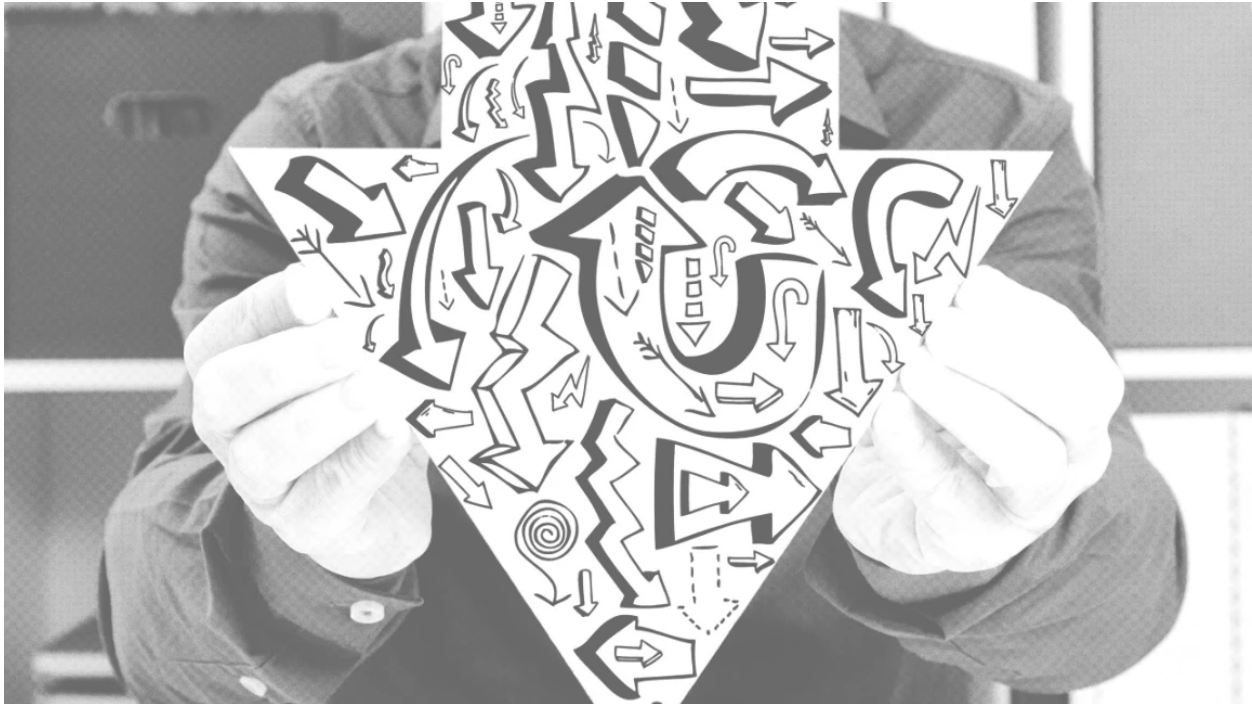


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Is “Business Ethics” An Oxymoron?

The research couldn't be clearer: Many of us see business and ethics as incompatible. Can that ever change?



[PHOTO: ROBERT KNESCHKE VIA [SHUTTERSTOCK](#)]

BY DAVID MAYER

I'm at the local park in Ann Arbor, Michigan, with my two young children, the University of Michigan only a few hundred yards away. Before long, I start chatting with another dad who's also there watching his kids play.

“Do you live in the neighborhood?” he asks.

“Yes, two blocks away.”

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“What do you do?”

“Oh, I teach at the business school—”

An expression that might be one of distaste flickers across his face momentarily.

“—and do research on business ethics.”

“Business ethics,” he repeats. “Isn’t that an oxymoron?” He grins wryly, and I think I even catch an eye roll. I hold back a wince and give him a fake little half-smile instead.

End scene.

