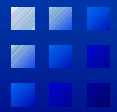


# Rethinking business ethics and corporate social responsibility

1<sup>st</sup> meeting of Information Ethics Research Project  
and  
Kanto regional meeting  
Japan Society for Information and Management

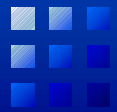
Kiyoshi Murata  
Centre for Business Information Ethics  
School of Commerce  
Meiji University

2009/5/23



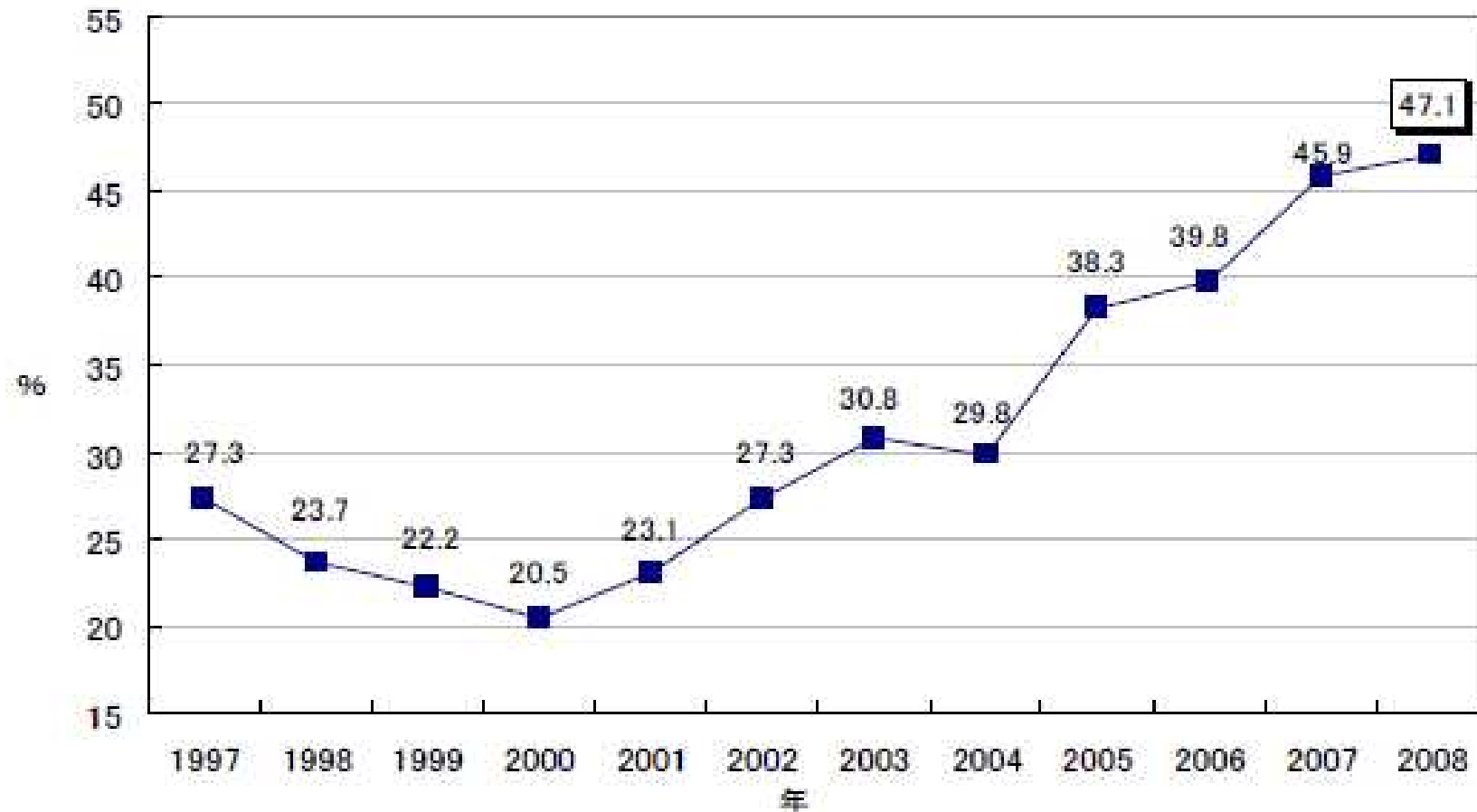
## In the classroom, ...

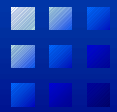
- Bad images of business organisations among students
  - CGM/UGM vs. business ads
    - Suppression of individuals' freedom of thought and speech and autonomy
  - Workplace surveillance
    - No privacy in workplaces
    - Information security should be prioritised
      - Desk drawers
      - Locker rooms
      - Rest rooms!
    - “You can't be that naive!”
  - You can do, and must accept, anything to ensure a profit!



