

## “Businesses should put stockholders before stakeholders”. Discuss

### PING PONG

Some essays ping pong back and forth, arguing first one side, then the other. This is particularly useful when your key points are disparate and unlinked – it may be helpful to raise an issue in one paragraph and respond to it in the next.



### SAMPLE STRUCTURE

T – Utilitarianism – Principle of Utility  
I – Cost/Benefit Analysis  
C – Ford Pinto Case  
K – ‘Greater good’ includes stakeholders  
E – Sounds good; open to abuse  
T – Would Rule Utilitarianism protect stakeholders?

Kant's theory would provide rules to protect stakeholders. For example, workers rights, environmental legislation etc. The Primark case shows the conflict between a company trying to please stockholders, and the rights of stakeholders. Should it be up to businesses to act ethically, or should the law force them to do so?

T – Situation Ethics: Personalism  
I – Pollution  
C – Shell - Nigeria  
K – Regardless of rules, people must be protected  
E – However, change will require legislation  
T – What about boycotts, pressure groups etc?

Virtue Ethics has a different approach to lobbying. A perfect society would have checks and balances, but extreme or violent action would not be part of eudaimonia. Virtue Ethics might be criticised as it has no way of ensuring environmental protection. However, neither Kant or Natural Law would support violent protests.

The starting point might be a simple cost/benefit analysis. This is how businesses work, but utilitarianism would criticise businesses if they didn't consider the needs of stakeholders. Act utilitarianism is great when properly applied, but open to abuse. Rules needed to protect stakeholders.

T – Kant - Universalisability  
I – Child labour  
C – Primark  
K – Ethical Trading Initiative – absolute rule  
E – In line with thinking about Human Rights  
T – Should the law protect stakeholders?

Looking specifically at the environment, as this affects stakeholders but not stockholders (directly), Situation Ethics would put the Ogoni people before profit. However, how do you achieve this? Sit Ethics would support any process that works – boycotts, economic sabotage etc.

T – Virtue Ethics: Eudaimonia  
I – Violent protest  
C – Brazil - logging  
K – Only non-violent protest allowed  
E – Seems right, but how do you prevent logging?  
T – Only Util./Sit. Ethics would get the job done

### Your concluding paragraph is vital, as you have gone back and forth throughout

Businesses that aren't regulated will act in reckless and selfish ways, as demonstrated by Ford. As such, there need to be rules in place to protect stakeholders. However, as businesses can just move to other countries where there are no laws, is it enough to expect governments to provide rules? Alternatives include civil disobedience and protest, and these may be necessary for a better society. The ethical question is then how far you should go to make the world a better place. Is it ethical to protest violently?

Overall, it is unrealistic to hope that businesses will regulate themselves, or that governments can effectively legislate in the international community. Pressure groups play a vital role, but it is unclear how far they should go when so much is at stake.