

Responsible  
BUSINESS

Dignifying  
WORK

PINTO-GARAY  
SCALZO

**EUNSA**

# PERS PECTIVE



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What has moved us to write this book is to offer a systematic order of the topics of business ethics and their relationship with sustainability. Until now, we did not have an order of topics on which it would be possible to systematically deepen the large number of ideas, concepts and principles that have been shaping ethics in the business world.

After some years of work, trial and error in the business ethics classes in the business schools in which the authors have worked, we believe we have arrived at a proposal of topics and subtopics that encompasses issues and problems most relevant to business ethics. Thus, we have structured our work into six general areas:

1. Practical Intelligence
2. Management Ethics
3. Work Ethics
4. Commercial Ethics
5. Corporate Ethics
6. Organizational Ethics

Thus, we offer a proposal on which it is possible to unify the language of business ethics and relate it to sustainability, with an account that goes from the most philosophical aspects (Practical Intelligence) to the most applied (Organizational Ethics). It is important to consider that the distinction of areas does not simply respond to successful teaching practice, but also to an epistemological criterion: business ethics is a theory of justice of work in the company, and this can be based on Aristotle's philosophy. In this line, when an Aristotelian theory of business ethics is developed, the activity of the company must distinguish three major areas of business relations of justice and responsibility: relations with employees, consumers and citizens. Thus, a work ethic, a business ethic and a corporate ethic must be considered.

However, it was still relevant to look at the manager's perspective, not only in relation to stakeholders, but also to the responsibility that they have towards the company itself, as an institutional reality that, independently of workers, consumers and society, requires specific consideration. Hence, we show in some depth the importance of an institutional responsibility that safeguards the company over time, i.e., its sustainability. This, in our opinion, is the basis of management ethics and is identified with the very nature of the company in its necessary commitment to the long term and the care of social relations.

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PRACTICAL  
INTELLIGENCE in  
**BUSINESS**

# INTRO

This chapter aims to explain three aspects of moral philosophy that are essential to understanding virtue ethics as related to business activity.

The first concerns the nature of action and practical intelligence, which will help us understand the relationship between ethics and business through the concepts of technique and strategy.

The second aspect is related to the philosophical foundation of the ultimate end of business, which is well-being, i.e., to provide the material conditions necessary for human development through work and market activity. The intent here is to highlight that the nature of business is teleological and the importance of the pursuit of excellence in organizational activity.

Third, we will explain what the virtue of justice is, which, in addition to having a philosophical foundation, has a methodological nature in business ethics. In this section, we will show how, from the perspective of classical ethics, business must be understood from the perspective of justice. In this way, it is not only possible to distinguish among the spheres that make up a business (work, market, and society), but also the way in which business relationships can be seen as qualitatively superior (minimum justice and maximum justice or responsibility).

## A BUSINESS ETHICS BASED ON JUSTICE AND RESPONSIBILITY





## THE STAGIRITE & THE STRATEGY

Ethics is a concept whose etymological root is found in the ancient Greek word *ethos* (ἦθος), meaning custom or behavior. *Moral*, which has a Latin etymological origin, comes from *moris*, which also means custom.

That said, for Aristotle (the Stagirite, born in Stagira), understanding a custom or *ethos* involves understanding what and how of the end (*telos*) that people pursue, i.e., the object of their action. But, because there are many ends, Aristotle continues, clearly none of them is perfect (meaning the best end that we could seek).

The perfect end is in fact that which is sought for its own sake, that is, a non-instrumental end. Aristotle calls this end happiness (*Nicomachean Ethics*, 1097b). Therefore, the pursuit of a perfect end, one that makes us happy, corresponds to good action. In other words, that which is ethically good is also what makes us happy.

Now, what kind of happiness is sought in the business and market spheres? In principle, the happiness proper to those spheres can be said to be partial because the highest happiness comes from fully experiencing other spheres of human life, such as family, friendship, culture, religion, etc.

More precisely, the partial happiness found in the market and in business can be called well-being. Ethically good actions in business and the market are those that impart well-being on those who perform them and on those who benefit from them. All in all, business ethics is an ethics of well-being.

ἦθος

Book  
extracts

MANAGEMENT

**ETHICS**

# INTRO

This chapter aims to explain what is understood for managerial responsibility in a company. To do this, we will focus on the professional nature of management and on its relationship with the value of a company as an institution.

We will then examine three understandings of the responsible relationship between a company and its stakeholders, including as found in the ideas of Milton Friedman, Edward Freeman's proposal, and, finally, how this relationship can be grounded in justice and the common good, which is the approach that this book explores.

Finally, we will explain managerial responsibility in companies that separate management and ownership, i.e., modern corporations with corporate governance. This type of responsibility, as we will show, is fiduciary and requires an anthropological foundation that goes beyond the one found in agency theory (based on individualism and classical utilitarianism). For this, we will present a definition of personal ambition understood as a virtue (magnanimity) in line with classical anthropology.

Book  
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INSTITUTIONAL  
RESPONSIBILITY OF  
MANAGERS AND  
GROUPS OF INTEREST



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GREED

Book  
extracts

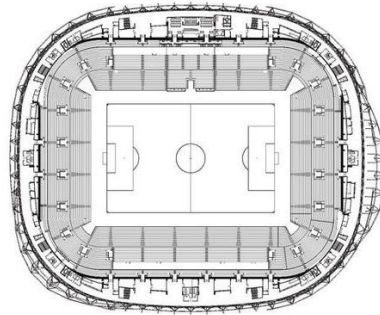
NEVER

GOOD

## FAIR PLAY



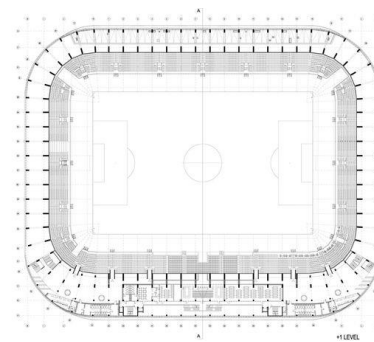
As a virtue, it is important to take into account that magnanimity, while it is considered good ambition in pursuit of hard-to-obtain achievements, cannot ignore the way in which said achievements are attained. In this sense, ambition may be licit in regard to an end, but illicit in regard to the means to achieve it.



