

BOOK REVIEW

Becker, C. U. *Business Ethics: Methods and Application*.
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The business landscape has evolved throughout the centuries. The initial exchange of goods between one producer and another has expanded to a supply chain with a variety of business players from sourcing to production, distribution, and disposal of goods. The traditional focus on maximizing profits has been transformed by modern thought that business should also create value for all stakeholders, and ought to care about the world. Accordingly, businesses have become more complex than ever before.

Authorities have set and raised the bar concerning professional, monetary, sustainability and global standards. Businesses that falsified records or issued deceptive claims have damaged their corporation, stakeholders, and the public in general. Business scandals have jolted business communities to reflect on norms and values as well as articulate what is right and wrong conduct. It is against this backdrop that the author stimulates a discourse on what is good business, by addressing the ethical challenges of businesses in the 21st century.

Christian U. Becker, the author, holds a Ph.D. degree in Economics from Heidelberg University and Habilitation in philosophy from Kaiserslautern University. He has been a professor of business ethics for over ten years in Germany, Canada, and the United States. Grounded in ethical theories and economic thought, Becker explains the importance of ethics for

business success and ethics as a fundamental normative guideline for business and economy. He assumes that human beings are endowed with reason, have the faculty to reflect on and judge the righteousness of actions and decisions, and therefore can be ethical. Furthermore, he explores how business can be a positive force in the world.

Chapter 2 deals with ethical theories that serve as the basis for analyzing ethical issues and making business decisions. Becker highlights three main approaches which are the *utilitarian method*, *Kantian ethics*, and *virtue ethics*. He also discusses the *ethics of care*, the *Rawlsian method*, and the *discourse method* as alternative ethical theories. The author ensures that readers comprehend this chapter by providing definitions, case analyses, and exercises.

In Chapter 3, the author elaborates on business in the context of the economy. He presents the traditional concept of a capitalist market economy from the time of Adam Smith. The capital market economy has been popularized considering its promises of efficiency, an optimal balance of satisfaction in society, freedom in the choice of business, and individual and societal well-being. Becker argues that persons are motivated beyond self-interests. Using the ethical theories discussed in Chapter 2, Becker unfurls the ethical deficiencies of the capitalist market economy. He disputes that power asymmetry and ensuing disadvantaged groups discredit Smith's idea of freedom. Becker further explains that in the 21st century, businesses are subject to demand and supply in the global economy. The consequences of global economic activities impact the global environment and pose new ethical challenges for the economy and business. A good economy can no longer be confined to the traditional view of what is good for the individual and society. Rather, it should square up to what is good for people around the globe, nature, and future generations. Businesses should seek concerns of a good economy.

In Chapter 4, the author expounds on business-specific (company-specific) responsibility which refers to "the sum of concrete responsibilities a specific business has regarding its concrete operations, products, services, and stakeholders" (p. 81). Becker suggests two methods to determine a corporation's business-specific responsibilities. One is the Ethical Life Cycle Assessment (ELCA). This method identifies the societal, environmental, and long-term impacts of each stage in the production cycle. It evaluates the critical issues to determine the degree to which the business is responsible. Finally, it draws up strategies for the business to assume responsibility and take action. The other method is called the Ethical Stakeholder Analysis

(ESA). This identifies the stakeholders of all the business; determines the moral rights of each stakeholder and the business' responsibility to each stakeholder; determines the moral responsibilities that ensue from the societal function and position of the business, and finally develops strategies for business to assume its responsibilities with the stakeholder. Becker applies the *utilitarian approach*, *Kantian ethics*, *virtues ethics*, and *ethics of care*, to evaluate the critical issues in both methods.

The author presents the Pillar Model of Corporate Responsibility with three pillars of corporate responsibility: 1) the business-specific responsibilities; 2) economic responsibilities, and 3) general responsibilities in the society. He stresses that philanthropy is good although it is optional. On the other hand, the three pillars morally oblige the company in line with their CR. Guided by this model, he encourages corporations to analyze their current CR activities and design an optimal CR strategy. The author develops a business case and ethical justification for CR. He also underscores the need for organizations to promote a work culture and environment where people are generally happy (*utilitarian method*), respect one another (*Kantian ethics*), and develop professionally and personally to flourish (*virtues ethics*).

