

Money or morals?

1 Warmer

What do you understand by the term *corporate crime*? Give examples.

- _____
- _____
- _____
- _____
- _____

2 Key words

Read the definitions and find the key words in the article.

A. Paragraphs 1–9

1. not playing by the rules _____
2. money that you have to pay because you have broken the law _____
3. agreements that both sides involved in a legal disagreement accept or are forced to accept by a court (the agreements often involve the payment of money) _____
4. an honest way of doing things that allows other people to know exactly what you are doing _____
5. try to prove in court that someone is guilty of a crime _____
6. tricked into believing something that is not true or accepting something that is illegal _____
7. the action of producing false documents or information in order to get what you want _____
8. a word to describe a member of a group who does not behave in the same way as the other members and is considered dangerous or likely to cause problems _____
9. the act of keeping things separate in your mind _____
10. the ability to understand how someone feels because you can imagine what it is like to be them _____

B. Paragraphs 10–22

11. a set of principles that people use to decide what is right and what is wrong _____
12. the practice of obeying a law, rule or request _____
13. done or made secretly so that others will not notice _____
14. the most important senior executives in a company _____
15. dishonest or illegal behaviour by officials or people in positions of power, especially when they accept money in exchange for doing things for someone _____
16. when something is able to be changed or stopped _____
17. a system of rules, practices and processes by which a company is directed and controlled _____
18. If a law or rule is ..., you make sure people obey it. _____
19. factories where people work very hard in bad conditions and earn very little money _____
20. agreement among all the people involved _____

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by Vicki Sussens



What is the interplay between economic success and business morals? At a time when the news is full of scandals, in particular ones involving multinational corporations, such as the recent VW emissions scandal, Vicki Sussens puts business ethics under the spotlight.

- 1 It is a beautiful autumn day. The sun shines golden on a small group of children who excitedly agree to play hide and seek. "Whoopee!" calls Sarah, racing off to a tree to hide her eyes. "Count to ten!" shouts Johnny. "That's the rule."
- 2 **Rules are so much part of** human interaction that even children can stick to them – especially in a game where there are winners and losers. But what happens when the rules are too loose or, even, when there are no rules at all? With corporate crime showing no signs of stopping, there are now calls for tighter "rules" to prevent firms from cheating.
- 3 The US presidential candidate Hillary Clinton has proposed a plan to control corporate crime that goes further than any before it. Brandon L Garrett, a professor of law at the University of Virginia, welcomes her plan in his blog in *The Huffington Post*. "We are experiencing a corporate crime wave," he writes. "Billion-dollar fines are now common in industries ranging from Big Pharma to the largest banks and energy companies. We have seen banks like AIG, Barclays, Credit Suisse, HSBC, JP-Morgan, Lloyds, UBS and others prosecuted over and over again – typically with no criminal charges for any employees." Clinton's plan would limit out-of-court settlements, increase the transparency of corporate fines, see more individuals prosecuted and provide the state with more support to prosecute.
- 4 However, a newcomer to corporate crime, Volkswagen, has shown there is one area that is going to be harder to regulate. The once respected German car firm has been using special software to manipulate diesel emissions tests ever since 2009.
- 5 "The ease with which consumers can be duped through high tech has raised corporate crime to a whole new level," says Shannon Vallor, an associate professor of philosophy at Santa Clara University in Silicon Valley and president of the Society for Philosophy and Technology.

6 It is too early to say who exactly was involved in the VW fraud or whether other carmakers are doing the same thing. "However, the scale of the fraud and the number of different models and countries involved means this must have gone beyond a couple of rogue engineers, who would have nothing to gain from taking such a risk on their own," says Vallor.

7 But why would so many people agree to be involved in a project that is not only dishonest but also threatens people's health and contributes to one of the most serious risks facing the planet, global warming?

8 "For the same reasons that have always led to some people doing extremely unethical things," says Vallor. "Psychological compartmentalization, greed, fear, an absence of ethical reflection and lack of empathy for those harmed. Sometimes, it is a case of others following the lead of charismatic, sociopathic personalities for whom real empathy and moral motivation are impossible."

9 Vallor believes we will see more cases of software fraud that misleads consumers and regulators. "Even worse, they will represent only a small part of the actual fraud happening, as software fraud is becoming increasingly difficult to uncover from a technical and legal standpoint."