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Therefore, magnanimity and individualism are opposites because, without considering the common good, ambition cannot be truly good.

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Achievement is genuinely valuable as a common good, not simply as a good to be enjoyed individually. Thus, magnanimity and individualism are incompatible, for without a consideration of the common good, ambition cannot be truly good. Hence, we speak more correctly of personal, not individual, goods, when the "personal" character incorporates the sense of community. All personal goods must indeed be understood, valued and pursued in an articulated way with others, in the context of a common good.

## Book extracts

Thus, whatever I want for myself, in all its dimensions, I must want it in a way that benefits other people. For example, when I seek to develop my career, I must do so in consideration of the career of others, which means promoting others or, at least, not harming them in their professional development.

Therefore, the first criterion of fiduciary responsibility is to seek for others what I want for myself. In other words, a criterion of justice and the common good. Thus, self-interest is not individualism, but the interest that a person has in achieving valuable and difficult goals that, as such, are a common good.

Book  
extracts

III  
WORK

ETHICS

# INTRO

This chapter's aim is twofold. The first pertains to offering a rationale for the nature of work in the context of an organization. To do so, we will look at the origins of the study of the problem of human development and productivity in modernity (Adam Smith), and then offer a concept of work ethics in accordance with classical theory. We will then examine the importance of the dignity of work, personal narrative, the elements that go into a good job, and vocation, among other aspects.

The second aim pertains to addressing work ethics from a perspective of maximums that provides an ethical foundation to the most common problems related to work. The latter include, among others, those associated with hiring, leadership, unions, and fair compensation.

A MAJOR  
RESPONSIBILITY OF  
FIRMS IS TURNING  
THEIR EMPLOYEES'  
WORKPLACE INTO AN  
OPPORTUNITY FOR  
PERSONAL THRIVING

Book  
extracts

# work

To understand how a job comes to be defined as good, we must first ask after the nature of the job itself, along with the conditions in which it is performed. Doing so requires approaching the inquiry from two perspectives. The first is the so-called work narrative. The second refers to the dimensions of work according to which we can sustain that personal labor is properly good..



Book  
extracts

# king



# GOOD WORK



So far, we have analyzed work from a personal perspective, that of work itself. However, for work ethics, it is important to identify good work from the viewpoint of an impartial spectator. This means answering the following question: What makes a specific job objectively qualify as good, as seen from the outside? For example, what criteria allow us to evaluate work in Asian factories, work in a laboratory, or that of a guard or a musician as objectively good or bad work? How can we systematically determine if our own work is really well done?

To answer these questions, applying certain criteria in a sort of critical evaluation of work is useful. In so doing, we consider four characteristics that all good work must comprehensively include, namely dimensions that pertain to the productive, practical, cooperative, and benevolent spheres.



## Book extracts

Mobbing refers to mistreatment in the workplace. It is often described as workplace harassment or bullying that is intended to incite resignation or simply a form of inappropriate treatment.

Mobbing refers not only to psychological mistreatment (bullying), but also to the practice of setting unattainable goals and objectives so that employees resign due to fatigue. Therefore, mobbing not only falls short on psychological or legal matters, but is also related to poor management of productive resources and time.

# MOBBING

# DIGNITY



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# THE

Book  
extracts

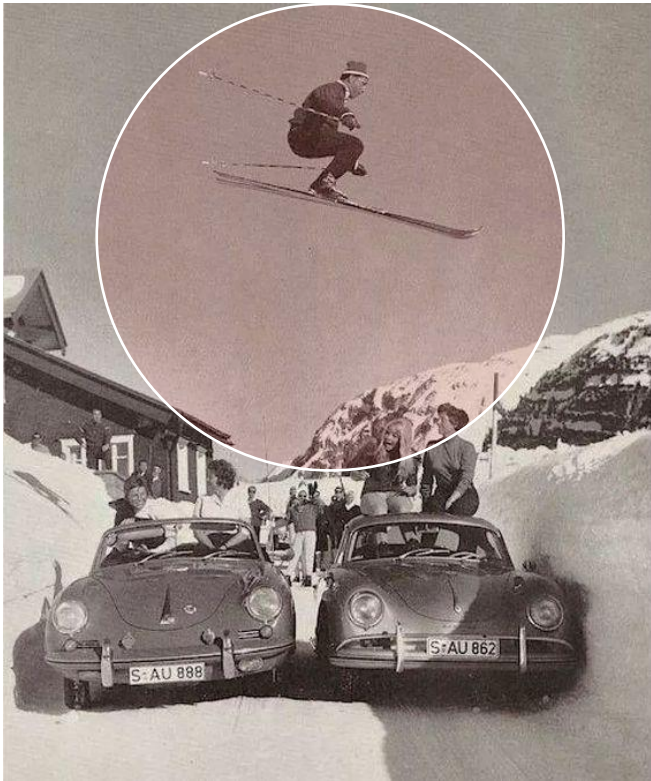


Smith, therefore, was the first to present this “academic” reflection on the possible balance between productivity and human development at work, thus constituting the first antecedent to work ethics.

However, Smith's idea is based on a particular conception of what he considered work (as mere productivity), which makes it difficult to introduce virtue into the definition of productive work within his theory. For Smith, production and virtue remain two realms that can be related but are not the same. They belong to different spheres.

Notwithstanding the above, Smith's idea opens the way to systematic reflection on work in companies from the perspective of integral human development, i.e., ethics. This also includes the possibility of making productivity and personal development compatible, which is the ultimate goal of putting work ethics into practice in companies.

# FACTORY



# WELL- BEING

# WEL- FARE

In this regard, industrial changes in the twentieth century introduced the concept of social welfare as a development criterion for employees, but it was based on increased worker productivity. It thus incentivized a new way of thinking about employment and productivity, relating them to a criterion associated with lifestyle and, therefore, consumption.

Now, from the perspective of business ethics, social well-being replaced the principle of moral well-being, allowing for the development of social phenomena such as the middle class, consumer society, etc.

Job design refers to the principles that allow for planning of tasks, responsibilities, and coordination policies between the different members of a company, society, the market, and the workforce at large.

Modern job design emerged with the development of North American industrialization in the twentieth century; its greatest exponents were Henry Ford and Frederick W. Taylor.

