

The Value of Business Ethics

Instructions

When doing the reading for this class, there are the two basic kinds of information you need to understand:

1. What are the main points or conclusions that an author accepts with respect to a particular issue?
2. What are the reasons, important considerations, and evidence that lead the author to accept that conclusion?

For our purposes, it is *information of the second sort that will be our primary concern* since our most basic task is to *evaluate the reasons and evidence* that are offered to support accepting one possible position on an issue, rather than another.

Reading

Sen, A. (1993). Does business ethics make economic sense? In P. M. Minus (Ed.), *The ethics of business in a global economy* (pp. 53-66). Kluwer.

Optional: Corso, R. A. (2009, June 30). *Only one-quarter of Americans say banks are honest and trustworthy* [Survey report]. Harris Interactive. <http://media.theharrispoll.com/documents/Harris-Interactive-Poll-Research-Trust-in-Fin-Inst-2009-06.pdf>

Optional: Frei, F., & Morriss, A. (2020, May-June). Begin with trust. *Harvard Business Review*, 98(3), 112-121.

Comment

At the end of his article (p63), Amartya Sen claims that there are two ways in which ethical business behavior has value. That is, good behavior by businesses is supposed to lead to the following:

- “The improvement of the society in which one lives”, and
- “Favorable business performance”.

In short, Sen’s article attempts to show ways in which business ethics is good for *both* society *and* business.

Questions

As you read, keep these questions in mind:

1. In section 3, Amartya Sen argues that self-interest is not enough for an efficient economic system of exchange: trust and mutual confidence are also needed.
Why is that? Why are trust and mutual confidence good for both society and business?
(As an example, you might think about the potential problems for both society and financial firms caused by mistrust after the global financial crisis of 2007-2008. For more details, see the survey report from Harris Interactive. On the meaning of trust and its importance for business leadership, see the article by Frances Frei and Anne Morriss.)
2. In section 4, Sen argues that the success of firms is a “public good” that benefits all members of society.
Why is that? Why does Sen believe business ethics (and not motives based purely on self-interest) is important for this public good to be realized? Why does this suggest that business ethics is good for both society and business?
3. Finally, in section 5, Sen argues that firms that build and maintain an ethical reputation may have favorable business performance.
Why is that? Why is doing this something that is good for both society and business?

To answer these questions you will have to reflect critically on what you have read and possibly re-read important passages.

Although I strongly suggest that you write out brief answers to these questions, you do not have to turn in written responses. You do, however, need to be prepared to speak intelligently about these issues at our next class meeting.