

Ethical Problems in Business Contexts and Philosophical Practice as a Way of Dealing with Them

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Abstract: Ethical issues of one form or another are a constant in a business executive's daily life. Given the degree of impact which some of their decisions tend to have those issues many times take central stage. At the same time, many of the ethical issues that emerge in business contexts are not addressed in a satisfactory way. In this paper I offer a description of the sorts of ethical problems which can be commonly found in business contexts, focusing on dimensions of that ethical reality which are particularly promising in terms of the potential contribution which philosophical practice can give. I also briefly introduce an explanation for the causes of those problems.

Key-words: ethical dilemmas; philosophical practice; inner conflict

A Job for Philosophical Practice

Ethically relevant situations are a constant in human life. The same is true if we are talking specifically about the professional lives of business executives. They are constantly faced with (one might say, challenged by) ethically relevant situations. The central relevance of properly addressing those situations is in part acknowledged by executives (which makes a part

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of them prone to and interested in developing their capacity to handle ethically relevant situations). But at the same time there is a whole dimension of ethical problems common to many executives which remains unacknowledged and unaddressed. Philosophical Practice can be an effective approach to both equip executives to better handle the ethical problems which they are already aware of and to bring to their attention and support them in addressing the dimension of ethical issues which they remain blissfully ignorant of (a bill which nonetheless will be charged sooner or later).

There are two things in particular which executives are aware of. They realize that the decisions which they make will sometimes interfere with the lives of many people. Depending on how large the company is and how high the executive is in its formal hierarchy some decisions may have a profound impact. This obviously presents considerations which are ethically relevant, and they know it. What they don't always know is what to do with such realization. They are also aware of the fact that they are from time to time faced with difficult ethical dilemmas. And they must somehow handle those dilemmas.

Yet executives remain for the most part unaware of the consequences, for themselves, of two facts. One is the consequences of poorly made decisions from their past. An inconsistent decision-making process generates inner conflicts which accumulates and gets worse over time. Even if to some degree they are aware of at least part of those inner conflicts, they are unaware of how serious of a problem that is. What may be worse though is the executive's ignorance about some of the inner conflicts which are currently seen as an inherent part of their work. They sense that there is a problem, but have no clarity as to what the problem is. Philosophy can obviously be helpful in this context. Given the great impact of the executive's work and decisions, ethical considerations become relevant to the decision-making process.

Philosophy is the most appropriate source for the clarificatory work that needs to be done in terms of identifying what the relevant sorts of considerations are ethically relevant and how to properly integrate them into the decision-making process. Problems in the intersection between ethics and decision-making - in other words, morality and critical thinking – is as natural to philosophy as any other problem which is intrinsically philosophical. The role that philosophy can play is also evident in the fact

that executives need to develop their capacity to properly handle ethical dilemmas. Philosophical Practice can, in particular, be very helpful in addressing the different kinds of problems involved in this issue. What is required for executives to be in a position to properly handle ethically relevant situations is that they develop in themselves the capacity to do so – a process for which philosophical practice is particularly well shaped to support. The other side of the ethical coin in business contexts is even more clearly a task to be properly addressed by philosophical practice. The clarifying and working out of the inner conflicts created by past decisions and the use of that process as material for a conscious process of personal growth is an instance of the reason that justifies the very existence of philosophical practice as a field of work. It is through this sort of process that philosophical practice make use of some of the profound philosophical insights and methods that would otherwise stay for the most part idle.

Different Dimensions of the Problem - the right thing to do, dilemmas and inner conflicts

The Right Thing to Do

One of the relevant dimensions of ethical considerations in business contexts refers to the fact that it is part of the professional responsibility of executives to constantly make decisions which have ethically relevant considerations that need to be taken into account. The fact that some of those decisions have great impact presses the issue even more. Becoming equipped to handle those decisions properly is therefore a genuine necessity of executives.

A promising way of supporting executives with that is in developing the capacity to recognize what the morally relevant features are in each given situation. This sometimes involves the recognition of situations as containing moral considerations which need to be accounted for which wouldn't otherwise be acknowledged as morally relevant.

This issue can be helpfully articulated in terms of the notion of the “morally relevant features of situations”, (useful reference in terms of a formulation of the notion of the morally relevant features of situations is John McDowell's ‘Virtue and Reason’). When faced with specific situations there is a moral requirement on the agent to consider whichever features

of the situation are relevant, in ethical terms, in that specific situation. This notion addresses a capacity which, if developed accordingly, would address the problem with precision.