10 The expert on ethics in technology was not surprised by the VW scandal. "Corporate cultures have been failing for years to prioritize ethics as an internal mandate," Vallor says. One reason is that many businesses view ethics in two damaging ways. "Firstly, they see it as a public relations exercise. Unethical behaviour can hurt a product so firms don't want it to be seen. But not wanting it to be seen and not wanting it to happen are two very different things."

11 **Alternatively, firms see ethics** as a matter of compliance with external legal constraints. "The compliance model encourages a distorted view of ethics as a game business leaders play with regulators, in which the company's interests – and those of shareholders – are actually better served by surreptitious non-compliance," Vallor says. This promotes the unfortunate belief that ethics is only a restriction, something that limits business, rather than something that helps business to do what it is supposed to do for society.

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12 “What we need is to reform the regulatory structure and for C-suite executives who have committed corporate crimes to face criminal charges,” says Vallor. But she is sceptical about this happening any time soon. One reason is that lawmakers – and even government prosecutors – tend to come from the same social and economic classes as those in the C-suite. “They do not see corrupt corporate executives as real criminals,” she says. “Even if the executives unlawfully caused people to die, they did it from the executive boardroom rather than from a drug den and so they are judged differently.”

13 Indeed, lawmakers in many countries increasingly depend upon corporate lobbyists and donors for their political livelihoods and for their livelihoods as corporate speakers after they leave politics. “That money disappears quickly if you make enemies in that world,” says Vallor. Also, government representatives believe being pro-business is in the local and national interest. “They fail to see that not punishing corporate corruption is the opposite of what it would mean to be pro-business or to serve the public interest, especially in the long-run,” Vallor adds. “However, since incentives today normally reward people in the short run, this should not surprise anyone.”

14 **The result is that the social contract** between business and society has been broken. “Capitalism and free markets are not ‘forces of nature’,” Vallor says. “They exist only through an unspoken and revocable contract with society. Everybody loses if this contract breaks down.”

15 Vallor does not believe that simply stepping up ethics education for business people and, now also, software engineers is going to solve the problem. She says that most engineering students she speaks to want to work in an ethical climate but they expect to be working in an unethical one. “That says a lot about where we are headed and how desperately we need to correct our course.”

16 So how did we get to this bad state of affairs? After all, the idea of a social contract between business and society has a long tradition. In Europe, it can be traced back to ancient Greece – as Richard T de George, co-director of the International Business Center for Ethics in Business at the University of Kansas, writes in a short online history of business ethics for Santa Clara University. “Aristotle makes moral judgements about greed or the unnatural use of one’s capacities in pursuit of wealth for its own sake,” says de George. Religion has also played a role in business codes of conduct, through the Ten Commandments, for example, or the

Protestant work ethic. And long before ethics became a field of study in the US in 1974, it was an important part of the theories of Karl Marx and Adam Smith, the father of modern economics.

Many business leaders have also had a strong social conscience. Levi Strauss, for example, set high standards in social responsibility and looking after workers for his jeans firm (started in 1853) and these standards remain high today.

Yet it was only during the protest movements of the 1960s, a time when growing big business came under attack in the US, that firms began to develop formal “corporate social responsibility” (CSR) programmes.

Business ethics as an academic field of study followed in the mid-1970s. This was also about the time the term “business ethics” came into common use in the US, according to de George. The term simply refers to “the application of everyday moral or ethical norms to business,” he says. As the term entered more general usage, particularly in the media, it often became associated with corporate scandals. And later, it began to be used to refer to a movement within businesses to cultivate ethics by establishing codes of ethics, ethics committees and ethics training.

But ethics has become complex, as de George writes: “The moral status of leveraged buyouts, of outsourcing, of restructuring, of corporate governance raises complex questions to which ordinary common-sense morality has no ready answers.”

But mostly, rules work only if they are enforced. And businesses have globalized more quickly than international laws to control their activities. For example, we are still without global laws to control major problems such as financial fraud, corporate tax evasion and sweatshops.

