

# *Capitalism and Morality*

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## **BUSINESS WORLD AND GLOBAL ISSUES Need for Values in a Consumerist Society**

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Science and technology have made so many impossible things possible today: modes of travel, media of communication, and reaching the farthest planets are among the achievements that were only dreams centuries ago.

There has also been dissemination and sharing of knowledge in the production of food, medicine and other related fields. In a word, the world has become small because of all these achievements. But it is equally true that human beings have also become small in their minds, in their attitudes toward one another; otherwise, how can we account for so much selfishness, so much greed and so much fighting for power and supremacy? Of course, there are a considerable number of charitable activities going on in the world. But nothing seems to come free; there seems always a political string attached to all such charity: “What is in it for me?”

During the past fifty years, automation has taken giant strides and has continued to produce all kinds of things on a massive scale. As a result, a vast amount of goods is put on the market for consumption. Unfortunately, the same automation has also resulted in retrenchment or loss of jobs to many people. In the developing countries, in particular, unemployment continues to be on the increase and, as a result, people do not have money to purchase the goods that are available on the market. Moreover, there are signs as though people are more concerned about making the maximum amount of profit at all costs. Of course, the rich have easy access to anything that is new on the market, but the poor can have only vicarious satisfaction when they look at products on television or by window-shopping. One must also note that big businesses in the developing countries are no exception to this greed for making money and that as quickly as possible. They seem to give little or no importance to their obligation to serve the society that has allowed them to establish themselves in the first place.

At this juncture, we need to raise certain important ethical questions: Has the fast development of science and technology anything to do with the lack of inclination to cultivate moral values? Can we find a way to identify and evaluate values that will best serve the interests of society? Are there ways to prevent society from reaching a point of no return as far as social values are concerned? When there is such a stiff competition in the business world, is it at all possible for an individual to follow ethical principles and still manage to stay in the market? Let us try to examine certain important areas of the business world, analyze the factors behind the unethical practices that seem to be very pervasive and offer some solutions to remedy the situation.

### **Unethical Practices in Business**

Because there is much stiff competition, the top executives in business easily tend to adopt certain unethical practices: making misleading advertisements (by suppression of facts to improve sales), not respecting the product warranty given in their guarantee cards, marketing unsafe or substandard goods,

not listening to the genuine complaints of consumers, perhaps even giving tacit approval to something unethically wrong done by their managers and employees.

This practice leads us to reflect on the ethics of business tactics. A common tactic is to bluff or misrepresent one's actual position. For instance, we see so many companies advertising their products as the best in the market. When pressed to tell the truth, they justify their action and say that it is only a business strategy, born out of sheer economic necessity.

Moreover, when we look at the companies that have become very successful in business, it becomes apparent that they have not hesitated to bluff by saying half-truths or by deliberate misleading omissions. This only goes to indicate that bluffing has become part and parcel of business and there is no room for ethics here.

There are also businesses that hoard essential commodities thereby creating artificial scarcity and/or adulterate foodstuff in order to make more profit than is legitimate. Unfortunately, in either case, the consumer is the loser.

### **Marketing Research**

No business can thrive and develop without on-going research and planning. Let us focus our attention on marketing research, because whatever is produced must be sold; otherwise, business will run at a loss, much less expand. However, just like any field of research, marketing, too, has its own specific problems. The researcher in the marketing field may be tempted to gather such data that will support his false assumptions or conveniently omit those data that might contradict his conclusions, and may thus produce a report on fabricated findings. At times, the employer might expect the researcher to do slipshod research to reduce the expenses of a thoroughgoing research, or demand that the researcher include the employer's recommendations and suggestions as a part of the research. When a researcher yields to this temptation, the usual justification is: "If I won't yield to the directions of my employer, the latter will definitely hire a less scrupulous researcher who will easily yield to the employer's wishes." Such a justification does not excuse the researcher for collaborating with the employer in the production of second-rate, even dangerous, materials and consequently for the injustice done to society.

### **Global Issues in Business**

Now, let us turn our attention to still bigger questions and reflect on some of the global issues in business. Although these issues concern all of us, the business world has more to do with them, because, unlike any other sector, business is closely connected with whatever is of immediate need to the public—be it food, clothing or shelter, population or environment, culture or religion; and therefore business is also in a better position to build a humane world order.

