

# Moral responsibility in business

Experience, Human Nature



### Moral responsibility

Moral responsibility is the voluntary attributable responsibility ensuring that acts knowingly and intentionally carried out by rational human beings don't cause injury to other individuals. Wilmot (2001) contrasts the theories that from a business perspective, moral responsibility can be described as the quality of corporate behaviour by which the responsible corporation displays such characteristics as wisdom, prudence and moral fortitude, however from another perspective can be held to mean forcing corporations to account for their actions much as one would an individual. According to Constantinescu and Kaptein (2015), moral responsibility for outcomes in corporate settings can be ascribed individuals within the corporation, the corporation itself, or both, defining these as individual moral responsibility, corporate moral responsibility and Summative Corporate Moral Responsibility.

There is a common held traditional belief that the product itself doesn't denote responsibility itself and that it is the user who has ultimate responsibility however this has been distorted over time to incorporate products liability and the effects thereof. According to Federwisch (2015), an individual or party is morally responsible for an event as long as three premises are met, namely if they caused the event to occur, they acted within the bounds of reason and they could have prevented the event from occurring.

An example of this is the Perrier scandal in 1992, when a US production site discovered bottles containing the toxic chemical benzene. Perrier was arguably the market lead with over 60% sales derived from overseas

exports. Having no contingency plan for product recall, the managements initial response was to pass the event off as an isolated incident, however when benzene was identified in Perrier globally, this was identified as an untenable explanation. In order to attempt to maintain reputation, a product recall of 160 million bottles from 120 countries was instigated at a cost of over \$250m. Unfortunately, there was a delay in action from the company and poor decision making along with poor communication led to a loss of reputation among consumers (Caesar-Gordon., 2015). Subsequently, Perrier effectively went out of business, being brought up by the Nestlé cooperation.

This can be contrasted with the earlier effects of the Johnson and Johnson Tylenol event when in the eighties, packets of the pain killer Tylenol were deliberately contaminated with cyanide and placed upon the shelves resulting in several deaths. Immediately, the management body at the manufacturers made an ethical decision in accordance with their ethical perspective and halted the advertising campaign from the product, recalled 31 million bottles- Tylenol accounted for 17% of the companies net income, causing a cost of \$100 million. Ultimately, the decision proved to be highly successful. Whilst initial losses were apparent, and stock prices in the firm dipped, public confidence in the firm was restored by the action and within two months of the event, the stock prices recovered and the company regained its market position (Benoit, 2012).

There are however, examples in which the conditions become a grey area, notably in the manufacture of products that are designed to cause harm, creating a paradox in the subject of moral responsibility. Constantinescu and

Kaptein (2015) posed the question, is there any point in discussing the morality of organizations when this could be rendered redundant in light of existing legislation-as such, do ethics transcend law. Comparative morality suggests they do in that a firm may be acting within the bounds of legality, yet still perform unethical actions. An example of this is the production of armaments. Guns are designed to kill. They may not be employed as such as they can be used for certain non-lethal sporting practices e. g. target, field and skeet (clay pigeon) however that does not detract from the fact that the primary rationale for the design of a gun is to have the ability to kill. As such it becomes difficult to prove that the product was misused relative to its design specification whilst maintaining that the action met with the conditions outlined earlier that denote responsibility.

According to Kurtzleben (2015), it is not true that gun manufacturers are not liable for their goods, however, they have specific legal protections against liability that very few other industries can share, namely the Protection of Lawful Commerce in Arms Act of 2005-this doesn't absolve arms manufacturers from liability pertaining to defects in the construction of the item however it does provide the mechanism by which use of the device within its intended purpose cannot de facto be classified as misuse thereby, if such a weapon was used to cause harm to an individual, then it is performing as it was intended and a case cannot be brought against the manufacturer. If conversely during the process, the weapon self-destructs and harms the user then the manufacturer is liable.

Wilmott (2001) raises the question that the application of corporate responsibility being aimed at the organisation rather than the actions of an individual arises because the probability of ascertaining guilt amongst a complex organisation is unlikely therefore the outcome is questionable. This leads to examination of the nature of punishments incurred by the relative organisation which may often appear complex and disproportionate, however this can reflect upon the nature of the punishment being control or deterrence, and can be compounded by the effect of reputation and image in light of a positive outcome.

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