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Amartya Sen and Lynn Sharp Paine have answered the question, "Does business ethics make economic sense?" Sen's piece discussed how business ethics and plays a large role in businesses and companies today. Sen also agrees with Smith's ideas about business ethics and how they are indeed important. Notably, Sen talked about how even in a production of private commodities there is still an important "public good" aspect in the production process (Sen, p.51). Today it is important to know that the production is a joint activity like Sen says, "each participant contributes to the over-all success of the firm" (Sen, p.52). Especially during current events such as COVID-19, a company needs to be able to have each part contribute accordingly to the overall success of the business. Business ethics makes economic sense because everything must fit together to produce a business and make sure that it is ethically sound. This paper will highlight and explain how business ethics makes economic sense, using readings from this course and real-life examples from today.

In today's business ethics world McDonald's is one of the best CSR examples. McDonald's has The Ronald McDonald House that they give to year-round, they also give money towards their employees going to school and are taking precautions for COVID-19 as well. I will be arguing between a good company like McDonald's and a company like Facebook that has developed into a successful business in a short amount of time but also has a reputation of a lot of problems. These arguments will be reinforced with our discussions and articles from class, including John Stuart Mill, Immanuel Kant, and John Rawls. Business ethics makes economic sense in today's business world and in the previous business world and will keep making sense because of Amartya Sen and Lynn Sharp Paine's ethic ideas.

The company I picked for a good example in CSR was McDonald's. The Ronald McDonald House is the largest charity that McDonald's supports. Ronald McDonald houses are located in big cities and near hospitals so when a family member is in the hospital, they can support them and keep them close together. In 2018 alone, McDonald's customers donated over \$34.7 million to support RMHC families through restaurant facilitated fundraisers (Ronald McDonald House 2018, p.2). Not only do they give to that charity but for the owner operators of McDonald's, corporate encourages them to be very involved in their community by getting connected to sports teams around their store's communities. They aim to give back to their communities as much as they support and go to their McDonald stores. Something that McDonald's does for their own employees is make sure to give them opportunities for their educations. If a student works 15 hours a week for 3 months straight, then they will give their school a check for tuition for \$2,500. They also have community school programs to help older employees get their GEDs and further their schooling. During COVID-19 they have set new regulations for the safety of McDonald's customers and employees. Corporate sent in new rules and regulations to follow to make sure everyone was staying safe; also staying up to date with what new regulations have been coming out in the later months. McDonald's is also going to keep up with these extra measures to ensure the wellbeing of McDonald's as a whole even after COVID-19 dies down. As a company they are also always trying to improve and move forward so that they are always up to date with health regulations and food safety.

Facebook is a very fast-moving company that has only been around since 2004, which is crazy to think about because it is the backbone of social media today. Facebook growth is interesting to look at, but the company itself does have its moments. In 2019, Facebook was being fined for \$5 billion over privacy lapses. When McDonald's has a problem, they see to it

instantly because it is their name at risk, and they want to make sure their business is not being questioned. Comparing McDonald's to Facebook is also comparing old and new business types and how they differ from each other. Susan Hallam states that "Despite making pledges to make Facebook a more private place and protect its users in 2019, Zuckerberg didn't exude the necessary credibility when it comes to demonstrating a commitment to user privacy" (Hallam, 2019). As the creator of Facebook, Zuckerberg should be concentrated on his company, for it to succeed and appeal to his customers. There were also allegations that he knew of where emails have been recovered proving Zuckerberg knew about Facebook's shady track record when it comes to compliance with personal privacy. Privacy in today's world, not only business ethics world but in everyday life, is very important to people. They want the ability to be online and be a part of social media apps like Facebook or Instagram and feel confident that their information will not be shared.

John Stuart Mill and Immanuel Kant have a little bit different way of looking at business ethics. Mill's utilitarianism favors the greater good over an individual's self-interest, "the greatest happiness principle, holds that actions are right in proportion as they tend to promote happiness, wrong in proportion as they tend to produce the reverse of happiness" (Mill, pg. 5). Kant has a deontological view on things which is based off a set of rules and obligations that must be followed. Both McDonald's and Facebook have been following specific rules their whole existence, McDonald's has to follow specific FDA requirements to keep their stores open while Facebook has to follow appropriate privacy terms and conditions.

McDonald's history of giving back to not only their employees but also their community, connects more with Kant's ideas. Kant states, "it is easy to distinguish whether an action in conformity with duty is done from duty or from self-seeking purpose" (Kant, p.11). This

connects with McDonald's because helping their employees is not an easy task to do. It is not for a self-seeking purpose but a giving action, so in Kant's theory you can tell that McDonald's is actually wanting to give back and not being forced or having a self-interest in doing so. I think that McDonald's has a very important look on business ethics today and trying to keep up on things going on like COVID-19 and giving back to their community and employees. The deontology approach is based on a set of rules and obligations, which is morally realistic because a person does not always know the outcome of a situation. That is also why McDonald's connects to Kant more because they have to follow a set of rules and obligations like labeling their food hot so people will know before eating. With COVID-19 all employees must follow the CDC guidelines and wear masks and gloves while handling the food. Facebook and their case of \$5 billion against a privacy lapses including Zuckerberg even knowing about it reminds me more of what Mill has said in his cases. Mill states, "Men's infirmity of character often leads them to choose the nearer good over the more valuable one; and they do this just as much when it's a choice between two bodily pleasures as when it is between a bodily pleasure and a mental one" (Mill, p. 7). I think that because it was easier for Zuckerberg not to say anything about the privacy of Facebook that was the easiest thing for him to reach at the time, which landed him a fine of \$5 billion to Facebook.

