Preface

The last few decades have witnessed an enormous expansion of interest in business ethics among academics, business persons, and the general public. While there are numerous reasons for the increased attention to issues of business ethics, it is worth noting a few of them that have been particularly significant in driving contemporary interest in the field. First, this interest can be seen as a response to various cases of perceived ethical failure by businesses: ranging from earlier well-known examples such as the Ford Pinto and Union Carbide cases to more contemporary ones such as the Enron debacle, the global financial collapse, and the BP Deep Horizon oil spill. Such notorious cases show the negative impact that problematic business behavior can have upon a wide range of stakeholders. As a result, they have created a demand for more accountability on the part of business managers to act in a socially responsible manner. A second factor motivating attention to business ethics has stemmed from within business as managers have striven to preserve their own values and moral commitments within the context of an increasingly competitive global marketplace. Initiatives such as the establishment of the Caux Principles have resulted from efforts by business leaders to set standards for ethical business in this new environment (Newton, 2002). A third precipitating factor in the development of increased interest in business ethics has been the growing use of information technology in business. As businesses have adapted the sophisticated tools of the digital age issues of privacy and confidentiality, intellectual property and data security have become more prominent and more difficult to respond to using old legal or regulatory paradigms. These factors have influenced the way in which business ethics has developed as a discipline as well as the areas of particular focus within the field in recent years.

For the reasons noted, and many others, interest in ethics in business has continued to grow, and business ethics is now firmly established both as a well-defined field of research and as an important aspect of managerial training and practice. Indeed, there are now numerous professional societies, academic journals, research centers, and training programs dedicated to the study and promotion of business ethics. Further, as business ethics has grown as a discipline both the focus and the scope of the field have shifted to some extent. In the early years of the establishment of business ethics as a distinct discipline, particularly in the 1970s, business ethics was primarily devoted to establishing its theoretical foundations and, in a sense, attempting to justify its very legitimacy in the face of critics who sometimes questioned the very need for business ethics. As a result, the early textbooks and journal articles in the field were primarily written by philosophers and were devoted to exploring the theoretical foundations of the field in light of various ethical theories (McMahon, 2002). Such efforts were often designed to counter skepticism about the notion of business ethics itself (i.e., the old saw that "business ethics is
an oxymoron”) and to situate the concepts of business ethics within various philosophical traditions of normative theory (i.e., Kantianism, utilitarianism, etc.). While such foundational issues continue to be debated and analyzed within the field, there has also been a significant growth in both the types of issues and the variety of approaches to issues in business ethics in recent years.

First, business ethics has become much more interdisciplinary in the intervening decades. As a field of applied ethics, business ethics seeks to understand how ethical concepts and principles can be applied to issues, practices, and processes within the realm of business. However, such application entails an understanding of the situations, people, and behaviors involved in business contexts, and thus, philosophical analysis must also be coupled with insights from fields as diverse as sociology, psychology, economics, management, information systems, and finance. As a result, the field of business ethics has become much more diversified with many different theoretical and empirical perspectives being developed in order to examine and respond to ethical issues in business. The increasingly interdisciplinary nature of business ethics has afforded a much more complex and rich understanding of the field.

While the disciplinary approaches to business ethics have expanded in recent years, there has also been a concurrent expansion of the range of topics treated in business ethics as well. Not only have ethical treatments of nearly all functional areas of business (accounting, finance, etc.) been developed as the field has grown, but a broader range of themes and subjects have also been examined. In particular, it is worth noting that business ethics has become much more global in its scope of inquiry as, to use Thomas Friedman’s (2005) phrasing, the business world has become increasingly flattened. Ethical issues pertaining to cross-cultural communication, global labor standards, multi-cultural organizations, outsourcing employment, and other transcultural issues have thus become prominent issues addressed by those currently working in the field of business ethics. Along with the increasingly global focus of business ethics, there has also been a greater interest in issues involving the environment, particularly in the face of global climate change, and on the ethical impact of technology in business. Again, these are certainly not offered as the only areas to which business ethicists have recently turned their attention, but they are meant to illustrate some of the more diverse topical areas now commonly treated within the field.