Chapter 5 tackles the ethical challenges and expectations that individuals encounter depending on their role and function. Becker emphasizes the responsibility of leaders to be efficient and ethical. He formulates 10 principles of great leadership. The author also devotes a section to professional ethics. He reiterates that man has the capacity to make ethical judgments, uphold one's personal values, and accept only the demands of one's profession that are ethically sound. He dwells on the ethical challenges in marketing in terms of advertising, pricing, sale, market research, and database marketing.

Chapter 6 deals with global business ethics. In the past few decades, individuals and entities from different parts of the world have started to participate in the production and distribution of goods and services. Along with the benefits of cooperation, the international exchange has occasioned ethical issues that hamper world peace and well-being. One of these issues involves child labor, for instance, in chocolate production. Becker embarks on a discussion as to who is liable for child exploitation. He cites ethical issues in other industries. He proposes an analysis of the degree of causality, knowledge, and power of each entity to determine its responsibility.

Becker asserts the need to shape the global business world by pursuing ethical principles for global business practice. He promotes reflection on three reference points: 1) abide by fundamental rights and global norms; 2) respect different cultures and cultural values, and 3) adhere to the corporation's ethical foundations and values.

Chapter 7 concludes with the economic and ethical changes in the 21st century. One of the prominent challenges is sustainability. From an ethical standpoint, businesses that consider their operations' impact on the environment, society, and the world, now and in the future, are aligned with the desire to be a positive force in the world. From an economic standpoint, businesses that seek ways to produce sustainable goods, conserve resources and avoid harm to the environment gain a competitive edge and business success. Furthermore, they quickly respond to new markets and business opportunities.

The chapter ends with business models that surpass the traditional business view of profit maximization and prioritize societal and environmental values. Becker endorsed benefit corporations that are legally framed to serve a specific purpose of creating public benefit. This type of corporation attracts investors who take a keen interest in fulfilling their values and ethical principles aside from meeting financial targets. Becker claims that the rise of benefit corporations, social enterprises, sustainable, value, and purpose-driven businesses indicates that capitalism can accommodate different business models that lead to a sustainable economy.

Business Ethics Methods and Application promised to provide a systematic approach to a business considering 21st-century challenges. The author achieved this by defining concepts, citing examples, and analyzing cases that elucidate the topic. Above all, he consistently referred to ethical theories to make a point. Unlike other books that take a managerial or psychological approach, Becker's philosophical approach from beginning to the end sensitizes the readers to be methodical in analyzing ethical issues. He heavily applies *utilitarianism*, *Kantian's categorical imperative*, and *virtue ethics*. Although these three ethical theories are commonly used in other business ethics books, Becker's emphasis on the positive view of human beings provided a solid foundation and direction to address contemporary issues.

The book is easy to read from one chapter to the next given the coherence of arguments. However, there are a few organizational aspects that can improve. For consistency in format, it would have been better to affix questions and exercises at the end of all chapters and not just in

some subsections. For clarity, enumerated elements of organizational ethics could have been discussed one by one in the same section. For better integration, the contents of 3.7. *Two tales of a pencil* could have been incorporated in the previous sections that support and critique the capitalist market economy.

The book aimed to address three key questions. The first dealt with the relationship between business and ethics. Becker achieved this by demonstrating throughout the book the importance of ethics for short and long-term business success, and by articulating the levels of business ethics in Chapter 1. He guided the readers to reflect on what is ethical business through questions and examples. The second question was on the ethical aspects that matter in business and economic contexts. Becker addressed this by elaborating on the norms, values, and critique of capitalist market economy in Chapter 3, weaving this with the ethical practice of professions in a capitalist market economy in Chapter 5, and introducing new business models that address current ethical issues in Chapter 7. The third question asked how one can analyze and effectively address issues in business. He tackled this through the application of ethical theories to cases in Chapter 2, the Pillar Model of Corporate Responsibility in Chapter 4, the diagram of ethical leadership in Chapter 5, and the ethical analysis of whistleblowing in Chapter 5. In effect, the author was able to cover the intended core of the book.

