

Business Ethics

The Social Responsibility of Business?

This is individual work. Choose *one* of the following topics. Write no more than 2000 words on the topic. The topics are intended as problems in conceptual analysis. Your answer should be based on your own thinking and viewpoint, but drawing on the assigned readings and classroom discussion. Be concise; avoid irrelevancies and merely stating your views or summarizing your readings. Examples should be used to highlight your conceptual analysis, but examples are no substitute for analysis. Beware of confusing descriptive (“what is”) with prescriptive (“what ought to be”) in either your interpretation of the topic or your answer. Give proper citations to all references, including URLs, dated. All answers must be typed. Due 4pm Friday, **8th October** (email or h.c. OK).

1. In 1970, B. R. Dorsey, the President of Gulf Oil, declared: “Business has a responsibility to society that transcends the traditional business purpose of making money ... Maximum financial gain, the historical number one object of business, today drops to second place whenever it conflicts with the well being of society. The first responsibility of business, then, is to operate for the well being of society.”

Write an essay either supporting or challenging this viewpoint. Beware of confusing description with prescription.

2. The avowed socialist author, Michael Harrington, wrote: “Business has long scrambled over the common good in its haste to pursue private profit... But now the corporations threaten a new, distinctive, and paradoxical danger. Instead of creating social problems, they are going to solve them... What is menacing about this sudden outburst of corporate conscience is that satisfying social needs and making money are two distinct and often antagonistic undertakings.”

Write an essay either supporting or challenging this viewpoint.

3. “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible. This is a fundamentally subversive doctrine.” (Milton Friedman).

Write an essay either supporting or challenging this viewpoint

4. Today business executives are being exhorted to show “social responsibility.” Is this phrase simply a meaningless, pious slogan, or can it be given any concrete substance and thus serve as a guide to action? To whom, and by what criteria, should business executives be held accountable?

5. A recent report of the Conference Board, a research organization largely financed by American companies, showed that many business executives believe they have not only the right but even the obligation to pay bribes and kickbacks abroad to win contracts for their companies. One vice-president said:

“Whatever your moral views may be, the fact is that if you are going to do

business in those countries and remain competitive, some such payment must be made.”

Write an essay arguing a case for or against the payment of bribes and kickbacks.

6. Professor Howard Raiffa of the Harvard Business School calls lying in business in order to improve one’s bargaining position “strategic misrepresentation,” [or “terminological inexactitude”?] He states, “In strategic negotiations ... it is unfortunately not always true that complete, unadorned, open honesty is the best policy.”

Write an essay either supporting or challenging this viewpoint, including answers to the questions: Is honesty in business not always the best policy? Is the right to lie one of the necessary freedoms of our economic system? Under what business circumstances would you feel justified in lying or misrepresenting your position? (For example, would you feel obligated to be truthful about the price at which you would sell a factory?) How would you feel about prospective employees “up grading” items on their business résumés because “others do the same”?

7. A Corporate Sea Change?: In his 1967 book, *The New Industrial State*, John Kenneth Galbraith wrote of business executives of that time:

“Management does not go out ruthlessly to reward itself — a sound management is expected to exercise restraint. ... With the power of decision goes opportunity for making money ... Were everyone to seek to do so ... the corporation would be a chaos of competitive avarice. But these are not the sort of thing that a good company man [sic] does; a remarkably effective code bans such behaviour. Group decision-making ensures, moreover, that almost everyone’s actions and even thoughts are known to others. This acts to enforce the code and, more than incidentally, a high standard of personal honesty as well.”

Thirty-five years on, a cover article in *Fortune* is titled, “You Bought. They Sold — All over corporate America,” reads the blurb, but we can think of Australian examples, “top executives were cashing in stocks even as their companies were tanking. Who was left holding the bag? You.”

- a. Has there been a change in corporate culture over the past generation? If so, how?
 - b. What of attitudes and morality — have they changed? If so, how and why?
 - c. Does your answer to a) shed any light on how to reverse these changes, if they have occurred? How?
8. Write on one of the topics/case studies that the teams presented in class. Go beyond the questions asked with the cases — look at the six questions at the end of the Course Outline, and show imagination in the questions you answer.