Letters and Responses

Editor's note: Starting with this issue and the short essays that appear below, *Business Ethics Quarterly* will include a "letters and responses" section. The purpose of this is to enable short dialogues between authors and their readers and critics. I am grateful to Richard Marens, Jerry Goodstein and Andrew Wicks for providing an interesting discussion for the inaugural installment of this section. Readers wishing to submit comments in the future, for consideration for this section, should submit them by email to BEQ@udel.edu. All such letters should be between approximately 500 and 1000 words in length, be formatted according to *Business Ethics Quarterly*'s normal style guidelines, and clearly constitute a reasoned response to an article recently published in *Business Ethics Quarterly*. The final publication decision regarding any particular letter is the province of the editors; submission of a letter is not a guarantee of its publication.

MISSING THE TREES FOR THE FOREST: THE INVISIBILITY OF EMPLOYEE STAKEHOLDERS

No one would dispute Goodstein and Wicks's (2007) central claim in "Corporate and Stakeholder Responsibility: Making Business Ethics a Two-Way Conversation" that stakeholder management requires a mutual sharing of responsibility in order to be effective, and the authors should be commended for the examples they provide of autonomous stakeholders working to share responsibility. With respect to their analysis of the stakeholder responsibilities of employees, however, Goodstein and Wicks fall short, primarily because they failed to take that tough but essential first step in theory-building: learning everything one can about the phenomenon of interest (Weick, 1990). As a result, their treatment of employees is incomplete and unrealistic, leaving the authors guilty of viewing employees primarily as a *means* of improving the ethical performance of firms, without acknowledging that workers possess *ends* of their own, relating to job security, gain sharing, and the provisioning and protection of "voice."

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The authors note that they spoke to a variety of executives in preparation for their article, yet they reveal no similar contact with nonexecutive workers, a striking neglect in an article that advocates "a two way conversation." And they devote more much attention to urging executives to instruct their employees than they give to reminding these executives to listen. Furthermore, despite their professed appreciation for the value of social science research, the authors failed to familiarize themselves with the extensive literatures on the condition of employee rights and workers' economic circumstances, citing only Huselid's famous but dated (1995) article, which provides less support for the prevalence of norms of reciprocity than the authors imply. With their disregard of employees as ends in themselves, Goodstein and Wicks can not accurately assess whether employees are either willing or able to fulfill the roles that they would assign them.

The authors suggest, not unreasonably, that employees should understand that a greater assumption of responsibility would be a legitimate tradeoff for enjoying protection from arbitrary treatment and the discarding of the employment-at-will doctrine. Unfortunately, however, the practical value of this insight is small, since there is no evidence that courts or individual companies are abandoning the central elements of employment-at-will. While employees do indeed have more legitimate grounds today to sue over wrongful discharge in extreme cases, pursuing these remedies remains a drastic act, a painful, often career-ending, process. Perhaps more importantly for the average employee, laying-off and replacing workers for business reasons—rather than "cause"—remains legally unassailable, even when conducted by a profitable firm. If the legal regime is such that virtually all American private sector workers can expect to lose their jobs whenever their superiors decide that they are expendable luxuries—as Citigroup's leadership did when it laid off thousands of employees *before* the subprime disasters and *despite* the presence of an ethics program (Dash, 2007)—how often would employees choose to enhance their risks by taking potentially unpopular ethical stances? The authors rightly decry circumstances in which "exit and blind loyalty to the firm are the only viable options to exercise stakeholder authority" (p. 382). That, unfortunately, is the situation for many, if not most, American workers today, and if well-financed lobbying groups have their way, it shall remain so indefinitely (Jacobs, 1999).

Beyond the question of job security, the authors fail to seriously grapple with the issue of providing incentives for accepting more responsibility, an especially important concern since, for a large portion of American workers, the most disturbing contemporary issue in business ethics is likely to be their own stagnating compensation and vulnerable retirement programs (Mishel, Bernstein, & Allegretto, 2006). Why, for example, would hardworking Microsoft employees agree to share additional responsibility for firm performance after the company had decided to "reward" successful past service by cutting benefits (Dudley, 2004)? If the hope is for employees to forge an ethical partnership with their employers, then these employees will deserve and need independent mechanisms such as unions, employee associations, and works councils to voice concerns—and sometimes fight—over the fruits of mutualism. Goodstein's and Wicks's own examples demonstrate this requirement. Sweatshop workers and coffee growers were backed by feistily independent NGOs, while Southwest had to negotiate, not always amiably, with the Transportation Workers Union. While the authors uncritically accept Starbuck's claim that it voluntarily strives for a mutually beneficial relationship with its employees, the reality of such claims requires testing, particularly since a conservative National Labor Relations Board found that the company had illegally fired employees in two separate states for trying to form a union (Allison, 2007; Greeenhouse, 2007). Astonishingly, the single suggestion that the authors offer as a mechanism for voicing employee concerns is to consult the Society for Human Resource Management, a paternalistic fantasy of managers speaking for workers, discredited nearly a century ago (Jacoby, 1985).

Perhaps, Goldstein and Wicks do not understand the circumstances of employees because these circumstances are not only dissimilar to those of executives but also to those of academics. This group enjoys rights and privileges that would be the envy of almost anyone in the business world: tenure, faculty senate representation, elected department chairs, student apprentices, autonomous work, and a history of periodic raises and stable fringe benefits. People who possess these advantages have no right to expect those lacking them to assume greater levels of responsibilities without understanding the differences in levels of vulnerability, and asking anyone to take bold unpopular stands is certainly more than business ethicists have asked of themselves. Despite all the protections of academic life, business ethicists have generally ignored a spectrum of controversial but important issues that range from the restating and re-dating of accounting information to the surreptitious shifting of financial risk; from lobbying for weapon systems to pressuring local governments for subsidies; from union avoidance to increasing pay disparities. Goodstein and Wicks, deliberately or not, follow this practice of avoiding even implied criticisms of corporate management. Even in the case of Enron, they condemn nonexecutive employees' behavior in the California power crisis without mentioning the facilitating regulatory meddling on the part of the company's executives (Partnoy, 2003). Where the authors do raise past controversies involving Starbucks and Nike, these brief allusions are merely setups for tales of redemption, and in the case of Citigroup, the company's "ethical issues" are not even specified, although these would certainly include involvement with Enron plus a central role in promoting WorldCom. If business ethicists are reluctant to even implicitly criticize any but the most extreme malfeasance among executives, what can they expect from far more dependent and insecure employees, other than an occasional outbreak of ethical Stakhanovism, the kind of extraordinary displays of courage (often under relatively favorable circumstances) displayed by Sherron Watkins at Enron?

While my criticism may seem harsh, I do think the authors' intention to extend and deepen stakeholder theory is sufficiently worthwhile to offer suggestions to enhance their ongoing project. First, it would be prudent to talk to all stakeholders to learn their perspectives before presuming to lecture them. Second, if sweeping yet vague generalities such as "without some vibrant notion of stakeholder responsibility, business doesn't work" (p. 395) were framed more precisely, operationalizing these terms would reveal to the authors what they still need to learn. Third, the authors might well find inspiration examining a long-neglected tradition in business ethics that stretched from Mill through Selekman. This tradition dealt with surprisingly similar issues, and its theorists were informed by rich personal experience with business, government, and even organized labor (Marens, 2008). While these earlier thinkers also embraced the value of sharing responsibility, they all insisted that some balancing of power was necessary to achieve this goal. Goodstein and Wicks have chosen an ambitious project, and to pursue it, they need to match this ambition with the necessary breadth of knowledge and depth of thinking.

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