Now, why is work design a matter of business ethics? Work design aims not only at increasing productivity, but also at defining good employees according to their social life and to the conditions of their material well-being (welfare). Work design seeks to properly articulate productivity and quality of life.



# friendship

Book extracts

## at work

### fellowship

Firstly, companionship refers to the co-occurrence in the same activity, meaning mutual causality or involvement in a common task. As we have seen before, collaborative relationships are fundamental for the existence of the company. However, not every form of cooperation is companionship. In no case is companionship an arrangement of individual tasks - as in the productive logic of Fordism - but rather participation together in work teams. Companionship, therefore, is not a concatenation of individual processes, but a joint activity in which the final result of the task is the outcome of diverse contributions from all members of the work group.

### sympathy

Sympathy, on the other hand, is a characteristic of qualitatively superior and usually more effective companionship relationships. From the Greek sym (σὺμ) and pathos (πάθος), sympathy means 'to feel or suffer with another'. It is not simply 'getting along or liking each other', like a compatibility of personalities. For Aristotle, in fact, pathos does not refer only to a feeling, but to the affects or feelings that affect judgment (Rhetoric, I,2). In this way, companionship is strengthened by becoming a 'community of tastes in decisions and actions', that is, a common feeling that is incorporated into a common judgment. Hence, companions are characterized by deciding together, and better yet, when the feeling regarding those judgments is equally shared.

### interests

Finally, friendship at work is also a community of interests. However, this community does not mean that friendship in the company requires two or more people working together to have interests in the same things, or to be interested in various things in the same way. The community of interests - as explained by Llano - lies more in complementarity, that is, arousing interests that would remain unfulfilled without mutual assistance. Hence, the formation of teams requires a certain level of diversity, not like a melting pot, but in the manner of a mosaic (Llano, 2000).

**1.** **Context**

**2.** **Justice**

**3.** **Amount**



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Now, to begin a more systematic analysis in light of the concept of justice, we must start with an initial general distinction between the scope of compensation, the criteria of justice associated with each of these areas, and finally, the issue of the amount of compensation.

## 02. POVERTY SALARIES

These are wages or salaries that, even though they are equal to or above the minimum wage, do not allow workers and their families to live a decent life. Poverty wages can be the same as the minimum wage (as in countries such as Chile), but the minimum wage can also be considerably higher than a poverty income (as in the case of Spain). The minimum wage and the poverty line do not necessarily coincide. Poverty wages are often associated with jobs that have almost negative profitability. In other words, workers contribute less than they earn.

Now, poverty wages should be corrected for a variety of reasons, but there are two especially important reasons to consider initially:

Productivity and dignity.

In terms of productivity, poverty wages, as mentioned, can signify a negative productivity problem.

In this sense, an increase is not justified. Faced with this scenario, companies must subsidize, meaning they must provide resources and policies to improve the contributive capacity of workers. This is a principle of integral responsibility, as it seeks the development of workers as workers, citizens, parents, etc., and should be applied urgently for the neediest.

However, there are certain limits to organizational subsidy policy that depend on a company's capacity to develop (since no one is obliged to do the impossible) and that of workers. Not all workers are capable of improving their contribution to a company.

In terms of dignity, poverty wages are unjust when a worker with consistent work activity cannot rise above his present condition.



This means that work becomes a mere activity for survival, and this is contrary to the very nature of work as an essential human activity. However, we should not conclude that workers in such conditions are immediately prepared to earn more.

Thus, dignity demands concern on the part of employers and authorities, but this does not mean that wages must be raised at any cost. Indeed, the issue is that, in consideration of human dignity itself and the essential value of work, workers must earn wage increases, because simply giving away benefits as charity is also contrary to dignity as such.



# DISCRIMINATION

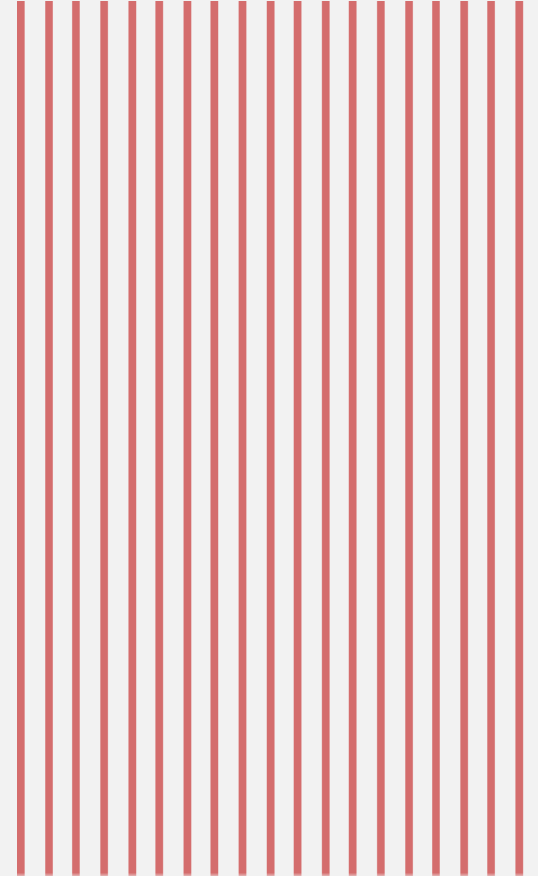
To discriminate means, literally, to understand that something is different, recognizing certain differences, and, by virtue of this, to choose or discard. This is not automatically negative. However, discrimination in terms of accepting people, that is, when it occurs for arbitrary reasons, is an unjust act.

The International Labor Organization (ILO) considers labor discrimination to exist when there is a distinction, exclusion, or preferential treatment based on race, color, sex, religion, union membership, political opinion, or any other irrational or unjustified motive, the effect of which is to alter or nullify equal treatment in employment and occupation.

Discrimination can thus be understood in two ways: The first can be called negative discrimination when it involves a decision and action based on arbitrary criteria. In other words, it is unjustified and unfair from a legal, practical, or moral point of view.

The second refers to the more literal definition of discrimination. That is, when a decision is made on the basis of criteria that are justified by law, practical criteria, or fundamental rights: This is discrimination, but involves an act of just selection because it responds to known and accepted criteria.

Thus, the problem of arbitrariness involves not only a lack of justification, but also unacceptable justification, not only from the point of view of practical rationality (which does not consider legal or practical principles), but also of justice, when a decision harms a person by preventing their development or fails to treat them with dignity.