Similar to other books on business ethics, Becker debunked the classic stance that humans act for purely self-serving motives and that businesses should focus on profits. However, what is unique in this book is the introduction of new methodologies namely the Ethical Life Cycle Assessment and Ethical Stakeholder Analysis. These innovative tools guide corporations to be more conscientious and thorough in analyzing their ethical responsibilities. The step-by-step process ensures no stone is left unturned. These methods encourage self-reflection and transparency.

Analogous to other business ethics books, Becker discussed CSR. However, while other books used Carroll's popular model of the Pyramid of Corporate Social Responsibility, Becker developed the conceptual framework of the Pillar Model of Corporate Responsibility. He highlighted the equal importance of the three pillars. Withdrawing any one of the pillars forestalls a responsible business. The Pillar Model promotes an integrative approach to business

wherein the economic aspect ceases to be the foundation and pre-requisite for CSR. Compared to the CSR Pyramid, it may be said that Becker's model takes a more humanistic perspective and serves as a better tool to promote the common good. The Pillar Model of CSR is another major contribution of the author.

Becker discusses the ethical aspects of most large corporations. However, there are hardly examples for small and medium enterprises (SMEs) considering that SMEs comprise a big percentage of the business sector. SMEs have different circumstances. Their resources pale before multinationals, publicly listed, and other big corporations. The book, for example, gave the case of XYZ Shoes, Inc. that discovered that one supplier engages in child labor. The author presented the alternative for XYZ Shoes, Inc. to relieve the children from child labor, and sponsor their education and expenses while they are underage. SMEs would have neither the financial means nor human resources to undertake such programs. What would be the ethical options for SMEs in such circumstances? Moreover, in developing countries, the ethical challenges that SMEs encounter deal with the struggle to pay minimum wage and benefits, comply with costly government and industry standards, and confront bribery from issuing authorities. With this predicament, SMEs are pressed to obtain the necessary licenses to operate and survive. Are they still expected to look through the environmental and global impacts of their product cycle? If affirmative, how will they manage? In developing countries where corruption is rampant, even big corporations are tested to do business ethically. For a more comprehensive work, the book could have applied ELCA to SMEs and large corporations in developing countries.

Becker recognized that power and wealth asymmetry engenders ethical issues. Global businesses impose standards and conditions in poor countries. To achieve global business ethics, Becker proposed adherence to fundamental rights and global standards, respect for other cultures and values, and the company's core values. The discourse on global challenges and scandal would have created more impact if the author quoted testimonies of exploited workers who suffer unsafe work conditions and low wages from big companies. Moreover, in his proposal on respecting cultures, Becker could have specified the need to respect family and religious values which are very much ingrained among Asian workers and in Asian countries. Furthermore, he

could have emphasized the need for global businesses to research and comprehend the socio-political situation in each country.

The last section was devoted to the benefit corporation as a new business model. This legal framework, however, exists only in a few developed countries. Asian entrepreneurs who are cause-oriented embark on social enterprises. Nonetheless, in the Philippines for example, there are no special legal accommodations for social enterprises. Further research is needed to showcase the business case of social enterprises. Hence, the aforementioned section may simply be informative for Asian readers at the moment.

Becker communicated that the academic world provides space for critical reflection and discussion on the current and future state of business and society. The author's frameworks and examples facilitate dialogue between professors and students to strengthen one's ethical values and build on personal values to grow one's moral self-identity. The various chapters provide entry points to reinforce the need for individuals -whether as an investor, employer, employee, or customer- to assume ethical responsibilities in the business. This book is intelligible to undergraduate postgraduate students, faculty and practitioners who wish to refresh ethical concepts and sort out ethical dilemmas. Business people who take an interest to learn the current sustainable practices of corporations and the extent of their responsibility will also benefit from reading the book.

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