It is helpful to note, as I will explain below, that for the most part it is not that executives don't acknowledge the relevance of ethical considerations. In fact, there will be many occasions in which executives are striving to behave ethically. The issue is rather that there is a confusion about which the ethically relevant features in each situation are - which comes out of a lack of clarity about how to discern them. For this reason, I focus here mostly on instances in which executives are already attempting to behave ethically. One implication is that the purpose of the work is not to convince or sensitize executives that they should behave ethically. It is about supporting them in the process of developing themselves in such a way as to be in a position to do so.

The point that in many cases executives are striving to behave ethically can be seen, for instance, through the fact that many of them already see themselves as making decisions out of a sense of duty. Many executives operate out of the assumption that there is an ethical demand on them to promote Excellency in corporate performance. They see themselves as being morally committed to cultivating the economic and financial health of the company. This might be true, but even if it is there is a tendency to overemphasize the moral weight of this kind of consideration and neglect the moral relevance of other equally important kinds of considerations. A tendency which is clearly problematic from an ethical point of view (I will explain this point later in the article).

This issue brings us to one of the causes of the ethical problems discussed in this article (which I will also further develop later), i.e., a sense of lack of integrity common in business settings. One way of articulating the thought is in terms of a dissociation between the executive's 'personal' and 'professional' lives. I don't mean this as a mere practical distinction, for instance as a way of organizing one's efforts. What I mean is that the very decision-making models adopted by many executives in the scopes of their 'personal' and 'professional' lives differs in such a clearly demarcated way that it looks as if there were two different people making those decisions (I will come back to this point below). When they look at the situation as "just" a person they have a certain understanding of it (one that tends to be more sensitive towards the welfare of others) which is sometimes in

conflict with what they believe they have an obligation to do as (for instance) the chief executive officer of the company. Therefore, the problem with integrity. This implies that executives many times are not “just heartless” as some might think, even when they fail to see certain morally relevant aspects of situations and as a result overemphasize their responsibility towards the economic results of the company. This point is illustrated, I believe, by the following case presented by one of the participants of a group of executives with which I have worked.

The executive is the CEO of a Brazilian company in the transport industry. He has worked over the years towards setting up within the company’s context a more socially just structure, by for instance hiring increasing numbers of disabled employees. From the perspective of the executive, in some important sense this sort of initiative is inferior in kind (since they see a stronger obligation towards the economic efficiency of the company) even if they genuinely care about the disabled employees.

When the Coronavirus pandemic became acute (in 2020) and the companies’ revenues dropped dramatically he saw an obligation to adopt a “survival mode” in the company, and gradually drop the social justice initiatives. He was genuinely in conflict and was suffering for it. But that didn’t stop him from deciding towards a clear focus on the financial health of the company. He believed as the CEO had a moral obligation to make such choice.

What is important to note, in this case as in others, is that executives believe that the decisions which they currently are making are already being made out of a sense of duty. A contribution can be given therefore by clarifying with executives what acting out of a sense of duty involves, and by promoting the necessary character development for the improvement of the ethical standards of the actions of those executives.

This poses an issue with the executive’s conception of ethics. More specifically, it poses an issue with their understanding of what counts as ethically relevant aspects of situations. If the executive acknowledges considerations of professional excellence out of sense of duty, which as I have pointed out before many of them do, what they are attempting to do is to behave ethically. But to behave ethically properly they ought to acknowledge all the morally relevant features of situations in their decision-making, and not just a part of them. I explain this claim in detail in my paper “Philosophical Practice as an Approach to Enhance the

Consistency of Decisions Made by Business Executives”. I will briefly introduce the point here. There are four main sets of concerns which are commonly present in business contexts (they are relevant even when we look from the perspective of executives themselves) and are at the same time ethically relevant. I articulate them in terms of concerns related to professional excellence, ethical concerns, existential concerns, and societal concerns. It is important to note two things from the start. The first is that according to my interpretation all of these four kinds of concerns are ethically relevant, as I will explain below. The second is that even though executives acknowledge the relevance of all these four sets of concerns they tend to mostly consider into their decision-making process concerns related to the professional excellence set - adding to that sense of lack on integrity pointed out above. This introduces a problem in ethical terms.

