

ON THE POSSIBILITY OF A BUSINESS ETHIC by Geoffrey Klemmner

You might find it rather strange, in a business ethics class, to be raising the question whether business ethics is possible. If business ethics isn't possible, what am I doing here?

You will be glad to hear that I think business ethics is possible. However, I am going to argue that there are certain conditions which need to be satisfied in order for business ethics to be a legitimate subject in its own right.

What I am doing, in other words, is looking for an argument which establishes the possibility of a business ethic, in the face of sceptical challenge concerning its legitimacy. Such an argument would constitute a philosophical *foundation* for business ethics.

However, I also have a second question in mind, 'How is *business* possible?' You will see in a minute how these two questions are linked.

How is business possible? Business must be 'possible' in some sense because it exists. It is a fact that people engage in business activity. However, the point of the question is whether the existence of business activity -- buying and selling for a profit using a universal medium of exchange called 'money' -- is consistent with the demands of ethics.

This was the question that the young Marx raised in his 1844 *Manuscripts* when he defined 'work' as the essentially formative aspect of human existence. Through our work, through transforming our common environment with the products of our labour we literally *create* ourselves. Work creates the human world. To view your labour, the thing that essentially *defines* you, as a mere commodity which can be exchanged for money is therefore a moral evil.

Common sense tells us that this view is just plain wrong. But why is it wrong? We have an inkling of what Marx was on about. One speaks of an artist or writer 'selling out' or 'prostituting his talent'. But generally, we see no difficulty in distinguishing between our life -- the relationships, the ideals and activities which define us as individual human beings -- and the world of work where we find the necessary means of subsistence. I believe that this common sense intuition is basically sound.

Another way of looking at the ethical problem is in terms of what is considered acceptable behaviour within the world of business and work. In the marketplace where producers compete to sell goods there will always be winners and losers. If you go to a job interview you are aware that you can only gain the job at the expense of the other applicants. I am not saying there is anything wrong with this.

Yet there is a striking contrast between the way we behave in a work or business environment and the way we behave towards family or friends, where the primary concern is to do the *right thing*, taking the other's needs and interests into account. Ethics in the fullest sense demands not just correct behaviour but a readiness to put the other person first as and when the occasion demands.

My case is that *business ethics* is possible if and only if it is able to deliver a coherent and useful answer to the question how *business* is possible. If it can't, then I don't see the point of it. The fact that there exist courses on 'business ethics' is no proof that it is a legitimate subject, any more than the existence of courses on palmistry or crystal healing.

My explanation of how business is possible is the theory of the *business arena*. Business is possible because it takes place within an artificial *frame*, which insulates it from normal ethical considerations. Business can still be 'ethical' but only in a specially defined, restricted sense.

Here is what I say in my article, 'The Business Arena':

The business arena provides the opportunity to practice all the Aristotelian virtues -- including temperance, justice, courage and magnanimity.

My point, however, is that *this is not an ethics*.

The gap between the practice of the Aristotelian virtues and ethics in the full sense is explicitly recognized in Christian teaching, with its emphasis on the virtues faith, hope and love.

Ethics, as I understand it, is based on the *I and thou* relationship, on unlimited obligation and unconditional love and respect for the other. This tension cannot be resolved by attempting to cobble together a 'business ethics' in the accepted sense of this term. There can be no compromise between unconditional obligation and the limited obligations that hold between players in the business arena.

That hasn't stopped philosophers from trying anyway. The only result that can be achieved by adopting this muddle-headed strategy is an ethics which is too demanding for the business arena, and insufficiently demanding outside that arena. While those who have seen clearly that compromise is impossible have either gone the hopeless way of Karl Marx -- or, at the opposite extreme, Ayn Rand.

The sceptical challenge which makes business ethics appear impossible is the recognition of a powerful tension between the requirements for the *ethics of dialogue* in the full sense, where we reach out the hand of friendship and do not count the cost, and the requirements for the business arena where we strive to be a winner rather than a loser.

The 'hopeless way of Karl Marx' would be to argue that business is ethically impossible -- there cannot be such a thing as a business arena -- because selling one's labour for money contradicts the essential conditions required for human flourishing. At least, this is what the young Marx believed. In later works like *Capital*, Marx no longer relied on metaphysical considerations of man's 'essence' but instead offered a theory of history which purportedly demonstrated the inevitability of the overthrow of capitalism. I have nothing to say about this.

The 'hopeless way of Ayn Rand' would be to argue that the only acceptable ethics is an ethics based on what she terms as the 'virtue of selfishness' (*The Virtue of Selfishness*,

Capitalism: the Unknown Ideal). In other words, Ayn Rand's 'ethics' is derived from the requirements for competition in the business arena. The business arena is the whole world. We should always behave in all our relationships like virtuous business people, seeking our own advantage from every transaction and making every decision on the basis of a cost-benefit analysis.

'Muddle-headed' business ethics attempts to reconcile two irreconcilable requirements by seeking some kind of compromise between the rules of respect and fair play which govern the business arena and the unrestricted demands of ethics. I have argued that there cannot be any compromise. If business ethics is possible, therefore, it must find an alternative strategy, showing how business is possible from the point of view of an ethics of dialogue, i.e. how there can be a legitimate place for the business arena *within* the ethical world.

Both Marx and Rand saw something which the muddle-headed business ethicists have missed, the impossibility of applying the same rules inside and outside the business arena. What Marx and Rand overlooked is the possibility of two distinct sets of rules, with clear lines of demarcation. In ordinary life, prior to any philosophical reflection, we intuitively recognize this. As when we say, 'That was friendship but this is business.' Of course, it is not enough just to give the rules, the philosopher has to provide an underlying rationale.

You might think it would still be possible 'do business ethics' in less demanding sense of looking at ethical dilemmas that arise in business practice, without attempting to resolve this tension. I grant that there will be many cases where one can adopt the strategy of philosophically *bracketing* the deeper issue, where the structure of the problem case does not depend on its being a dilemma which arises specifically within the business world.

For example, suppose I have made a promise to Peter, and he is counting on me to keep my promise. Later, I discover something which neither of us knew at the time when I made my promise, that circumstances obtain which inevitably lead to bad consequences for Paul if I do what I promised to do. What kinds of considerations might help me to make my choice? The 'structure' of this simple dilemma translates into a business context where 'Peter' and 'Paul' are your customers, or colleagues, or corporations. It would not be surprising if the answer was along the same lines.

But then again it might not be. Prior to attacking the deeper issue -- the tension between the ethics of dialogue and the business arena or the question how business itself is ethically possible -- we don't know for sure.

Business ethics as commonly practised today is a branch of practical philosophy. The sceptic who says that 'business ethics is impossible' is not denying the possibility of an appeal to philosophical considerations in facing the ethical problems that confront business. Rather, the claim is that any response which fails to reckon with the deep tension that I have pointed out will contain an element of *incoherence*.

From a purely practical point of view, an incoherent response is better than no response at all. As a philosopher, however, it is my job to point out the incoherence and attempt to resolve it.

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