#### **Population Explosion**

Although population growth has slowed down in the industrial countries, it is alarmingly increasing in the poorer and the developing nations of the world. These nations find it extremely difficult to control population explosion; as a result, they are unable to provide potable water, proper sanitation and adequate housing to their people; this problem gets worse in the metropolitan cities that are bulging at their seams, unable to cater to the needs of the tens of thousands who come looking for jobs.

## **Global Poverty**

Global poverty is first among the several other consequences of population explosion. Easily one-fourth of the world's population lives in countries with an average annual income below one hundred US dollars. This is not all. The world seems to be polarized between the haves and the have-nots; whereas a small minority has almost everything it needs, the vast majority has little or nothing. It is ironic that this small minority consumes the earth's resources at a faster rate than the earth's capacity to replace them. The problem gets worse, when we consider the case of non-renewable sources like oil. The majority blames the minority for having usurped the earth's goods and so demands a fair distribution of nature's resources. On the other hand, the minority, which has got used to living in comfort and convenience, refuses, or is at least reluctant, to part with what the majority considers its necessity. As a result, there is growing suspicion, anger and resentment on the part of the poor majority towards the rich minority.

## **Massive Illiteracy**

Massive illiteracy is yet another consequence of over-population. The poorer nations are already burdened with providing the basic necessities for the ever-increasing numbers of their people. Such being the case, we cannot expect them to give suitable educational facilities even to those of their children who would like to be educated, much less provide compulsory education to all their children. Here the children who are in the rural and remote areas are more affected. The situation is not bright for those children who have somehow managed to get themselves educated—they cannot obtain suitable jobs. When the poor nations cannot find the means to provide food for their children, it should be obvious that they cannot find the resources to build the necessary infrastructure for education as well as create more jobs to keep the rate of unemployment down to a minimum. Thus, on the one hand, there is unemployment and on the other, there is illiteracy. The illiterate people could easily number half of the total population of the poorer nations. Business people take undue advantage of the illiteracy of the masses: besides supplying them with second-rate products, they make sure that the ignorance of the masses stands in the way of their going to court and fighting for justice.

## **Ecology**

Another very serious ethical issue concerns the environment. That industries pay little or no respect to Mother Earth can be seen in the callous and irresponsible manner in which they pollute air and water, denude forests and contaminate other natural resources including rivers. The result is the upsetting of ecological balance: gaping holes in the ozone layer, acid rain, global warming and greenhouse effect. Here we cannot lay the blame entirely on industry. In most places, especially in the developing nations, the public does not seem to have the civic sense to keep the surroundings clean and free from pollution. Once again, in most of the poorer countries, public bodies like municipal corporations dump in the rivers plenty of sewage of cities without treatment, which again takes a toll on community health.

## **Genetic Engineering**

Connected with the problem of ecology is that of genetic engineering. For example, commercial applications of genetic engineering in agriculture are growing at such a rapid pace that one shudders to think of their negative consequences. Researches in this field could create and release disease-producing microorganisms, which, in turn, may lead to seriously destructive ecological consequences. There is a genuine fear, too, that some researchers might play with the existing DNA of humans by altering a person's genes and thereby improving life itself. It is horrible to imagine that scientists who conduct researches in gene therapy in humans might be deliberately attempting to do one better than God in producing humans of their choice!

## **Computer Piracy**

Computer piracy is today one of the thriving businesses throughout the world. Without having to work for it, quite a few people make easy money by pirating copyrighted material in the realm of software, literature, music, pharmaceuticals and other related fields. There are also cases wherein people make slight changes from the original (of others) and claim that they have come up with a brand new product.

A related issue here is that directors of companies snoop on their employees by monitoring computers to measure productivity. The employees are not far behind in their ingenuity; they do not feel qualms of conscience to poke into company records and data and try to sell them to competitors, and that on company time and on company computers. Moreover, certain companies do not have fool-proof filing systems; this gives easy access to cleverer employees to pry into the work done by co-workers and alter their data to their own advantage.

