The Technological Blind Spot in Business Ethics


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Abstract
From all directions comes confirmation that technology, information technology above all, is radically transforming today's business. All observers predict that this technologizing of business will continue in the 21st century with major consequences. This essay argues that business ethics cases (the most popular way of approaching business ethics) as well as the broader corporate cultural values (a less popular but at least equally important focus for business ethics) are inexorably affected by the technological revolution in business. But of twenty-nine business ethics textbooks published in the past five years, only four show any awareness of the new configuration of hard ethics cases, and only two of those four go beyond the case approach to examine the changes in corporate cultural values. If this technological blindspot in business ethics is not soon corrected, the business ethics guild will have radically failed its calling and responsibility. The consequences of technological blindness and naivete in business ethics are potentially dire because of the massive power of our technologies.

1. Business---and Business Ethics---As Usual

Over the past thirty years or so, business ethics has developed as a specific focus both in business education and corporate practice. Nearly all business programs at both undergraduate and graduate levels now require some ethics study, whether as a separate course or as something woven into the curriculum. And nearly all major corporations have by now adopted ethics statements or codes as well as procedures for employee ethics orientation and for resolving ethical dilemmas.

Several forces have driven this process. First, various well-known public lapses and scandals (Watergate, the Exxon Valdez oil spill, the Bhopal disaster, S&L mismanagement, insider trading, etc.), undermined the public trust in political, professional, and business institutions and leadership. Business ethics was needed to help rebuild trust and trustworthiness, in the absence of which business cannot long prosper.

Second, the secularization of public life combined with the growing cultural diversity of our people has made it impossible to assume a traditional or broadly shared moral consensus on right and wrong. The unstoppable trend toward globalization in business also contributes to moral diversity, conflict, and uncertainty. Business ethics was needed to help navigate today's cultural and ethical value diversity.

Third, and perhaps most importantly, the increase in litigation and costly court settlements for instances of racial discrimination, sexual harassment, and product safety has exposed a lack of clear moral guidance and restraint. It is no compliment to note, for example, that our newly intense interest in ethical relations between the sexes is not because we have rediscovered the moral worth and dignity of women; it is because a corporation will be slapped with a major law suit if it doesn't successfully establish moral guidelines and limits for communication and relationships between men and women.

For at least these reasons, business ethics has become a booming, growth industry in recent years. And this is a good thing. It is a good thing to inquire about the right thing to do in business---and not just about the legal or profitable thing to do. In this way business is borrowing from the heritage of the professions (such as medicine, law, and theology) which traditionally placed high emphasis on notions of calling, vocation, social service and responsibility, and on self-scrutiny and discipline relative to high ethical standards. (Would that these values were still characteristic of medicine, law, and theology!).

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1This paper was presented in earlier forms at a University of Washington School of Business Symposium (Oct. 24, 1997), the North Park University Faculty Research Group (Oct. 21, 1998), and the Fifth Annual DePaul University Conference Promoting Business Ethics (Oct. 30, 1998).

2Many business ethics textbooks provide a brief account of the historical development of the field. One of the best and most complete accounts is provided in the first half of Robert C. Solomon, Ethics and Excellence: Cooperation and Integrity in Business (New York: Oxford, 1993).
There are two basic and complementary approaches to the study of business ethics in most of the textbooks today. The first, and most popular, of these is the study of ethical cases—dilemmas and quandaries. Hard cases are grouped around specific business areas such as hiring and promotions, employee rights and responsibilities, workplace safety, advertising and marketing, product quality and safety, international business relations, environmental responsibility, and so on. Typically, a chapter in a business ethics textbook will outline the issues, review the law and the state of the ethics discussion in this area and then culminate with several specific cases to discuss and analyze.