Out of such inconsistency in the very decision-making model adopted by executives even when they are attempting to behave ethically, they fail to consider aspects of situations which are ethically relevant. Not acknowledging the other sets of considerations which clearly are an integral part of situations is a failure to behave properly ethically – which is as I suggested, in the executive’s own view, what they are trying to do on many occasions. The set of concerns related to professional excellence is already consciously taken into account by executives, even if only in a narrow way. On my view this set of concerns is arguably indeed of an ethical kind, at least in some instances. A case can be made about the legitimate need of executives to constantly cultivate the financial health of the company. If there is no money to pay the bills the business might need to close, with clear negative ethical implications. Taking the company’s financial robustness into consideration isn’t by itself ethically problematic. It is doing so at the expense of the other relevant sets of concerns which is.

Executives also acknowledge that they at times must handle ethically challenging situations. It is not uncommon that they for instance will face moral dilemmas and they are aware of that. Therefore, they do see ethical concerns as relevant to their professional activities. The philosophical notion of the “morally relevant features of situations”, which I introduced earlier, is useful in this context. When faced with specific situations there is a moral requirement on executives to consider whichever features of the situation are relevant, in ethical terms, in that specific situation. And yet executives fail to consider whole sets of ethically

relevant considerations. Out of short-sightedness there is a confusion about which are the ethically relevant features in each situation, an inability to discern them.

The other sets of concerns above mentioned are also ethically relevant in as much as they involve acknowledging the executive's own personal needs and the improvement needs of society. One of these sets involves existential concerns. The problems with autonomy, integrity, and responsibility count on my view as existential, but since I will address each one of them individually below I won't focus on them at this point. Still, I just want to point out that autonomy, integrity, and responsibility are all ethically relevant, which justifies my claim that these are concerns that ought to be considered by executives. Again, I will come back to those later. There are also other issues which are at the core of executives' existential issues in terms of their professional lives. Executives themselves sense these deep inner needs, though they tend to not be very good at clearly articulating them. That existential needs are present and exert increasing inner pressure in the executives that ignore them can be seen for instance by the fact that they show a growing interest in concepts which have a clear existential content to them. One such concept is 'purpose'. The key thing about this is that executives sense the importance of cultivating a sense of purpose and fulfilment in one's professional life. My claim is that though unclearly articulated, the executive's interest in having a sense of purpose in their professional lives properly reflects profound needs of human beings in general. Those needs can be articulated in terms of three main issues: the value and meaning of work, the cultivation of a sense of professional fulfilment, and one's contribution to social progress.

The issue of one's contribution to social progress is also ethically relevant, while also having a direct influence in the satisfaction of one's existential needs. Executives seem to acknowledge that, as the growing interest in the notion of one's "legacy" (I am here using the terminology adopted by executives themselves) suggests. What lies behind that concern is a deep human need for a meaningful contribution to and participation in society. This existential need is enough to justify the claim of the ethical relevance of this kind of concern. But even if it weren't the impact that a business and its executives' decisions have in the world makes it abundantly clear. From the executive's perspective, the issue of how the business relates to society introduces a dilemma that is genuine and

growingly present: how to reconcile the apparent contrasting goals of the need of the company to ensure its financial health and the need that those that compose it have of giving a meaningful contribution to society through their work?

The issue of the contribution to society is about accommodating two distinct set of demands. One relates to corporate performance. Executives live their professional lives in a specific organizational context, which in its turn is part of an economic system which operates according to certain rules. Companies don't need to pursue profits at all costs, in detriment of any other potentially worthwhile corporate goals, but they do need to maintain their financial health in a robust condition otherwise they simply won't be able to play the game at all. It is arguably the case that given the degree of impact which companies tend to have through their activities and the (sometimes) ethically problematic consequences of such impact, they are ethically required to manage such impact by lessening the negative consequences and boosting its contribution to social progress.

The key thing about this section is that one of the key contributions to be given involve the development of the capacity to properly discern what the ethically relevant features of each situation are.