## **Artificial Intelligence**

Artificial Intelligence is the art of making a computer display behaviors similar to the intelligent behaviors of a human being. This way computers will function freely and not depend totally on human programmers. Researches in this line have created a genuine fear among the public that one day computers might become so very intelligent as to control human lives, for example, by eavesdropping, by snooping on our privacy and so on. The fallout will be loss of our identity as humans.

## **Automation**

With the advancement of technology, especially in the field of computerization, today no industry or business can survive without automation. Many of the positive results notwithstanding, machines have forced a large number of people out of their jobs. In a number of cases, those who are so laid off are given a reduced compensation from the companies concerned. There are also cases where workers are terminated without much of a warning and without getting their due compensation in time. Consequently, a number of these retrenched laborers are unable to find jobs and so have to struggle hard to raise their families.

## **Multinational Business**

The multinational organizations (MNO's) possess the technical know-how and marketing skills that developing countries desperately need. Therefore, third-world businessmen accept unquestioningly whatever technologies they could get from the multinationals; at times they slightly modify these technologies to suit local needs, but they normally do not attempt at making innovations that might challenge the control of the foreigners on these technologies and consequently over them as well. As a result, many third-world countries are unable to rise above their economic stagnation. Moreover, the MNO's consider these countries as dumping ground for goods and even medicines that are considered sub-standard in their home countries. Not only that, in the course of time, they manage to squeeze local competitors out of all key industries.

## **Black Money**

A large number of business people find many loopholes in the law in order to evade taxation. Moreover, they grease the palms of greedy politicians and local thugs in order to escape from the arms of the law. They seem thereby to run a parallel economy, which, in itself, is a national crime; more than that,

they have no sense of self-respect or shame to think that by their actions they are bringing their country to disrepute and spoiling its image in the eyes of the world.

### **Structural Causes of Unethical Behavior**

The foregoing analysis gives us an idea that the corporate business world is tottering in its very structure because it easily lends itself to unethical practices. Let us try to identify some of these structural causes.

Politicians, the bureaucracy and law-enforcing agencies like the police and tax officials are the apparent beneficiaries of corruption in public life. For instance, in most of the developing countries, one has to pay an extra something to oblige these officials to perform the duty for which they are already paid. In addition, managers of industries, who have no qualms about breaking the law, gladly support them.

Many companies employ devious means to attract customers: they speak of having posted huge profits and big dividends to shareholders; at the same time they manipulate their records to indicate less or no profit according to which they will need to pay less or no taxes to the government. Often enough it also happens that many companies supply second-rate materials to customers; also, they do not keep their promise to stand by their service warranties, and so on. These practices also account for structural causes of unethical behavior in business.

There are also companies that offer their employees various incentives like bonus, commission and promotion in order to enhance their performance. There may not be anything morally wrong with this type of policy.

What is at fault is what goes unnoticed by the employee who is willing to go up the ladder at all costs. So much so, the employee would not bother even if the company should go back on its word to customers and be wanting in the production of quality goods, if it neglects safety measures in the workplace, if it does not take necessary precautions to forestall environmental hazards and the like.

We might add that, in cases like this, the managers in charge of supervising the employees may not be directly cheating the customers or the government because they are only “following orders from above.” This excuse cannot be justified because it is they who are directly responsible in the production of sub-standard goods or the falsification of records. The company normally rewards such managers in different ways like all-expenses paid vacation, like the gift of an apartment or something similar. This indirect benefit is the structural cause of unethical behavior within the organization, because it will encourage others also to perform similarly.

Fundamental to all of these causes are the selfishness of the individual human being (“I am not my brother’s keeper”) and the greediness of getting more pay and more perquisites by doing the least amount of work.

### **Possible Solutions to Remedy Such Structural Causes?**

What can be done to remove these structural causes of unethical behavior? The basic problem here is that there is always a conflict between the economic<sup>1</sup> and the social performance<sup>2</sup> of an organization. It is, therefore, imperative on the part of the senior executives of the organization to address this problem seriously and resolve it effectively. Otherwise, the managers and supervisors on the lower levels will definitely choose the easier way—economic performance because they are concerned mostly, if not only, about their future and ignore social performance as the duty only of the top executives.