I don't think it is too harsh to say that this case approach reduces the task of business ethics to "damage control." We are confronted by serious problems that threaten to spin out of control, if they haven't already. What are we going to do? The principal or responsible participants analyze the facts of the situation (what happened? when? who was or will be involved? what are the legal, financial, and other relevant facts?). Then we explore the ethical values or rules that are relevant to the case and try to figure out our best options for a response, i.e., our best chance of simultaneously preserving our business interests along with the ethical requirements of fairness, honesty, safety, minimizing harm, and so on. We muddle through to the best solution we can come up with, always sensing our attorneys and accountants looking over our shoulders. Depending on the seriousness and frequency of the dilemma encountered, we may revise our code of ethics and our business practices to minimize future occurrences of the problem.


The second approach to business ethics is from the opposite end of the spectrum. Here the grand economic theories of corporate capitalism and free enterprise are discussed. The values embedded in various corporate cultures are examined. Often, we study the corporate vision and mission statement and the workplace ethos of different companies such as IBM, Microsoft, Hewlett-Packard, Johnson & Johnson, and Ben & Jerry's. We ask what are the business values, social values, and ethical values that characterize each of these companies? How, if at all, do these corporate cultural values exemplify or modify the basic profit motive of the free enterprise system? In addition to Adam Smith's "invisible hand"---and the laws of the land---what corporate cultural values will condition and guide the important choices and directions of the company?

If the case approach to business ethics is essentially "damage control," we might call this second approach business ethics as "mission and culture control." One example of this approach is provided by James Champy in *Reengineering Management* (New York: HarperBusiness, 1995). Champy summarizes ten values that he has seen in "hundreds of corporations" that have reengineered. This emerging consensus includes what he calls "work values" (the willingness to perform at the highest level of competence, to take initiatives and risks, to adapt to change, to make decisions, and to work cooperatively as a team) and "social values" (the willingness to be open, to trust and be trustworthy, to respect others and oneself, to accept responsibility, and to judge and be judged on the basis of performance).

2. The Technological Transformation of Business and Its Ethics

If technology is transforming the way business is organized and carried out, it must necessarily transform the way we approach business ethics—whether that is the casuistic ethics of damage control or the virtue ethics of mission and culture control. It is beyond question that such a technological transformation is taking place and will only accelerate in the future.


What all of these books have in common is the observation that technology is transforming our world of business (and beyond)—and a conviction that we must pay attention and respond.

Three more serious studies of the way technology is (or could be or will be) transforming business are provided by Michael Hammer and James Champy in Reengineering The Corporation (New York: HarperBusiness, 1993), Don Tapscott and Art Caston in Paradigm Shift: The New Promise of Information Technology (New York: McGraw-Hill, 1993), and Kevin Kelly, New Rules for the New Economy: Ten Radical Strategies for a Connected World (New York: Viking, 1998). Tapscott and Caston do an especially thorough job of showing how information technology is transforming (1) the way work is done (from individuals in hierarchies to work teams in organizational networks), (2) the way businesses are organized (from single-systems islands to integrated systems and computing environments), and (3) the way they relate to external suppliers, customers, and competitors (from enterprise technology islands and simple marketplace combat to interorganizational computing and competition through cooperation in value networks). It is a whole new ball game out there. Kevin Kelly’s new study tries to show how information technology will be continuing, intensifying, extending, and deepening the transformation of business.

In The Digital Economy: Promise and Peril in the Age of Networked Intelligence (New York: McGraw-Hill, 1996), Don Tapscott identifies some of the social and ethical challenges to business that result from its technological transformation. Privacy, confidentiality, and information security issues receive a whole chapter of discussion as "an emerging firestorm." The effects of the technologizing of business on employment patterns, jobs and careers, access and equity in the high-tech economy, and on the quality of work life are also squarely faced. Tapscott argues that with business’s growing power must come acceptance of significant responsibility for addressing such challenges. Business can’t just wash its hands and leave everything to the bureaucratic state or to beleaguered individuals.