# New recruit survey 2008

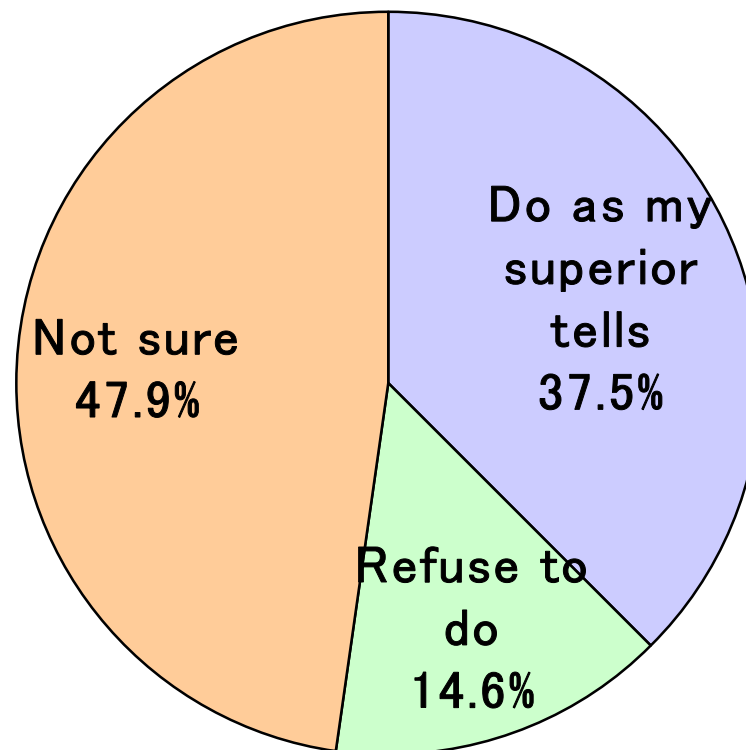
「今の会社に一生勤めようと思っている」とする回答

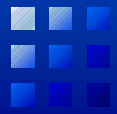




## New recruit survey 2008

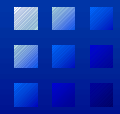
- When your superior tells you to do something repugnant to the conscience of you, you will ...





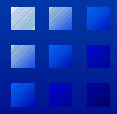
# Misunderstanding of business (ethics)?

- Business ethics
- Corporate social responsibility
- Compliance
  - Oxymoron
  - Hypocrisy
- Business organisations as profit maximisers
  - Ethics/social responsibility/compliance as a cost factor
  - “Compliance depression”
    - APPI, J-SOX, ...



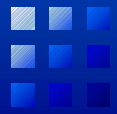
# Myth of amoral business

- Carr, A., Is business bluffing ethical? *HBR*, 46 (1), 1968, pp.143-153.
- Friedman, M., *Capitalism and Freedom*, Chicago, IL: The Univ. of Chicago Press, 1962.
- Corporate citizenship
- Has the myth been dispelled?



## Confusion and delusion concerning BE and CSR

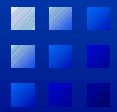
- In the market economy system
  - Information which is not related to a price signal is just a noise (Ohba, 2004)
- ➔ Productivity and economic efficiency is a matter of concern
  - Coase, R. H. (1937), The nature of the firm, *Economica*, Vol. 4, No. 16, pp. 386-405.
  - Casson, M. (1993), Cultural determinants of economic performance, *Journal of Comparative Economics*, No. 17, pp. 418-442.



# Confusion and delusion concerning BE and CSR

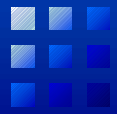
- In the market economy system
  - ➔ Productivity and economic efficiency is a matter of concern
    - Profitable business ethics and CSR
  - ➔ Confusion and delusion concerning business ethics and CSR
    - Among researchers as well as practitioners
    - Hume's law
      - No Ought from Is
    - Why are business organisations required to behave ethically and take their social responsibility?
      - The long-term profit doctrine
      - The social responsiveness doctrine





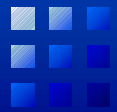
## The long-term profit doctrine

- Business organisations have to engage in business ethics and CSR in order to maximise or ensure a long-term profit.
  - Enlightened self-interest
- Can this doctrine be accepted as rationale or a practical foundation of business ethics and CSR?
  - Not at all!



# The long-term profit doctrine

- Practically, ...
  - Going concern assumption
  - Sustainable competitive advantage
- Logical consequence of the doctrine is ...
  - Thrasymachus' claim in Plato's *Republic*
    - *Perfect immorality is more profitable than perfect morality*
    - *Criminals are clever, good people if their criminality is able to manifest in a perfect form and they are capable of dominating countries and nations*



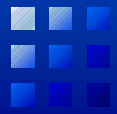
# The social responsiveness doctrine

- Business organisations have to behave ethically and take their social responsibility,
  - Because, **unlike in the past**, societies have already become to require them to do so.
    - Mass media
    - Whistle blowing
    - Watch-dog groups
  - Business organisations have to comply with laws **in these days**.
    - Obey the spirit of laws
- Is the doctrine acceptable?
  - Not at all, as well!



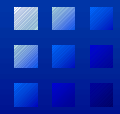
# The social responsiveness doctrine

- Were business organisations permitted to behave unethically or illegally in the past?
- Should they be admired when they respond to an immoral requirement of a society?
  - The Holocaust
  - Apartheid in South Africa
  - Undermining freedom of expression in China
    - The role of Yahoo!, Microsoft and Google
- Compliance  $\leftrightarrow$  civil disobedience
- Autonomy of business organisations
  - Value proposing entities



# From micro biz ethics to macro biz ethics

- What society do we want to develop?
  - Unethical business behaviour is self-defeating
    - Harsh regulations on business activities
    - Adverse selection even if asymmetry of information doesn't exist
    - Social ruin and mental decay
  - Market economy
  - Capitalism
  - Free society
- Flourishing the whole society



Thank you for your attention!

Q & A