# ILICIT LABOR

From the perspective of business ethics, illicit jobs refer to those that, regardless of the conditions under which they are performed, are always unacceptable in terms of human dignity, even when they are performed freely. Such jobs, therefore, are always ethically illicit because they involve the objective degradation of those who perform them.

Now, there are different types of illicit labor, and although they are different in their circumstances and forms, all of them fail to respect personal dignity in equal measure. Among others, we can consider the following:

## 1 CHILD LABOR

Child labor is illegal for two reasons: First, because of the consideration of an alternative cost. In the case of children, it is better for them to be playing or studying rather than working. Second, child labor does not refer to a sporadic occupation, but to a real job, with all the demands and responsibilities that it entails. Therefore, this work implies a type of activity that, because of its workload, harms children.

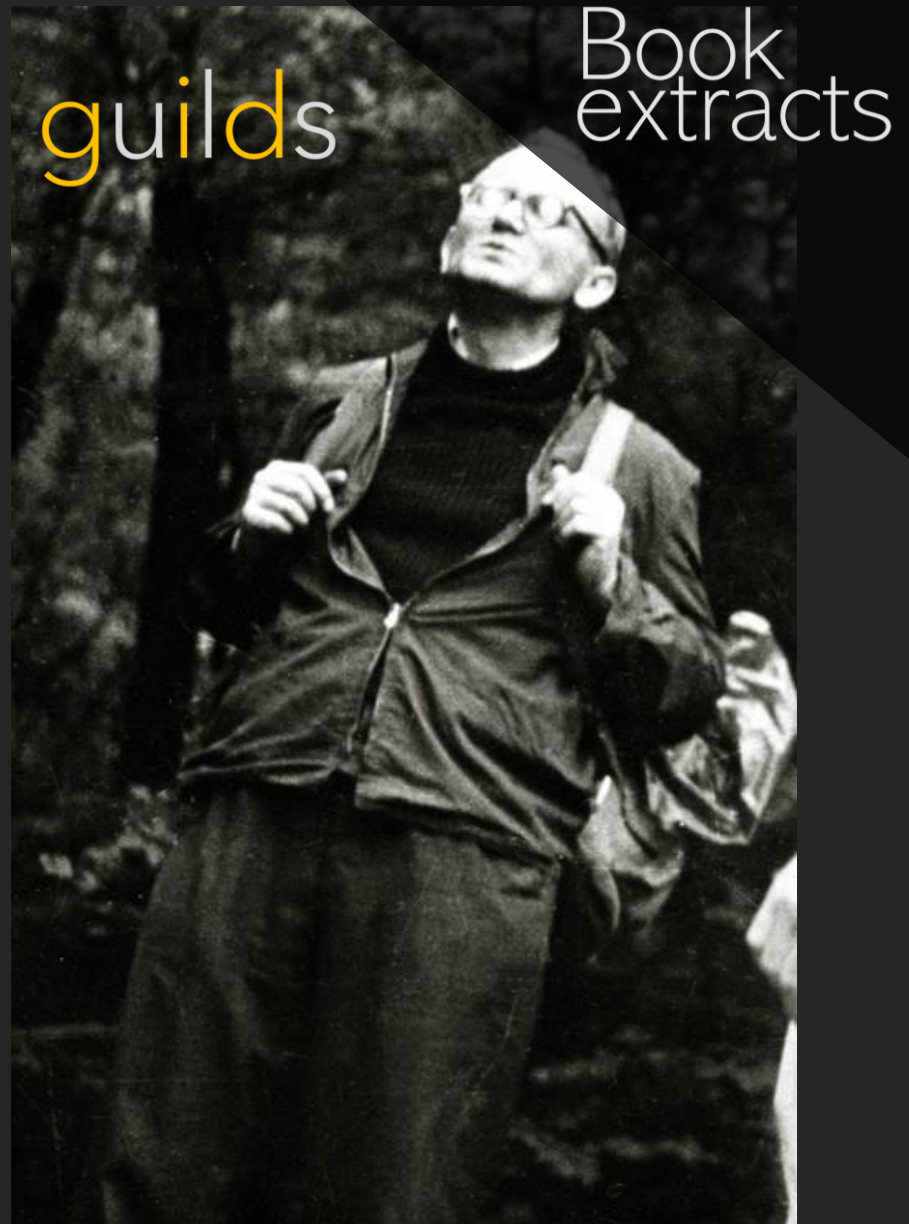
In more concrete terms, as a real job, child labor causes physical and psychological damage. Development is not only stopped or impeded, but is actually prevented, and this is a serious human dignity problem.

From here, the verb "grego" means to add or assemble. In its etymological sense, "gremio" refers to the congregation or union of people in an organized or assembled body.

Historically, modern guilds have their origins in the Middle Ages. As explained by Karol Wojtyla (1981), these arose from medieval artisan corporations, which brought together men belonging to the same profession and/or performing the same type of work. These artisans were originally independent workers (luthiers, builders, goldsmiths, etc.). Therefore, the original purpose of these guilds was quite broad and mainly characterized by the protection of common interests, not the representation before employers. Among others, these common interests ranged from teaching the profession (the master-apprentice relationship), price control and supply of products and services, to fraternity initiatives that allowed members to assist those in need and difficulty.

Thus, modern unions— inheritors of the guild tradition— not only serve the function of defending the rights of contracted workers but also fulfill a role that materializes in social assistance tasks for their members. The relationship between union activity and the defense of rights is a fairly evident matter. However, it is not always clear specifically what those rights are, how and to whom they can or cannot be demanded.

# Wojtyla



On the other hand, considering the vital aspects we mentioned is not just a matter of philosophical speculation, but also practical, especially when it's essential to protect union activity from political ideologies that can co-opt the ultimate meaning of work and the enterprise.