It is not as though business ethics textbook writers never change their material but, with few exceptions, they have not caught up with the new technological reality in business. Some of these writers have recently added a discussion of virtue ethics in their presentation of ethical theory (although many continue to focus their major discussion on the modernist ethical theories of Kant and Mill— with no recognition of the postmodern assault on such theories). Most authors discuss the classic arguments over the morality of capitalism by Adam Smith, Karl Marx, Milton Friedman, Kai Nielson, and others (but without nearly enough attention to the decline of communism and socialism on the world scene). Most of

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Footnote: Two helpful books on corporate mission and culture are Terrence E. Deal & Allan A. Kennedy, Corporate Cultures: The Rites and Rituals of Corporate Life (Reading MA: Addison-Wesley, 1982) and Rob Goffee & Gareth Jones, The Character of a Corporation: How Your Company’s Culture Can Make or Break Your Business (New York: HarperBusiness, 1998). Corporate culture consists of more than just ethical values and virtues—but it is where such values and virtues are rooted and reinforced.
the more recent literature now notes the globalization of business, and, to a lesser extent, the growing ethnic, religious, and cultural diversity of our workforce (but in the matter of gender relations, the typically massive new discussions of sexual harassment demonstrate "damage control" ethics run amuck; pages and pages of legalism with no understanding of how organizational mission and culture might give rise to these behavioral dilemmas).

But the worst failing of all is that most of our business ethics treats business in almost total isolation from technology—at the very time almost everyone else out there is talking about the technological revolution taking place. This is a critical blindspot in today’s business ethics. In Appendix A (below) I list twenty-nine business ethics textbooks published in the past five years (most of them in the past two years) that say nothing—or next to nothing—about computers and technology. Most of them do not even list "computer," "information" or "technology" in their table of contents or index; only a very few have even one brief ethics or computer case among the dozens they present to their readers. It is as though computers and information technology are of no consequence, no interest, to business ethics.

Four (and only four) exceptions to this pattern of technological blindness in business ethics fall into two subgroups. First, two textbooks that give relatively full, chapter-length coverage to computer issues in the business setting are David M. Adams and Edward W. Maine, *Business Ethics for the 21st Century* (Mountain View CA: Mayfield, 1998), and Richard T. DeGeorge, *Business Ethics* (Englewood Cliffs NJ: Prentice Hall, 4th ed., 1995). In terms of the categories discussed earlier, these authors treat computer ethical issues narrowly as a matter of damage control.

Two other textbooks go beyond damage control ethics to reflect on the deeper and broader impacts of technology on business: James E. Post, Anne T. Lawrence, and James Weber, *Business and Society: Corporate Strategy, Public Policy, Ethics* (New York: McGraw-Hill, 9th ed., 1999), and Rogene A. Buchholz and Sandra B. Rosenthal, *Business Ethics: The Pragmatic Path Beyond Principles to Process* (Upper Saddle River NJ: Prentice-Hall, 1998). The Buchholz and Rosenthal volume is especially impressive because it introduces the technological factor early on and with provocative attention to its deeper cultural impact, not just to a few cases in computer ethics. Post, et al, provide a good chapter but it is positioned at the end of the volume; technology is not treated as a force transforming marketing, management, and all the earlier topics they consider. These two volumes, and these two volumes alone, among the twenty-nine options in Appendix A, are acceptable as textbooks for general business ethics courses in today’s technological context.

Starting from the technology side, it should be mentioned, there is a small but growing literature about ethics and (especially, information) technology. This literature includes Ian Barbour’s *Ethics in an Age of Technology* (San Francisco: Harper & Row, 1993), John Hart’s *Ethics and Technology: Innovation and Transformation in Community Contexts* (Bloomington MN: William C. Norris, 1995), Deborah G. Johnson’s *Computer Ethics* (Upper Saddle River NJ: Prentice-Hall, 2nd ed., 1994), Ernest A. Kallman and John P. Grillo’s *Ethical Decision Making and Information Technology* (New York: McGraw-Hill, 2nd ed., 1996), and Richard A. Spinello’s *Ethical Aspects of Information Technology* (Englewood Cliffs NJ: Prentice-Hall, 1995). While this literature is helpful, it is not sufficiently integrated into the business context to meet the need.