A third area into which business ethics has greatly expanded since its early years is in the focus on education and training. In this arena, questions related to the practical dissemination and inculcation of ethical values and principles in business practice have become a rich field of investigation. At heart, and particularly given many of the contemporary scandals such as those involved in the recent global financial meltdown, those within the field have grown to appreciate the importance of understanding how to best foster ethical behavior among business managers and other employees. On the one hand, this has involved extensive experimentation and exploration with how to best integrate business ethics into the business curriculum, particularly at the MBA level. A number of different approaches have been explored with the goal of providing a more robust foundation for the ethical reasoning of future business leaders. On the other hand, there has also been much attention paid to ethical compliance and training programs in business organizations. Here, there again have been many different kinds of approaches that have been implemented and studied, including Ethics and Compliance Officers (ECOs), codes of ethics, ethics training programs, ethical consulting practices, and ethics hotlines. Business ethicists are of course very interested in studying the effectiveness of these programs in promoting ethical behavior and preventing unethical behavior within organizations. It should be noted that here too the interdisciplinary nature of business ethics becomes readily apparent as determining best practices in business ethics programs calls upon our understanding of such areas as interpersonal communication, moral psychology, and social and organizational culture.
Preface

Fourth, there have been a number of ongoing efforts to create and promote ethical standards for business on a global scale. These efforts often involve individuals from the business community as well as academics and concerned third parties. There are numerous examples of these, including the previously mentioned Caux Principles, the Global Sullivan Principles, and the CERES Principles. There are also examples of principles devoted specifically to business ethics education, such as the PRME (Principles for Responsible Management Education). Further, Non-Governmental Organizations (NGOs) have been created with the goal of promoting the adoption of ethical business practices within certain industries on a voluntary basis. Often these NGOs will provide certifications for products that meet their ethical standards. Examples of these certifying organizations include Fair Trade USA, Rainforest Alliance, and RugMark. All of these kinds of principles and certifications appeal to the idea that it is possible to formulate and promote ethical principles within the business community that go beyond mere legal and regulatory compliance. In doing so, they often appeal to consumers to consider a company’s commitment to these principles as a determining factor in their own purchasing decisions. Thus, these practices also point to another phenomenon related to the growth of business ethics: the notion of the ethical consumer. The concept of the ethical consumer refers to the idea of consumers who make purchasing decisions based at least partly on the basis of their values and moral commitments (Freestone & McGoldrick, 2008). Ethical consumers are thus often concerned with the ethical principles and practices of a company, as well as the ethical impact of their purchase, in making consumer decisions. Because of the growth of ethical consumerism, ethical consumers have, as such, become an object of research in their own right in recent years in the field of business ethics (Newholm & Shaw, 2007). The effort to determine ethical principles for business is now such a widely shared endeavor that it includes academics, business people, NGOs, and ordinary consumers, illustrating just how widespread interest in business ethics has become in recent decades.

While there are certainly other areas of significant development in the field of business ethics that could be discussed, the four areas treated above do exemplify some important features of the state of the field and, perhaps even more importantly, the motivation for producing this research handbook. Indeed, this book is designed to illustrate both some of the major recent trends in business ethics as well as the richness of the field. As such, the selection of chapters for this volume was guided by several aims, many of which relate to the developments in the field addressed above. First, the goal was to provide a selection of authors that approached issues from a multiplicity of perspectives and that included authors from a number of national and cultural backgrounds. The idea was to accent the interdisciplinary and global nature of contemporary business ethics. Second, the aim was to include chapters dealing with theoretical issues in business ethics as well as those concerned with more practical and educational issues in business ethics. And though the chapters are grouped in relation to these three themes, some of the chapters selected defy simple categorization as they include discussions of several of these issues at once. Business ethics is not only interdisciplinary but it is also multi-faceted in appealing to researchers, business persons, and the general public. The selections include discussions of business ethics that come at the issues from multiple orientations. Third, a guiding idea behind the selection of chapters was that they should appeal to as wide a readership as possible. As noted, business ethics is an area of concern for a wide-ranging audience. As such, the chapters deal with issues that should be of interest to readers from many different disciplines and backgrounds. Indeed, the handbook could profitably be read as an overview of recent developments in the field of business ethic for scholars, students, and business persons. Finally, the chapters were selected to cover as broad of a range of ethical issues in business as was reasonably possible, while still illustrating major trends in research on business ethics. As such, the chapters selected are grouped into several different sections of focus, as discussed below.
ORGANIZATION OF THE HANDBOOK