This has been the case, for example, with the appropriation of union activity by Marxist ideology, which has attempted to explain the nature of work according to the idea of class struggle and the need to end the supposed capitalist system that alienates workers whenever production is subject to the division of labor. This idea, initiated by Karl Marx, is an unreal, unjust, and impractical justification because it doesn't defend the dignity of work and its impact on the common good, but rather a project to reformulate the social order in favor of a single group of the population, at the expense of others who are equally workers, like all those who do not qualify as part of the proletariat but work just the same.



guilds

Book  
extracts

At the same time, class struggle as an explanation of social dynamics is completely contrary to collaborative systems and the principle of the common good. The development of social history is not structured on the basis of relationships of struggle and conflict. When this idea is installed in society, it does not prove the theory, but rather becomes a way of acting among certain groups that want to bring conflict as the only form of political and entrepreneurial activity. This has indeed happened in the history of trade union activity, but it is contrary to the nature of any association of people seeking a general good.

# Wałęsa

IV

Book  
extracts

COMMERCIAL

**ETHICS**

# INTRO

Now with a firm understanding of the most important aspects of work ethics, we turn to the relationship between the company and external stakeholders in the marketplace. To do so, it is important to understand what makes the sale of products or services a just and responsible activity. As we will see below, ethical analysis of marketing requires considering criteria of justice ranging from product characteristics to the determination of pricing policy.

Further on, we will review the nature of the market as a community, that is, as a specific sphere of the common good. To do so, we will refer to more philosophical questions (such as the nature of the common good), as well as more contingent issues of management theory, in particular, the idea of shared value.

Book  
extracts

Finally, we will explain some bad business practices. In doing so, we will not only see what characterizes responsible business practices, but also some counterexamples that appear more or less regularly in commercial activity. Among others, we will explain pyramid schemes, Ponzi schemes, and private bribery.

PROFITABILITY IS A  
MATTER OF  
CONCERN FOR  
ETHICS BECAUSE  
ECONOMIC  
RESOURCES ARE  
NEEDED TO  
FACILITATE THE  
COMMON GOOD

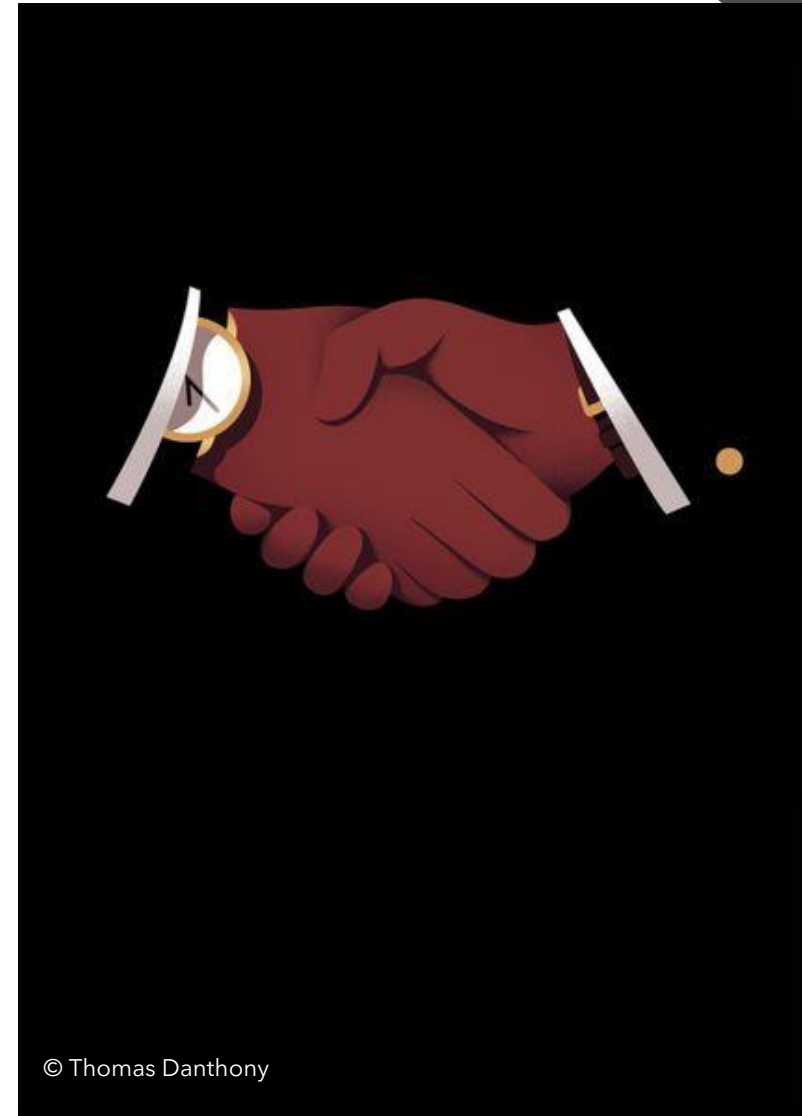
(FIRST)...

## MUTUAL BENEFIT

The first thing we must consider as a criterion of commercial ethics is the need to apply commutative justice to sales, usufruct, loans, deposits, and rents (Aquinas, S.Th. II-II, q.61, a.1). This means that, in the exchange or purchase and sale between parties, a relationship of mutual benefit and proportional exchange arises.

Based on a criteria of mutual benefit in the transfer of private goods (including the results of work), what each party receives is understood to be satisfactory because it is supposedly what each party undertook to deliver, it satisfies the needs of both parties, and the circumstances of the exchange are not exceptional. The latter refers, for example, to charging interest above the benchmark market value when the loan applicant has an emergency. If this occurs, the exchange rate is usurious and the circumstances are clearly exceptional. It is important to consider that the mere satisfaction of needs does not constitute a mutual benefit because the sale of drugs, for example, satisfies a need, but does not achieve a real benefit, especially for the consumer.

**Proportional exchange:** This refers to weighing the goods that have a proportional value related to each party's needs. In matters of justice, this means that the exchange of goods and the sale of services is fair according to a variable criterion that adjusts to each party's circumstances and at the time of the transaction. Thus, proportionality cannot be fixed, but moves along an acceptable range that, under normal circumstances, varies and is not determined forever, much less in relation to a fixed price that does not consider the decisions of the actors involved.



## CONSUMERS' SUSTAINABILITY

This social damage, in turn, translates into increased poverty caused by forms of consumption that, while they may be valued in the short term by both the company and the consumers themselves, are harmful in the long term, especially for the latter and the market in general. Indeed, when consumers lose sustainability (financial health), this often translates into a decline in market strength, which we can call commercial poverty.

This type of damage to consumers' sustainability tends to be more frequent in the lower economic segments of the population, especially because they often have little or no financial education. Added to this is the fact that some companies that focus on lower income bracket segments, although they comply with informing their customers, avoid educational campaigns or consumption policies.