3. The Technological Transformation of Business Ethics Cases

As technology transforms business, it is transforming the content and the variety of the ethical dilemmas and hard cases we will encounter. It may be that some classic cases will be eliminated, although I can’t point to any examples. It will probably add some important new cases. And it will certainly exacerbate others, raising the stakes and the difficulty of their resolution. Recall Don Tapscott’s list of technology-related business ethics issues mentioned above.

*Privacy and confidentiality issues* are among those that are exacerbated. With our new information technology, the confidentiality and privacy of information about employees, applicants, customers, and even of corporate financial records, proprietary data, and strategic plans has become vulnerable to hackers and data miners. How such information should be stored, discarded, shared, or secured is not just a technical problem but an ethical one. So too, video and computer *monitoring of employees*, as well as visitors and customers, is facilitated by new technologies. The stakes are now higher, and the temptations perhaps greater, than when it was merely a question of the boss or a salesperson looking over your shoulder from time to time.

We have, in the past, discussed issues of *workplace health and safety* in terms of exposure to various personal, physical, or chemical dangers. Now we must add to those problems the risks of
repetitive motion disorders and long-term exposure to video display terminals at computer stations. To the historic stress of working with cranky colleagues in the office we must add the ease and the possible unhealthiness of working in isolation for hours before our computer—or having our work follow us everywhere on our portable electronic devices. To the problem of inappropriate or harassing comments from colleagues, we now face the possibility of anonymous, and nastier, harassment by e-mail.

Our hiring practices are increasingly complicated by the data and privacy issues mentioned earlier—and our practices of equal opportunity and affirmative action must now include consideration of an emerging social class division between the computer literate and illiterate, the information haves and have-nots. Our traditional moral dilemmas about lay-offs, job security, and terminations are intensified in the era of technology-enabled downsizing. Both employer and employee loyalty are challenged in an age of rapid and extreme change and mobility. Peoples' lives, as well as business's success, are at stake in how we anticipate and respond to such personnel issues.

Product safety and quality are also issues that have always had some ethical dimensions. The temptation, now stronger than ever, to rush products to market to gain competitive advantage will sometimes raise ethical issues. The comparative ease of forming and then dissenting corporations may leave consumers of shoddy or dangerous products and services without much recourse after they have been stung.

This is merely a selective, superficial, whirlwind tour of the world of business ethics cases and dilemmas. The point is that technology is raising the stakes in many of these areas. Technology raises the potential for good outcomes and creates new opportunities. But it also raises the potential for serious harm. We need to look at issues and cases as they present themselves in their new technological forms. Part of our challenge is that the speed of everything has been ratcheted upward by technology, often bringing us consequences for good or ill sooner than in the past. We have less time to reflect, to evaluate, to test.

One of the best preparations for this new world of business ethics cases is to read Edward Tenner's book Why Things Bite Back: Technology and the Revenge of Unintended Consequences (New York: Alfred Knopf, 1996), especially his two chapters on the "Computerized Office." Tenner makes a strong case that technological interventions always have consequences both desirable and undesirable, both predictable and unpredictable, both intended and unintended. Given the high stakes involved, it behooves us—not to stop—but to exercise greater than ever vigilance as we move forward.

4. The Technological Transformation of Corporate Cultural Values

To restrict our analysis of the technological transformation of business to the hard cases that arise at the end of business processes would be to miss what may be the most important long term challenge. The ethical dilemmas and quandaries we confront are, of course, often due to the uncertainty and finitude of life. But not all of them are inevitable. Our dilemmas and quandaries are also the product of earlier and deeper choices we make. And these choices are, in turn, conditioned by values embedded in the corporate (and societal) culture.