I think that Kant's ideas go well with the question, "Does business ethics make economic sense?" Since the deontology approach is based off of set rules and obligations a business usually will have to follow rules already. Just like restaurants have to follow the rules of the FDA and now also the CDC because of COVID-19, they are not doing this for a self-seeking reason but for the business. A company must follow specific rules in every position so that they can keep running and making money. Deontology is looking at moral action and the outcomes. Kant

believes that a person's duty to do something is absolute. The moral actions for a company are staying ethical and following their policies and practices that go along with their company.

In Rawls piece he believes that the original position is designed to be a fair and an impartial point of view while trying to figure out the fundamental principles of justice. He believes that when deciding about a social or moral issue, people should have a veil of ignorance. They should be using a veil of ignorance so they will not be considering the other persons background or their own background while making the decision. Rawls veil of ignorance I think is one of the best ways to describe how a business can be ethical. Having the veil of ignorance for specific business issues like discrimination against employees in the business or before they are hired is a good way to keep a company ethical. To better keep the business world today ethical, we can use the veil of ignorance while hiring or giving job promotions. Rawls communicates, "given the circumstances of the original position, the symmetry of everyone's relations to each other, this initial situation is fair between individuals as moral persons, that is, as rational beings with their own ends capable, I shall assume, of a sense of justice" (Rawls, p. 12). He is explaining why this option is the best because it is the fairest and the person would not have any preconceived ideas that would skew their choices.

A company like McDonald's would also benefit from using the veil of ignorance and would help follow their corporate social responsibility. McDonald's is a very big company that actually has a lot going on in the background. It takes a lot more than just the stores to keep it running. The CEO of McDonald's Chris Kempczinski, is very involved with hiring everyone below him in the corporate setting. There are Owner Operators who run most of the stores in the US, they also have different distribution centers that give them their specific food supplies. McDonald's also owns the Ronald McDonald House charities which gives back and continues to

give back to all their in-store employees. The company McDonald's, is like a big machine and has many different parts that make it work. According to Rawls, McDonald's would benefit to having a veil of ignorance for hiring. My dad, an owner of multiple McDonald's stores, hires his employees based off of skill and not their gender, age or what they look like. Rawls' ideas are very important in business ethics today and makes sense on why a big company should be using it. Rawls explains, "I shall even assume that the parties do not know their conceptions of the good or their special psychological properties. The principles of justice are chosen behind veil of ignorance" (Rawls, p. 12). This explains that in an option there would be no disadvantage or advantage where it is a natural choice between something like getting a job at McDonald's, whether it be as an employee in the store or even one of their lawyers. I think it is important that Rawls' theories can be worked into today's business ethics because it can be useful in companies hiring processes.

I believe that business ethics makes economic sense because if a company were not ethical with what they produce and actions inside of the company, then they would not be financially stable. Paine states "This development is in many ways positive. It reflects, in part, today's more sophisticated understanding of the complex linkages between a company's value system and its financial performance" (Paine, p. 319). The relationship between economics and ethics has always been complicated but especially with how companies must face certain things. Most companies initiate and promote ethic programs to help reduce the incidence of misconduct so that they will not have some problems that come up. Overall, a company must follow through with all their obligations and steps in the business to be successful. Without one being followed, it could all fall apart. This goes along with Freeman's theory as well, because he talks about stakeholders and how business ethics and the organization of a company is the responsibility of

the specific business. Freeman supports the stakeholder theory in saying that anyone who has a stake/claim in the firm has the right to be treated as a participating determining factor in the direction of a firm. They are not just a means to the end. In Freeman's piece "Stakeholder Theory of the Modern Corporation" he states "the crux of my argument is that we must re-conceptualize the firm around the following question: For whose benefit and at whose expense should the firm be managed?" (Freeman, p.39). He is saying a firm's main responsibility is to its stakeholders because that is who will be affected by the actions of the business.

There is a lot that goes into business ethics and how a company should be managed for the right outcomes. Business ethics makes economic sense because it furthers a company's needs to be able to have each part contribute accordingly to the overall success of the business. I have talked about how McDonald's business has a lot of positive attributes by giving back to their community, showing how every little part of McDonald's corporation must work together to create the business they are today, and how they have to deal with things coming up in the right ethical way and how it connects to Kant. I have also given an example of Facebook and how they did not treat a privacy problem in an ethical way which impacts their users. My claim for using Rawls theory of the veil of ignorance in today's business world fits perfectly if businesses used it to hire and promote people inside their companies. Business ethics makes economic sense in today's business world as well as in the past and will keep making sense because of Amartya Sen and Lynn Sharp Paine's ethic ideas.

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