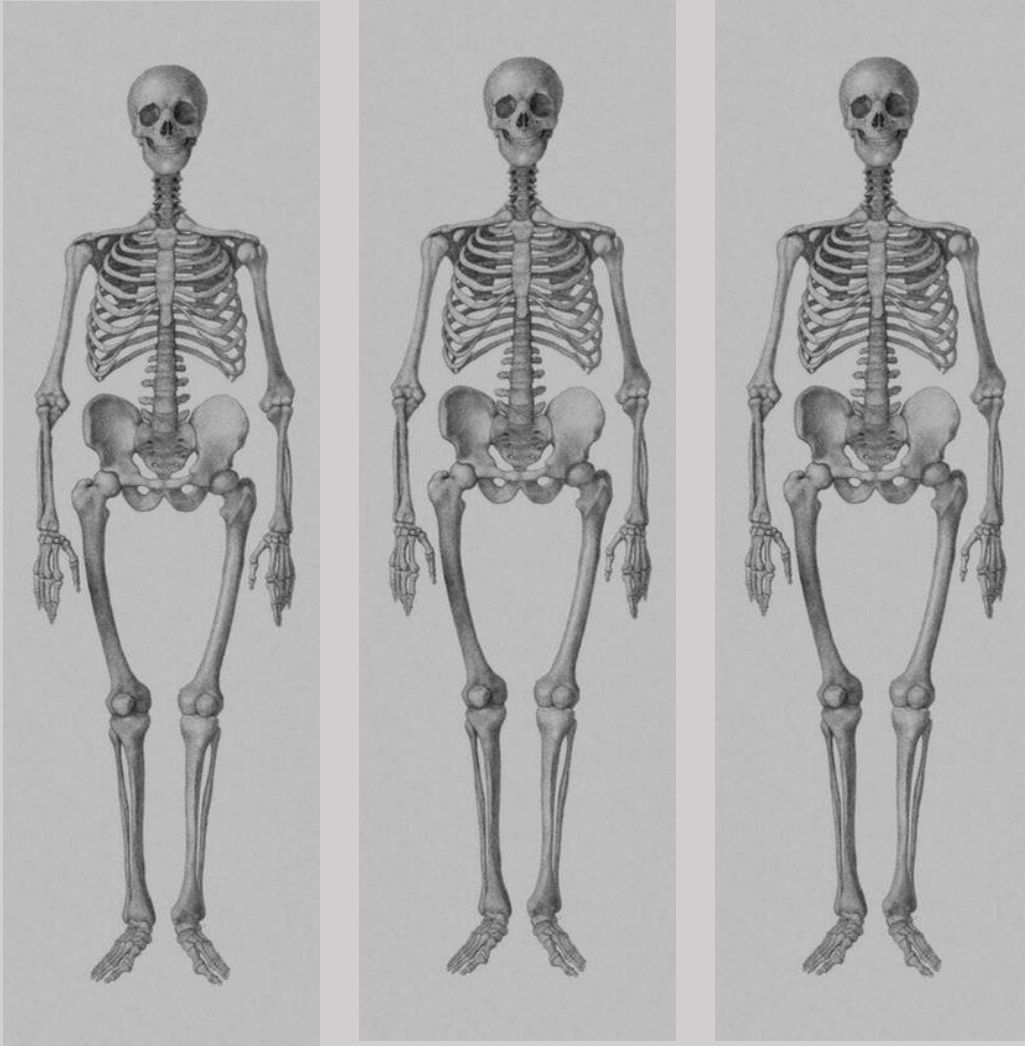
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This phenomenon, studied under the name of household finance, is usually evidenced when consumers, having made poor decisions, increase their economic instability, their illiquidity, and their income capacity or income insufficiency (Morduch, 2021). All this, moreover, occurs in a systemic way since each of these dimensions (instability, illiquidity, or insufficiency) can influence and negatively impact the others.

As can be seen, therefore, the problem is associated with consumer ignorance when consumers freely make bad decisions and, at the same time, with company-level actions when they operate with minimum criteria of justice in their commercial policies.



# USURY



Usury is a characteristic of unethical business practices. In other words, these practices are deemed bad precisely because they are usurious. Usury, in this sense, refers to seeking profit in a business transaction where the counterparty doesn't genuinely benefit, but instead is harmed or gains nothing. In other words, usury is a commercial relationship in which mutual benefit (a criterion of commutative justice that we have referred to before) is absent, replaced by purely individual gain.

However, there are various reasons why the disadvantaged party willingly engages in usurious deals. Among others, it's common for affected individuals to accept such terms out of necessity or ignorance. In the case of necessity, someone is willing to accept unfavorable commercial or economic conditions because otherwise, the more or less serious problem they are facing cannot be solved. This happens, for example, with usurious loans offered to individuals dealing with personal or family health emergencies.

As for reasons associated with ignorance, people might voluntarily accept unfair business terms due to financial illiteracy. It's common, for instance, for the poorest segments of the population to accept loans with extremely high interest rates and rigid repayment terms because they genuinely don't comprehend that the agreement's conditions will result in financial burdens leading them towards insolvency.

V

Book  
extracts

CORPORATE

**ETHICS**

# INTRO

Outside the market sphere, companies relate with other stakeholders that make up society. This type of relationship, understood in a normative way, is what we characterize under the concept of corporate ethics. In other words, it refers to how a company's activity is understood in terms of its role as a citizen or corporation.

THE RELATIONSHIP  
BETWEEN BUSINESS AND  
SOCIETY IS NOT A MATTER  
OF MERE PHILANTHROPY,  
BUT RATHER OF  
RESPONSIBLE CORPORATE  
CITIZENSHIP AND FAIR  
COMPETITION.

Book  
extracts

To understand the fundamentals and dimensions of a company's corporate activity, we will first look at certain concepts associated with the relationship between business and society, as well as the importance of understanding a company's contribution to society through circular economy models. We will also review the fundamental elements that characterize the social impact of the digital industry and the business-state relationship.

Finally, we will focus on corporate issues and the social market economy. The latter dimension of corporate ethics sheds light on how competition can be evaluated as a social good when it facilitates the acquisition of resources for citizens' well-being and development.