It is possible for leaders to modify, more or less, the culture of their companies both by a strong example and by articulating a consistent, compelling message. The history of a given company and the winds of the business and societal environment also help define the corporate culture. Business cultural values always include profit and shareholder value; if these are not at or near the top of the list, you are soon out of business. Other business values have included innovation and industry leadership, and product and service excellence. Some companies have especially valued employer/employee loyalty and collegiality. On the "disvalue" side, in opposition to such values, the historic moral temptation of business was often thought to be greed, an excessive desire for profits that vulgarized the profit and exploited the worker and consumer. The tradition was that businesses were founded with such purposes (the mission), then hired and trained workers and provided them with the technological tools (and financial rewards) to achieve those purposes.

But what happens when business technologies are no longer merely tools in the hands of personnel? What happens when the tools begin to define directions and what is done? We then may become "tools of our tools," in Thoreau's great phrase. Michael Hammer and James Champy's Reengineering the Corporation, possibly the most influential management book in the Nineties, argues that we need to go back to the drawing board and reengineer business around its fundamental processes. Why perpetuate old ways of doing things? Re-engineer these processes from top to bottom.
(OK!). They suggest that information technology will be a critical feature in this business process re-design. (OK!).

But one of Hammer and Champy’s most interesting points is that businesses should not merely use technology to automate existing processes but rather allow technological possibilities to specify the future. (Hmmm). They suggest asking the question “How can we use technology to allow us to do things that we are not already doing?” “Reengineering . . . is about exploiting the latest capabilities of technology to achieve entirely new goals” (p. 85). This way of running a business represents a major shift in the business culture. Just how open-ended is that invitation to pursue “new goals”? Are such new goals still to be subordinated to some overarching purpose and mission, to the core values of the corporation? If they are not, if technology is now in the driver’s seat, a cultural revolution has just occurred.

Even on a smaller scale, technology inexorably carries values with it. One of the most insidious myths of our time is the "neutrality" of the technological tool. Management expert Peter French has argued, in his Corporate Ethics (Orlando: Harcourt Brace, 1995), that “the software that is programmed into the computer on the white-collar worker’s desk regulates the worker, supervises the worker, even disciplines the worker. The power of the job, such as it is, resides in the software. In effect, the worker becomes an appendage, even a slave to the software . . . The standard office design . . . promotes seclusion of the worker and domination by the software” (p. 273). French is by no means arguing that we can turn back the clock, but he insists that the subordination of worker to technology must not be overlooked; the very tools we choose have a major impact on our relationships, our perceptions, our values.

The point that Peter French makes about an individual worker’s experience being transformed by computerization, goes as well for what Tapscott has described at the organizational and extended enterprise levels. Information (and other) technologies are not serving merely as our business tools; they are not “neutral” means merely in service of pre-existing business purposes (to say nothing of ethical values). They are value-laden, powerful influences on the corporate culture and everything and everyone touched by it.

In Jean-Luc Coudray’s story of Monsieur Mouche, Mr. Mouche climbed on his horse and rode it beautifully. “You must be proud of yourself,” said the professor. “No,” replied Mr. Mouche. “Still, your horse goes exactly where you want it to go,” said the professor. “That’s because I always want to go exactly where the horse wants to go,” replied Mr. Mouche (quoted by David Shenk, Data Smog, p. 7).

Part of what happens is that, at some point, a quantitative change becomes a qualitative change. Technology in today’s business is no longer a modest set of tools; it is a total environment, a milieu. It is the atmosphere we breathe, the terrain we walk on, the mediator of nearly all relationships, the preoccupation of all personnel, the defining factor in all processes. Another aspect of the revolution is the conscious embrace of technological leadership, its imperatives and possibilities, by those in charge (cf. Hammer & Champy, Kevin Kelly, Gates, et al). We have undergone a paradigm shift, a radical reengineering of business. The shift is driven by the omnipresence, the unchallenged sway, the conscious embrace of technology and technological ways of thinking and valuing. This is a crucial transformation which we dare not overlook in business ethics.