However, we need also to be aware that we do not have foolproof means to check if business and nations give the go-by to social performance. Businesses and nations have differing ideologies; so too they have differing solutions to this problem. In addition, even within the same business organization, some employees do not see eye to eye with the moral standards of the senior executives and vice versa. Again, supposing that the top executives are conscientious and insist on giving priority to social performance, where is the guarantee that their directives will be followed to the letter? Keeping these aspects in mind, let us make some practical suggestions to remedy the situation.

First of all, can the business sector do anything with regard to population explosion? Since this is a very big issue in the poorer nations, the latter need to address it seriously; they have to find ways to reduce birth rate drastically. Only then will they be able to provide the basic necessities for all their people to lead a decent human life. At the same time, it is also incumbent on the developed countries to share the abundance of resources they have with their less fortunate brothers and sisters in the developing countries. Limiting population growth and sharing of goods are moral issues that are closely connected.

It is here that business has a big role to play. The business sector in the developing countries should start new industries and/or expand existing ones; similarly, the business sector in the developed countries would be doing a good service by investing in a big way in the developing countries, quite a few of which have plenty of raw materials but do not have the financial and technological back up to convert them to usable products.

The business sector in general must keep it as its primary duty to provide quality goods at a reasonable cost, without looking only at making maximum profit. Drinking water, food, medicine, low-cost housing, seeds and fertilizers are cases in point. Starting of educational and technical schools would really be investing for the future of any country. Industries too could absorb the graduates coming out of these institutions of learning. This will also reduce the rate of unemployment of qualified youth and that, in turn, will reduce a lot of crimes perpetrated by idle youth.

We know that business serves as the chief source for the production and distribution of goods to society. While fulfilling this important duty, business cannot afford to ignore ecology. This means that business should see to it that it does not upset ecological balance through deforestation and pollution of air and water; rather it needs to create ways and means to preserve the environment not only for the present but also for future generations. It needs to take a giant step to reduce pollution to the maximum extent possible and invest largely in non-conventional sources of energy. This is something not only urgent but also imperative because, when ecology is disturbed, it will definitely pave the way for the extinction of all living beings, including humans.

Latest research in mutation of genes has successfully cloned animals. There is a threat that some scientists might be trying to clone humans as well. While we might accept the benefits of genetic engineering in the agricultural sector, we have to condemn as morally wrong any attempt at mutation of reproductive cells because it will be directly interfering with changing the personality of the individual. And when the mutation of genes involves the yet unborn who have no say in such research, it would be tantamount to doing experiment on future generations without obtaining their permission.

Coming now to computer piracy, can business take up any controlling/preventive measures? First of all, business companies must make sure that their security system cannot easily be tampered with. Secondly, any employee found to be making attempts to pry into the records of the company or of a colleague, or is stealing time from the company to do any work for personal profit must be strictly warned of the consequences and repeated offenders be summarily dismissed. This will serve as a preventive measure for other employees not to make light of this issue.

As regards automation, on the one hand, we cannot minimize the enormous advantages coming from it; yet, on the other, we have to look also at its negative effects: a number of old-timers are being sent away, either because they cannot compete with the work of robots or because they are physically too old to perform as efficiently as machines. In such an event, business should make alternate arrangements to ensure the economic future of such displaced persons who have been the backbone of the business before automation took over.

Multinational Organizations must resist the temptation of considering the developing countries as dumping grounds for second-rate goods but supply them with quality products at a reasonable price; they should be generous enough to supply the latest equipments and train the local people how to put to good use the raw materials available to them locally. More than this, the MNO's must see that the small local industries are not thrown out but are used as their feeder units.

### **Conclusion**

The global issues, which we have just outlined, are only symptoms that plague today's society. However, our analysis should be an eye-opener to us not only to understand the global issues involved but also try to find even better and perhaps more feasible solutions to solve them. If each individual considers the other as his brother or sister, if each business considers that it is just a part of the body of the nations of the world and therefore has a duty toward people of other nations, there will be possibility of more meaningful and equitable distribution of goods. What is needed, therefore, is a broader global vision, not a myopic vision of self-centeredness on the part of individuals and nations. Only then will social performance gain the pride of place over economic performance, as it must.

### **Notes**

1. Economic performance means increase in production leading to increase in profits.
2. Social performance refers to the duty of business to be concerned with the overall uplift of society.

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