THE EITHER-OR MIND-SET

The thing is, the guy had a point. Even before the financial crisis of the past decade, there were the Enron, WorldCom, and Tyco scandals. Before those, there was Gordon Gecko. And while the U.S. economy is finally recovering, the wealth disparity between rich and poor continues to yawn wider. Memories of Wall Street execs cutting themselves big bonuses right after being bailed out are still potent, and so is the popular impression that business and ethics just don’t go together.

Still, Americans have a love affair with capitalism. Follow any of the punditry surrounding the 2016 presidential race and it doesn’t take long to realize that job creation, which often depends on business success, is still widely believed to be a cure for social plight and a driver of prosperity. Think about your own workday. Aren’t you trying your best to do your job conscientiously—not just to provide for yourself or your family, but to help your company do well?

In one [recent study](#), researchers Varda Liberman, Steven Samuels, and Lee Ross asked participants to play a game. For half the players it’s called “The Wall Street Game,” but for the other half it’s called “The Community Game.” Identical game, identical rules, just a different name. But those who play “The Wall Street Game” are less likely to be cooperative and more likely to be deceptive.

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And in a [separate study](#), Long Wang, Deepak Malhotra, and Keith Murnighan found that students who'd studied economics were more likely than those who hadn't to demonstrate greedy behavior. They also saw greed more favorably in business contexts.

Economics rests on an assumption of rational self-interest, yet that's the very principle that seems to reduce ethical conduct. [Over a dozen studies](#) have shown how having money in the room or just thinking about money leads to self-serving and dishonest behavior.

SPEAKING (ONLY) OF BUSINESS

Frederick Bird and James Waters coined the term "[moral muteness](#)" around 25 years ago. They argued that managers intentionally strip moral language from their speech when talking to employees and fellow managers. Even when they had an ethical reason for taking a certain course of action, they made the economic case for it instead.

Subsequent research [has borne out](#) that finding. Scott Sonenshein has found that when employees appeal to their managers on a range of social issues—from race and gender discrimination to sustainability and business integrity—they cloak their essentially moral arguments in economic logic, trying to show, for instance, how being more sustainable is good for the bottom line.

Moral muteness characterizes our views on leadership, too. When researchers [asked people](#) to list the qualities they saw as critical for being an effective business leader, these were a few of the top terms:

- intelligent
- motivated
- dynamic
- strong
- charismatic

Here are some words that *didn't* emerge:

- ethical
- moral
- fair
- transparent
- honest
- principled

- virtuous
- honorable

To be fair, “compassion” and “sincerity” *are* on the list of reported attributes. Still, they’re outnumbered by others that make it clear that the focus is more on doing well than on doing good. If we thought about other types of leaders—like an effective member of the clergy or an effective parent—it would probably be the reverse.

WHY THERE’S STILL HOPE—AND PLENTY OF WORK TO DO

It’s clear that “business ethics” is indeed an oxymoron in many people’s minds, but I still don’t believe it’s a lost cause trying to reverse that. In fact, change is already under way. Business schools are increasingly focusing on ways companies can better the world. As I write this, over 500 undergraduate students at the one where I teach are working on a weeklong competition to develop new ventures aimed at solving social problems. Similar courses, case competitions, and initiatives take place at business schools around the globe with mounting frequency.

Ironically enough, that’s at least partly due to supply and demand. Millennials are now [asking for more meaning from their work](#) than earlier generations did, and they’re increasingly interested in companies that do good—even if that means earning less. Movements like [conscious capitalism](#), [B Corps](#), [creative capitalism](#), and [social business](#) are redefining the goals, operating principles, and responsibilities that for-profit companies have in the modern world.

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There have always been those calling for more ethical business practices, and there are plenty of people and organizations that have long been committed to doing things differently. But that push is now gaining mainstream momentum in a way it hasn’t previously. It may even be that *because* many of us have come to see business and ethics as such opposite forces that there’s now a growing interest in bridging them.

I’m hopeful that if my two kids grow up to work in the business world, they won’t have to face the same sort of cynicism I recently confronted in the park.

But for now, the fake half-smile I gave the father I spoke with masks my optimism about where business is actually headed.

ABOUT THE AUTHOR

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