

A typology of ethical problems in business: A framework for corporate social responsibility

Aviva Geva

Department of Management and Economics, Open University of Israel

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Abstract

The major barrier to translating notions of Corporate Social Responsibility (CSR) into corporate strategy is the widespread belief, not only among managers but also among large groups of academics, lawmakers and the general public, that ethics in business is at best a tool of management, and that in the final analysis we must look to profits as the basis for reasoning and justification. Many managers – even those with a well-established reputation for honesty, fairness, and reliability – believe that ethical concerns must be cast in economic terms to be persuasive. Since ethics pays, management can be (and strategically ought to be) ethical. This view of ethics in business suggests that the problem of integrating social responsibility objectives in business is not that managers are greedy, ruthless or immoral. Assuming that most managers do appreciate a good reputation as a valuable asset, their problem is first and foremost conceptual; they lack adequate language that will permit them to become morally articulate in doing business.

Current discourse on business ethics lacks a systematic distinction between different types of moral problems. Philosophers, who approach business ethics research from normative perspective, focus on moral dilemmas as the par excellence ethical problem in business. Social researchers, who approach business ethics from empirical and practical perspective, focus on moral problems stemming from the structures and practices of business organizations. Both orientations provide a partial picture of the moral challenges, which typically confront decision makers in business. The philosophical-based orientation overlooks compliance problems inherent in the very nature and practices of business organizations; the organizational behavior-based orientation overlooks the normative aspect of moral reasoning in business.

The first step in creating a moral process for decision-making and implementation is to systematically define which type of ethical problems the

manager must deal with. The typology offered here serves as an analytical tool for identifying business ethical problems and as a strategic tool for handling them. I demonstrate the application of the typology to three main goals of ethics management in organizations: developing ethical awareness, assigning accountability, and unfolding typical rationalizations in business activity.

The cross-classification of two fundamental dimensions of ethical conduct: judgment and motivation, is employed to distinguish four types of moral problems, each suggesting a different line of coping strategy: 1. genuine ethical dilemma – one doubts what one ought to do, but wants to do what is right; 2. compliance problem – one knows what the moral obligations are, but experiences difficulty in fulfilling them; 3. moral laxity – one acknowledges an indeterminate moral duty, but doubts what exactly is to be done and fails to take serious steps toward the pursuit of the moral duty; 4. implementation problem – one knows what the moral obligations are and is willing to fulfill them. While there is no actual problem here in terms of ethical uncertainty and motivation, one still worries about how to improve the chances of acting ethically.

Figure 1: Types of Managerial Ethical Problems

		Uncertainty	
		Doubts	No Doubts
M o t i v a t i o n	High	Genuine Dilemma	Implementation Problem
	Low	Moral Laxity	Compliance Problem

References

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