Ethical Dilemmas

As we have seen there is an issue with the executives' conception of ethics and with a proper understanding of what the morally relevant features of situations are. There is a sense in which this already includes the question of moral dilemmas. But it is important to single it out due to how challenging some situations can be. Philosophical practice can be very helpful both in terms of supporting executives in addressing specific dilemmas and, most importantly, equipping them to handle the dilemmas to come. Offering direct support for businesses and executives to handle real-life ethical dilemmas is already an established line of work, consolidated in the field of applied ethics. There is an important difference, though, between the approaches taken by applied ethics and philosophical practice (at least in the way that I understand philosophical practice). In applied ethics the philosopher "provides the answers", whereas in philosophical practice the philosopher supports the executive in finding the answers by themselves.

The applied ethicist resembles a consultant, and in this way make specific suggestions about what executives should do (and maybe also about how they should do it). The philosophical practitioner evaluates the dilemma with executives but position themselves as a counselor. It is still the executive's responsibility to work out what to do. But by counting with the support of the philosopher to, for instance, discern what the morally relevant aspects of the situation are in some real-life dilemmas they will develop in themselves the ability to do the same in other cases. The goal is not so much to resolve specific dilemmas. It is more that through resolving specific dilemmas it is developed in the executive a capacity to handle dilemmas in general. That support is needed and appreciated.

The coronavirus pandemic made this need, and how deep its impact can potentially be, plain. Consider for instance the case of an executive which had the following real-life choice to be made: dismissing a group of employees in the middle of the pandemic, leaving them vulnerable and unassisted precisely when they need it the most; or living with the real risk of the business collapsing and every single employee losing their jobs. (That was the case at least in his interpretation of the situation). Consider also the dilemma faced by the CEO of an auto parts company that has stopped their activities due to the "explosion" of the Covid-19 in Brazil. After a few months the company had to go back to business as it couldn't afford to have no revenues any longer. The main mode of containing the virus at that point was social distancing. The CEO reasoned that it would be best therefore to have only part of the employees go back to the factory, while the other part should continue to work in a home-office mode.

The dilemma presented itself when they company had to select who would work from home and who would have to go to the factory. Due to the high level of social inequality in Brazil the people whose responsibilities allowed them to work from the safety of their homes were the ones at the top of the hierarchy, the better paid ones. Those were precisely the people that had a choice, because if they had a need to leave their work, they had enough savings to allow them to do so. The lower paid jobs were the ones that required people to be in the factories, which at the time terrified many people due to the potential exposure to the virus. This meant that the people that couldn't afford to be without a pay (and in this sense were forced to work) were precisely the ones that the company

would require to go to the factory. Irrespective of how they felt about going back to the factory.

Inner Conflicts

Some of the dilemmas faced by executives are very demanding. When besides that we take into account the fact that in some of those situations the executive's decision will have tremendous impact we can see why inner conflict could emerge. Internal conflicts are in fact very common in the professional life of many executives in business settings. They may emerge from specific, unanticipated, events or may be inherent to the very professional activity of the executive.

Executives are constantly faced with hard choices. Sometimes those choices oppose the economic performance of the company and an ethical outcome. Sometimes they involve straightforward ethical dilemmas. In both cases a choice must be made, and the executive has to live with the weight of having the formal responsibility of making it. Not always they have made the right or best choice and they must live with that as well. This process, repeated overtime, isn't cost-free.

It isn't for no reason that former CEOs of Starbucks and Xerox both described the experience of deciding to dismiss a large number of employees at once (for economic reasons) as being "the most difficult day of my professional life". For similar reasons, the decision to close down a factory can exert brutal pressure on the one responsible for it. I am not suggesting that every single person would necessarily experience such pressure. I am saying that it is a general experience of executives to find themselves in inner conflict as a consequence of choices made in their professional lives. With issues like this each person is affected in a different way. But for each person there will always be something that affects them. And those become sources of inner conflicts. Another example of a source of inner conflict can be seen in companies that have been blamed for some radical occurrence which is indeed blameworthy. For instance, VALE, the second largest mining company in the world, which had one of its dams collapse in January 2019. Since the company already had a bad reputation for mistreating communities in which they operate, and investigations suggested that the collapse could have been prevented the social pressure built up. Even if many employees hadn't participated directly in the

occurrence some of them were in profound inner conflict, entertaining the view that they were blameworthy through the fact that they work for and on a daily basis corroborate with the company's policies.