One reason is that finding international consensus is very difficult. Not only does each country have national interests – especially jobs – to protect, but they also have different codes of ethics. Shannon Vallor focuses on this intercultural problem in a new book, *21st Century Virtue: Technology and the Future of Human Flourishing*. “It’s going to be very hard to find a code of ethics in technology that has international acceptance,” she says.

Vicki Sussens is a feature writer who edits the Intercultural and Management sections of Business Spotlight.

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3 Understanding the article

Answer the questions with information from the article.

1. What measures would Hillary Clinton's plan to control corporate crime introduce or aim to enforce?

2. What type of fines are increasingly common in what industries?

3. What has which automotive manufacturer been doing illegally and for how long?

4. Why do people get involved in unethical business practices?

5. What belief can lead to surreptitious non-compliance of ethics?

6. What do most engineering students want from their company? Is this the same as what they expect the reality to be?

7. When did companies start to develop CSR programmes and why did this happen during this period?

8. What stops rules from working?

4 Collocations

Match the words to make collocations from the article. Then, use them all to talk about the article.

- | | |
|----------------|------------------|
| 1. crime | a. motivation |
| 2. emissions | b. personalities |
| 3. sociopathic | c. wave |
| 4. moral | d. standpoint |
| 5. legal | e. test |
| 6. internal | a. relations |
| 7. public | b. view |
| 8. legal | c. mandate |
| 9. distorted | d. structure |
| 10. regulatory | e. constraints |
| 11. executive | a. conscience |
| 12. corporate | b. buyouts |
| 13. social | c. lobbyists |
| 14. leveraged | d. evasion |
| 15. tax | e. boardroom |

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5 Expressions

Complete the expressions from the article. Then, use them in sentences of your own on topics unrelated to the article.

1. in the long r ____
2. the p _____ of wealth for its own s _____
3. a bad state of a _____
4. business codes of c _____
5. corporate s _____ responsibility
6. there are no r _____ answers

6 Discussion

Discussion 1

- Explain the rules of the children's game 'hide and seek'. If you do not know the rules, look them up.
- What was your favourite game as a child? Explain the rules of this game.
- Why do games need to have rules?

Discussion 2

- List five rules from your place of work.

1. _____
2. _____
3. _____
4. _____
5. _____

- Talk about these rules and say which ones you would like to change, get rid of or enforce.
- What other rules would you like to introduce at work and why?

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7 Extra reading



NEELKE DOORN, who is both an engineer and a philosophy graduate, says she joined the Delft Technical University in the Netherlands as an assistant professor of ethics and philosophy in technology in order to help improve the world. “The great thing about my dual background is that I speak two languages – the language of engineers and that of philosophers,” she says. *Business Spotlight* spoke to her about ethics in technology.

Why is ethics important in technology?

Often, engineers and designers are not aware of the “value-ladenness” of their work. They need training in how their choices can influence the social and moral development of society.

What do you mean by “value-ladenness”?

This is a term in technology ethics that means the technology communicates values. A common example we use is the Door of Humility, the entrance to the Church of the Nativity in Bethlehem. It was made low so that people had to bend down to pass through it and were thus forced into a position of humility. The design of the door was therefore not neutral but had a moral influence on behaviour.

Can you give a modern example?

We will increasingly see moral choices being “delegated” to technologies. Think, for example, of the automated car. If you programme these technologies to make choices people normally make, you have to make sure they are morally correct choices.

Innovation is very exciting today. Surely ethics problems could slow it down?

Innovation and ethics shouldn't be contradictory. For example, a morally desirable car is one that is both safe and fuel-efficient. So solving ethics problems can encourage designers to find better solutions to meet consumers' needs.

Teaching engineers ethics is new. Is it having an effect?

I teach a lot of engineering ethics courses and I find that students are often not aware of the relevance of ethics. Only if we show them the moral effects of their work do they see that ethics should be an important part of engineering.

Will the VW emissions scandal help engineering students see the need for ethics?

The scale of the VW fraud is so large that I think engineering students will think this is exceptional and that they will not be confronted with similar situations. So it is sometimes more powerful to start with discussing more ordinary cases. People will then be made aware of the relevance of ethics and, hopefully, they will not get involved in fraud.

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Vocabulary record: Topic: Money or morals?

verb	noun	adjective	adverb
propose			
	compliance		
		corporate	
			excitedly

Vocabulary record