All of the chapters in this book are updated versions of previously published articles. They were all selected to meet the aims discussed above and well illustrate work in some of the most important areas of research in business ethics in recent years. However, they have also all been significantly revised by their authors to reflect the latest scholarship in the field as well as the most current trends and events in business. As such, they present an excellent overview of the state of the art in business ethics today. Thematically, the chapters are presented in terms of three major themes of current research in business ethics. A brief description of each section and the chapters included therein follows.

Section 1: Foundational Issues – Theoretical Issues and Models

As discussed above, much of the early work in business ethics was devoted to theoretical issues. While the scope of business ethics has expanded greatly in recent years, theoretical issues still continue to draw the attention of business ethicists. However, even here the emphasis has broadened considerably. In particular, there has been an expanding interest in examining how foundational concepts and theories can be applied to our understanding of new and emerging issues in business ethics. Further work has also been done in fleshing out the basic normative concepts of business. Each of the chapters in this section thus explores some aspect of these types of foundational issues. Some of them attempt to expand our foundational understanding of business ethics in light of recent trends in business while others explore basic normative concepts and theories. Whatever the particular issue, each chapter can be viewed as an attempt to provide further insight into the foundations of business ethics in light of both the strong tradition of normative theory in business ethics and of recent developments in business itself.

Chapter 1 defends a version of multi-fiduciary stakeholder theory. The author argues that charges that such a view leads to inexorable paradoxes are mistaken and that multi-fiduciary stakeholder theory is both logically consistent and morally preferable. In doing so, the author argues that in business fiduciary obligations should be granted toward those who are particularly vulnerable to exploitation. As such, the chapter can be seen as providing further support for a stakeholder theory of business ethics.

Chapter 2 argues that e-business is transforming business practices in a way that raises important ethical considerations. The chapter examines some of the impact of e-business technologies and the challenges that they pose to business ethics. The author maintains that a proper response to ethical issues in e-business involves a careful reconsideration of how basic ethical concepts apply in new digital contexts and concludes by illustrating some of the ways in which business ethicists should respond to e-business issues.

Chapter 3 appeals to game theory as a resource for dealing with issues of business ethics in emerging economies. The author examines the nature of game theory and salient features of emergency economies and illustrates how game theory can assist in modeling business scenarios in emerging economies. The chapter deals specifically with scenarios involving long-term sustainable business models, corporate values, and corporate reputation. The chapter demonstrates well how our understanding of business ethics can be expanded by the use of theoretical insights developed in other areas.

Chapter 4 deals with an area of business that is often touted but rarely examined from an ethical point of view: innovation. Using the example of the development of high-fructose corn syrup, the authors show that innovation often entails both positive and negative impacts upon stakeholders. As such, the chapter maintains that innovation has an inherently ethical dimension that must be carefully considered in the evaluation of the value of any particular kind of innovation.
Chapter 5 examines the notion of integrity and its role in business. The author explores integrity both as a philosophical virtue and as a component of business strategy. The chapter maintains that integrity should be considered a fundamental principle of business ethics and that inculcating integrity in business has both moral and economic benefits.

Chapter 6 examines another increasingly important area of business research: entrepreneurship. The author examines the nature of entrepreneurial decision making in contexts where ethical judgment is required and shows the many factors (individual, organizational, and social) that influence an entrepreneur’s decision making. The chapter goes on to offer an alternative perspective to understanding entrepreneurial behavior and ethical decision making.