# BUSINESS & SOCIETY

The topic of business and society involves how companies relate to civil society, i.e., to the institutions with which companies do not have a commercial relationship, but do have a more or less direct economic, public, political, and cultural relationship.

To understand the importance of society for companies, we must bear in mind that they could not even exist without society, and, at the same time, the relationship is mutually beneficial: many of society's essential features are able to develop thanks to companies.

The relationship between business and society, moreover, is not based on a connection of two adjacent spaces or separate spheres, as would be the case with the logic that artificially distinguishes that which is private from that which is public. Business and society are systemically related because the market, as a business sphere, is also an essential dimension of society, and vice versa. Indeed, the market, business, and society, although distinct, are intrinsically related in practice and, moreover, arise from a natural disposition toward community life that is partly reflected in the public good.

Therefore, it would be unreasonable to argue that it is possible to live well outside of society and the city (*urbe*, in more specific terms). These are the so-called political or public spheres that make up and allow for the existence and development of intermediate communities like companies (Finnis, 1998).

It follows that companies and the market are also intermediate communities of public order, meaning they are made possible by a social order to which they must also contribute equally in their own areas of competence. This does not mean that all companies are public or that they contribute in the same way as the family or the State, but rather that companies that have spaces of autonomy within which they administer private property are a constituent part of the public order.

Now, what areas are companies responsible for in terms of public order? In general terms, we can point to their production model and its environmental impact, the development of digital relations, the relationship with the State and taxation, philanthropic activities and cultural and political activism, their relationship with the cities in which they operate and local citizens, the economic model they employ, and the social importance of competition.

# LINEAR ECONOMY / CONSUMER SOCIETY

Book  
extracts

These adverse effects led some to rethink the old Malthusian arguments regarding the economic and social impact of growth. An English clergyman and economist who was hired by the East India Company in London, Thomas Robert Malthus published *An Essay on the Principle of Population* (1798), where he argued that excessive (exponential) population growth is incompatible with a linear growth rate. Thus, he saw the idea of development that Turgot had prophesied as a logical contradiction because infinite growth cannot come from limited resources.

The 1979 oil crisis first brought this to the fore because it highlighted production's vital dependence on the availability of certain raw materials.

This prompted some businessmen and academics to question the suitability of the linear model, especially in view of Malthus' criticism. This rethinking became a reality through the intellectual movement started with the Club of Rome and its publication of *The Limits of Economic Growth* (1972). This group aimed to spread the idea that the linear and infinite growth of production and prosperity was simply impossible in a world with finite resources (at least in the context of the technological development that society had reached by the 1970s). Therefore, the capitalist economic model demanded reformulation.





Generally, from the social point of view, this access is possible on the basis of a public order that streamlines the use of and access to environmental goods. In this sense, it is precisely the social institution of private property that plays an essential role when it gives more guarantees of better administration of natural resources and, in addition, access to various environmental benefits through the social commercial, economic and political order.

Let's think, for example, of popular science magazines like National Geographic that, by marketing their products, allow for broad access to knowledge of nature. The company that owns the magazine thus allows for an orderly use of nature as a source of knowledge.

This, however, does not include any form of private property that protects the exclusive use of natural resources; rather, it refers to forms of private property that guarantee good administration for the best overall use of natural resources. Indeed, private property understood as an inalienable right that guarantees individual enjoyment is not the most appropriate way to facilitate a balanced relationship between the environment and the common good. Strictly speaking, this form of inalienable property is based on exclusion, not on better administration and the general good.

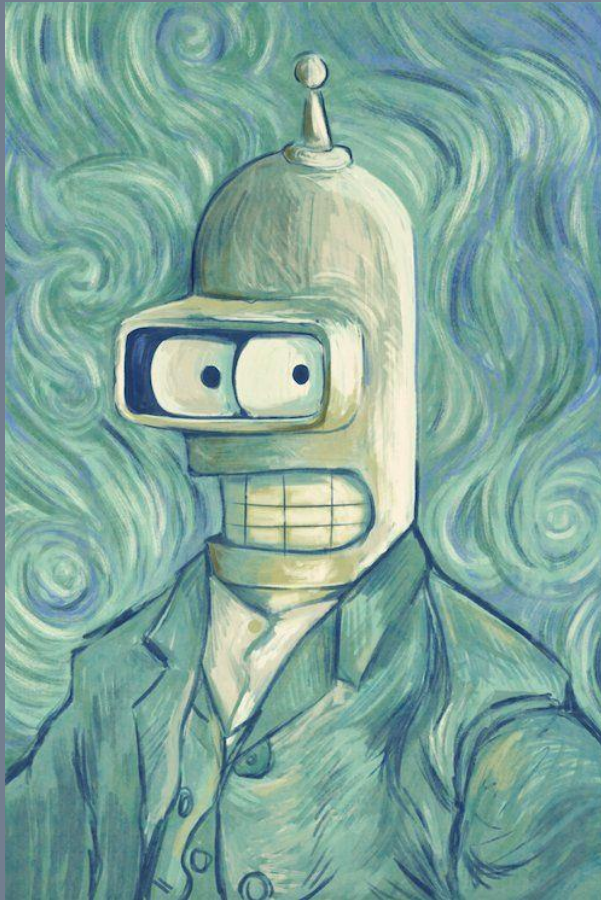
On the contrary, private ownership of natural resources is justified because private ownership leads to better management when compared to public ownership. This is because, in practice, a public good does not belong to anyone, even when the belief that it belongs to everyone is widely shared. In other words, the general use of the environment, even in its best state of conservation, requires the protection of private property as a social institution.

This form of private property, the basis of the so-called social market economy, gives a more complete account of the proper relationship between nature and the common good, because it does not fall into the extremes of private property defined as inalienable individual benefit, nor in the logic of environmentalisms that restrict any contact with nature, even when the poorest communities have urgent needs.

WITH ARTIFICIAL  
INTELLIGENCE WE ARE  
SUMMONING THE  
DEMON  
ELON MUSK

# ARTIFICIAL INTELLIGENCE

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So far, we have seen that the digital industry (Big Data and social networks) largely depends on what we call artificial intelligence (AI) for its development. Thus, it is important to ask what AI is and to identify the relevant aspects that business ethics should consider.

To understand AI's nature, we must focus on its conceptual meaning and historical development.