There are values embedded in technology, and they are not precisely the same as those historically characteristic of business. Among these are rationality, artificiality, and quantifiable, measurable efficiency. Another way of describing it is power—the development of ever more powerful means. Businesses have often been rational—but they have often also succeeded while adhering to tradition and to values that were not discovered or adopted because of their demonstrable rationality. And businesses have created artificial things—but not always to the exclusion of what we might call the natural. Businesses have had to quantify and measure their activities and products—but they haven’t always done that to the exclusion of other forms of evaluation. Businesses must have financial power—but the development of power was often in service of some purpose other than more power.

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Precisely the same point applies to the uncritical embrace of information technology by educators. Only now it is not just a matter of adult workers choosing to submit to technological environments—it is students being coerced (with velvet gloves to be sure) into submission. This submission has major ethical as well as pedagogical implications. The technophiles just don’t get it but means (e.g., books, lectures, interactive computer programs, face-to-face discussions) are not value-free, neutral, interchangeable tools to achieve unchanging, exalted ends. The dollar costs of an educational worship of technology are significant; but, frankly, this cost is in the long run trivial compared to the cost to student learning and growth. The work of Walter Ong and Neil Postman is valuable for those who wish to pursue the relation of technological communication and learning to educational outcomes.
Technology, however, in its essence and in its modern character as an ensemble of attitudes and practices, tools and methods, is inherently governed by a quest for powerful means characterized by scientific rationality, artificiality, and measurable effectiveness. It is awesomely successful on its own terms. It is so successful today that its values embed themselves wherever it is welcomed, and can overwhelm all other contending values.

Rogene A. Buchholz and Sandra B. Rosenthal, in their fine textbook mentioned above, *Business Ethics*, approach the culture and mission control side of ethics by way of a discussion of the late 19th century American thinker, Thorstein Veblen.\(^7\) Veblen noted that there were two competing structures and processes in the American business and workplace: the "machine process" and the "business enterprise." His prediction was that the machine process (i.e., technology) would eventually overthrow the leadership of the "business process." This is what we are seeing today—and our business textbooks are generally oblivious to this sea change.

This is the technological challenge to corporate cultural values. If technology dominates not just the corporate tool box but the corporate driver's seat, we may wind up with a corporate culture in which people are reduced to their quantifiable utility value—and not valued as whole persons, intrinsically dignified and precious. People, and for that matter the natural environment, may come into the equation as means, but not as ends.

None of this implies that business should be anti-technology—still less anti-change. But any humanistically-oriented, ecologically-responsible business ethics must be anti-*technopoly*. Our business vision and purpose, our ends, must not be limited to the horizon imagined by technology. Business ethics must be healed of its blindness to the technological revolution or we will radically fail our students, our colleagues, and our world.

### Appendix A: Business Ethics Textbooks Reviewed

Note: Each of the following was reviewed for any references to "computers," "information," or "technology" in the tables of contents and in the indexes. The particular cases presented in each book were also reviewed in search of technology cases. A brief comment reports what I found.

- **Cavanagh, Gerald F. *American Business Values with International Perspectives.* Upper Saddle River NJ: Prentice Hall, 4th ed., 1998.** One page (!) out of 314 total discusses technology and innovation as business values for future. On this list that makes them relatively good!
- **DeGeorge, Richard T. *Business Ethics* Upper Saddle River NJ: Prentice Hall, 4th ed. 1995.** One complete chapter on "Computer, Ethics, & Business." Just damage control cases but for this group of authors and editors that's a real improvement.

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\(^7\)Buchholz and Rosenthal, pp. 196-209.


French, Peter A. *Corporate Ethics.* Fort Worth TX: Harcourt Brace, 1995. Here is an author who truly understands the issues. Not your usual business ethics textbook but well worth adding to your library. Wish he said more but what he does say about technology is very insightful.


Jennings, Marianne M. *Business Ethics: Case Studies and Selected Readings.* Cincinnati: West, 3rd ed., 1999. Her cases and illustrations are more technologically aware than those in most other books, but there is no sustained discussion of IT.


Rae, Scott B. & Kenman L. Wong. *Beyond Integrity: A Judeo-Christian Approach to Business Ethics.* Grand Rapids: Zondervan, 1996. Two or three brief cases but generally blind to IT.