Chapter 7 offers an alternative approach to business ethics, arguing that business ethics must ultimately be grounded in legal systems and sanctions. The chapter examines the connections between ethics and the law as well as the nature of individual moral reasoning. The author concludes by maintaining that in many contexts only the law will be a sufficient force to motivate ethical behavior in business.

**Section 2: Business Ethics Education – Integrating Ethics into the Business Curriculum**

As the business world has struggled to respond to ethics scandals, much pressure has been brought to bear upon business schools to better inculcate sound ethical decision making in future business managers (Swanson, 2005). While business organizations and accrediting agencies have encouraged business schools to take up this challenge as well, the task of determining how to best promote ethics in business education remains an important area of research in business ethics. As such, scholars have been eager to explore the challenges posed by business ethics education with the goal of determining how to best install ethics in the business curriculum. The chapters in this section are each dedicated to some aspect of ethics in business school education. They demonstrate the many varied factors involved in determining what works in business ethics education and provide substantial resources for educators and administrators interested in developing their business ethics curricula.

Chapter 8 explores the state of business ethics education and looks at the variety of approaches that are taken to treat ethics within business programs today. Having viewed the plurality of strategies for teaching business ethics, the authors present a model for ethical decision making for teaching business ethics. They conclude by suggesting that inculcating ethical behavior in students will likely require the utilization of several different approaches and perspectives.

Chapter 9 furthers the study of business ethics education by examining the Corporate Social Responsibility (CSR) components within the curriculum of 20 leading Executive Master of Business Administration (MBA) programs. The authors’ study shows that while the law and ethics are commonly part of the reviewed Executive MBA programs, CSR has minimal representation in these programs. This study may thus point to an important lacuna in such executive business education.

Chapter 10 reviews the Principles of Responsible Management Education (PRME) as a platform for institutional commitment and leadership engagement in business ethics education. The authors discuss the challenges and opportunities in adopting the PRME in business education and go on to suggest practical guidelines for integrating the PRME into the curriculum of business schools. The chapter argues that the PRME offer an important resource for business ethics education in the 21st century.
Chapter 11 examines business ethics education by first looking at four kinds of corporate cultures: cultures of defiance, compliance, neglect, and character. The authors then offer plans for constructing ethical organizational cultures and ideas on how to educate business students in contributing to such cultures. The chapter concludes by providing several examples derived from experience that show how these ideas can be incorporated into business ethics education programs.

Chapter 12 broadens the treatment of business ethics education by examining an innovative approach to business ethics theory and education. This approach, termed “performative ethics” by the authors, focuses on implementing ethical values in a way that spans the normative/descriptive distinction. The chapter examines this innovative new approach in light of the “Giving Voice to Values” (GVV) program. GVV focuses upon the implementation of ethical values at multiple levels of organizational life. The authors provide several case studies to show how GVV can be applied in developing ethical and sustainable cultures.

Chapter 13 argues for the importance of integrating CSR into the mainstream of business schools’ curricula for both moral and strategic reasons. The authors examine both the challenges of integrating CSR into the business school curriculum as well as the opportunities for doing so. As with Chapter 10, the authors see the PRME as having a potentially important role in facilitating the integration of CSR into business education. In order to illustrate the issues discussed, the authors present a study of how one specific business school in Lebanon has attempt to mainstream CSR into its curriculum in recent years.

Section 3: Business Ethics at Work – Understanding and Implementing Ethics in the Business World

Of course, business ethics education is always meant ultimately to transfer to the implementation of sound ethical practices, policies, and behavior in business itself. As businesses become more committed to ethics and the public demands greater ethical accountability of business, the importance of examining how to best implement ethics in business thus becomes increasingly important. Indeed, much of the recent work in business ethics has been geared toward examining the different approaches to business ethics within business organizations and determining best practices. Each of the chapters in this section is representative of this scholarship. The authors take on a diverse array of issues, ranging from case studies of particular companies or business functions to treatments of general strategies for implementing business ethics in organizations. The chapters also represent a strong appreciation of the potential for business practices to have a wide impact upon a multitude of stakeholders. As the public has become more cognizant of environmental issues, consumers have also become more environmentally conscious and several of the chapters deal with environmental issues in business ethics. Other chapters display the growing appreciation for developing business ethics in a global context and thus explore cross-cultural aspects of business ethics, again illustrating the broad scope of contemporary business ethics. Whatever the particular focus though, each of the chapters illustrates a commitment to studying business ethics in a manner that can further the implementation of ethically sound business practices.