As Juan Eduardo Carreño (2018) explains, the concept of AI is usually considered to have come from Alan Turing, John von Neumann, and Norbert Wiener. However, strictly speaking, AI first appeared in 1987 when Christopher Langton's article "Artificial Life" inspired a series of research activities.

Research in the area of AI is particularly heterogeneous, thus prompting the categorization of AI studies as soft, hard, and wet.

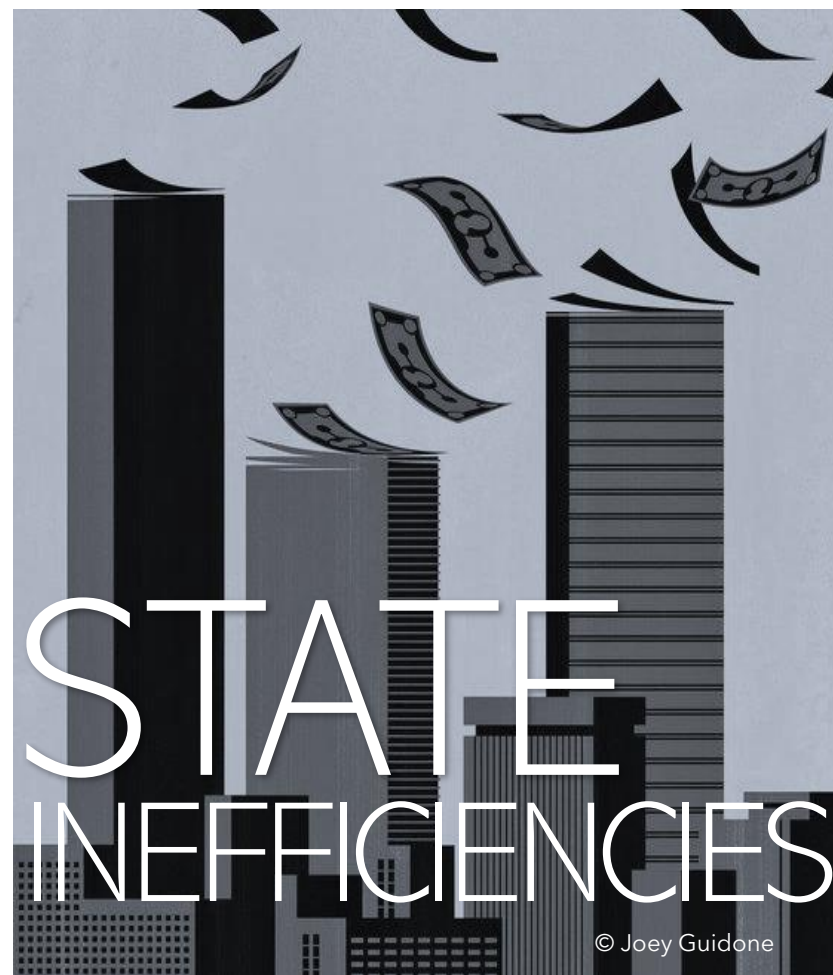
Soft AI (short for software) integrates computer science, theoretical biology, cognitive science, and mathematics. In its more moderate (weak) variant, it aims to create digital simulations with properties similar to those of living beings, including replication and autonomous operational improvements.

## UNDER & OVERTAXED

Another form of unfair taxation can be evidenced in what is called an exaggeratedly high tax rate (overtaxing), which prevents the normal development of a taxpayer's daily life or general economic development. This refers to the fact that, given a very high tax, people are unable to fulfill their essential or priority responsibilities, as in the case of parents with the maintenance of their children, education, rest, health, etc.

However, it often happens that categorizing a tax policy as overtaxing is difficult in the sense of an objective and accurate judgment, at least in the two areas in which the discussion usually takes place, namely, inefficient public administration and/or public policies that seek to reduce social gaps in the short term.

Regarding the ineffectiveness or inefficiencies of public administration, overtaxing is considered as such when it is evident that the state overspends or makes untimely expenditures, allocates resources to initiatives that are not its responsibility, or is downright corrupt.



However, even when this happens, it is also true that citizens are not always completely objective when it comes to perceptions of poor public management. Indeed, for citizens, overtaxing may be the result of a rather subjective judgment, because efficiency in spending is only comparable to a hypothetical scenario of a perfectly efficient exercise of public administration, which also assumes the impossible existence of an objective hierarchy of spending priorities perfectly attuned to the balance between citizens and the state. Hence, it is difficult to claim a priori that citizens always accurately judge public spending and that, therefore, a tax policy is truly overtaxing simply because citizens consider it to be so.

The second cause, on the other hand, is certainly the more complex problem. Indeed, inequality damages social peace (which political authority has the responsibility to promote and ensure), and in theory, this could be solved with a higher tax burden on those who earn more as a way to reduce social gaps.



# COLLUSION



Collusion occurs when parties— in general, managers of a company or organization— establish coordination formulas to deceive a third party (customers, authorities, competitors, etc.). This coordination, usually secret, involves fraud or the obtaining of an unfair advantage over a third party with whom they share commercial or competitive relations.

In addition, collusion may involve dishonest cooperation between competitors in the form of a sporadic or tacit agreement, the purpose of which is the manipulation of prices in favor of colluding persons or companies.

If collusive practice becomes permanent, it is considered more like a cartel. Cartel collusion does not necessarily imply an explicit agreement, but often arises from implicit non-competition agreements, especially on the basis of low prices or discounts as a formula to prevent the entry of new players in the market.

Thus, collusion or cartel associations imply artificial fixing of prices or compensation (salaries or fees), as well as a practice contrary to the protection of third parties (trustees) when one of the parties has a fiduciary responsibility.

Cartels, in turn, can be classified into several types. Indeed, there are price cartels, that is, when two or more competing companies agree on the prices of their products. There are also territory cartels, or those that focus on market shares, patents and technology, and sales channels. There are even super cartels, as is the case of OPEC.

Now, cartels and collusive practices are ethically illicit because they limit, prevent or destroy the participation of commercial agents; hence, the authorities go after them in most developed economies, that is, economies that defend competition as a public good and a condition of social development.

It is important to note the fact that political authority is not enough; self-regulation plays an important role, especially when companies understand the importance of competing for the general good, not only for increasing their profitability and securing certain commercial positions.

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