The source of inner conflicts may be profound and not obvious. In a case like the one above for example there may be different things going on. Conflict may be rising from the fact that the executive has been indeed complacent with policies with which they disagree on a moral basis. In addition, there may be an issue with the executive's sense of identity. Imagine someone who has worked for a company for a large amount of time. It is not un-plausible that their sense of identity becomes enmeshed with their position in the organization and also with the organization's reputation. We can easily imagine how their sense of self-worth would fluctuate in line with the company's reputation.

A similar phenomenon, though in a different context, can be seen in companies who have been involved in corruption scandals. There has been since 2014 an ongoing police operation in Brazil to track down corruption schemes. Large companies have been implicated. An executive (who happens to be a woman) worked hard - against many odds - to get to be CEO of one of the companies of a large business group. The group was involved with corruption. Her company, which was controlled by the group, wasn't. Still, the inner conflict was so intense that she had to resign her post.

Besides conflicts which arise from extreme circumstances more structural problems are also common. One type of common occurrence rises from imbalances such as in the cases where executives experience deep conflict out of the fact that they have been focusing excessively on their professional life to the detriment of their family life. Other times inner conflicts are inherent to the professional activity of the executive. People that are working in industries such as the alcohol or tabaco ones, or executives which are working in the sustainability division of a mining company for instance. Cases and sources of inner conflict abound. From the perspective of the contribution to be given by philosophical practice the most interesting aspect of this problem is not in merely resolving those conflicts, in the sense of alleviating the suffering generated by them. The relief is welcome and to some degree therapeutic. There is no doubt about its benefit. But the contribution becomes more profound and useful in practical life if those conflicts are consistently addressed in such a way as

to be used as a fuel to one's processes of personal growth and self-realization. This view is corroborated, for instance, by Karen Horney according to whom:

The neurotic process is a special form of human development, and—because of the waste of constructive energies which it involves—is a particularly unfortunate one. It is not only different in quality from healthy human growth but, to a greater extent than we have realized, antithetical to it in many ways. Under favorable conditions man's energies are put into the realization of his own potentialities. Under inner stress, however, a person may become alienated from his real self. (Horney 1950, p.13)

The Causes of Ethical Problems

Not only the ethical problems discussed in this article are commonplace in business settings, their source can be traced back to specific problems which are also common in those settings. The proper understanding of those causes demands an article of its own. Nonetheless, given the relevance of the issue to the discussion presented in this article I will briefly introduce them here. I articulate them in terms of problems with insufficient levels of integrity, of autonomy, and of responsibility.

There is a serious problem with lack of integrity in corporate contexts. The key aspect of it can be found in a sense of dissociation between the “personal” and the “professional” dimensions of one's life (as introduced earlier). The result of such dissociation is the virtual exclusion from the decision-making model adopted by executives of concerns which are relevant to the individual at the “personal” level. This means that when it comes to making decisions in the context of their professional lives there is a sort of segregation that is artificially introduced. It is as if the person that makes decisions in a professional context and the person that makes decisions in all other contexts of their life were two different people. This plays a (negative) role in the ethical level that can be seen in decisions made by executives in professional settings. There is also a serious problem with lack of autonomy.

An insidious and to a large extent unacknowledged one. What makes this the case is the fact that executives hold the understanding that they have no choice in situations in which they in fact do. They don't see a

problem of lacking autonomy because they are convinced that they never really had autonomy in those instances in the first place and this is how it is supposed to be. The lack of autonomy and its moral relevance is obvious when we hold an everyday conception of it. If we were to look at it from a properly philosophical conception of autonomy, we would be able to see that the problem runs much deeper. A Kantian conception for instance could reveal how profound the lack of autonomy at an internal level is. It is worth noting that this points to a clear connection between the problem with the lack of autonomy and the problem of the inner conflicts discussed above. The problem with autonomy becomes even clearer when seen in connection with another problem common in business settings: lack of responsibility. There is an illusion on the part of executives according to which a part of the choices which they make in a professional context is not their own responsibility. Their view is that they are, in those instances, just doing what they are supposed to do. Because there are formal influences of different sorts, they assume they have no real choice as to how to decide in those cases.

There are explicit kinds of influences such as an instruction about what to do from one's boss. But there are also more subtle kinds of treats. (There is a whole formal structure in an organization composed of things like the corporate goals and the incentive mechanisms formally set in place to ensure the achievement of those goals). There is a genuine and diverse contribution to be given by philosophical practice in terms of the ethical problems outlined in this article. The need for such contribution is already present. It is just a matter of doing it.

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