably the most philosophically-oriented of the business ethics journals, now publishes more articles from scholars in business schools than from scholars in arts and humanities departments (Nielsen, 2007).

enter the field, they trained business students. As social scientists, business students are best suited to studying questions in descriptive, as opposed to normative, ethics. Some pioneers remain in Ph.D.-granting philosophy departments, notably DeGeorge (2006), but arguably not enough to sustain the population of normatively-minded business ethicists. A second, related reason may be the relative lack of enthusiasm for business ethics among philosophers. Why this should be, I do not know. Treviño and Weaver (1994) suggest that those in the humanities lack “charitable attitudes toward business” (p. 116); Nozick (1997) says they oppose capitalism. Whether or not these claims are right, it is worth noting that philosophers aren’t generally uninterested in the applied areas of their field. However, they can now indulge such interests in other sub-fields of ethics, including medical and environmental ethics.

In this article, I hope to have given reason for philosophers to take another look at business ethics. The field encompasses a diversity of relevant, important, and interesting questions. All of us “do business” in one way or another almost every day. And business organizations can have enormously powerful effects on people’s lives. Finally, questions in business ethics engage issues of perennial concern to philosophers, including the nature of personhood, collective responsibility, truth and deception, relativism, and role morality. Philosophers are well-suited to make valuable contributions to business ethics, and there is plenty of work for them to do.¹⁶

¹⁶ For help on this project, I thank Miguel Alzola, Denis Arnold, George Brenkert, Edwin Hartman, Nien-hê Hsieh, Alexei Marcoux, Joshua Margolis, Robert Phillips, Scott Reynolds, Jeffery Smith, and Danielle Warren. I have benefited from similar articles by Marcoux (2008) and Arnold & Reynolds (2008). Thanks finally to an anonymous reviewer for helpful comments on a draft of this paper.

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