Chapter 14 opens the issue as to whether companies can both be economically competitive while still retaining a strong commitment to ethical business practices. The authors offer Starbucks Coffee Company as an example of a company that they believe has indeed met this dual challenge. The chapter examines the various factors that have led to Starbucks’s success as well as the moral practices that define its ethical commitment. The study examines Starbucks’s ethical practices and principles in regards to workers, the environment, and other stakeholders in demonstrating its commitment to profits and principles.
Chapter 15 looks at ethical leadership within the context of globalization. The author is particularly interested in understanding ethical lapses in leadership. As such, the chapter examines various theories of leadership and finds that a recent theoretical construct of leadership offers much promise in furthering our understanding of ethically failed leadership. The author looks at this leadership theory in a cross-cultural context through the results of a research survey done of international business managers and offers recommendations for promoting ethical leadership in light of these results.

Chapter 16 also deals with an examination of a specific company as an exemplar of business ethics done right. In this case, the chapter examines the outdoor clothing and equipment company Patagonia Inc. in terms of its longstanding commitment to the environment and sustainability. The chapter argues that the case of Patagonia shows that sustainably based innovation can overcome the perceived conflict between economics and social objectives. The author examines the way in which corporations can gain competitive advantages while pursuing economic, social, and environmental objectives.

Chapter 17 looks at the nature of learning organizations and argues that creating a healthy business environment for learning involves paying attention to the affective and moral habits of the members of an organization in addition to purely technical strategies. The authors argue that knowledge management and organizational learning is improved when ethics is included as a key component of organizational development. The study looks at the difference between healthy and unhealthy organizations and maintains that the ethical healthiness of an organization is a necessary component of its overall healthiness.

Chapter 18 is concerned with the nature of marketing ethics within the context of online business. In particular, the author is interested in how companies can market their own good corporate conduct in a manner that is ethically sound. The author notes that marketing Corporate Social Responsibility (CSR) can be competitively advantageous, but requires special care if a company is to avoid greenwashing and similarly problematic marketing practices. The chapter provides both a better understanding of the epistemic and moral challenges of ethical marketing and specific moral guidelines for marketing good corporate conduct.

Chapter 19 is concerned with both the possibilities of information technology in business as well as the potential for ethical problems with the adoption of this technology. In particular, the authors examine both the positive and negative aspects of information technology in business with regard to social networks. The chapter is particularly concerned with issues of privacy and trust in mobile social networks and examines several types of privacy threats in this context. The authors go on to offer possible solutions to deal with these issues in an ethically responsible manner. Given the increasing popularity of social networks, the authors see this as an increasingly important area of business ethics.

Chapter 20 investigates the ethics of supply chain management in developing countries. The authors are specifically concerned with sustainability issues in supply chain management. The chapter provides an overview of the research on supply chain sustainability as well as develops a series of recommendations regarding sustainability in supply chain management. The chapter provides important insights into the perceived differences between developed and developing countries in regards to sustainability as well.

As can be seen from this overview, the chapters in this book deal with a host of issues in business ethics ranging from foundational issues in normative business ethics to business ethics education to case studies in business ethics and cross cultural business ethics. As such, the handbook provides an overview of the field of business ethics today that can be utilized by nearly anyone with an interest in the field. The chapters can profitably read together as a guide to the discipline as a whole or selectively by those interested only in a particular area of business ethics. Whatever a person’s interest in ethical issues in business, whether as a scholar, student, or business manager, there is certainly something in the chapters in the volume will further one’s understanding of, and appreciation for, business ethics.
REFERENCES


