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Private Politics—The Business Conscience

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On the surface, private politics could be considered a legal form of extortion. The social pressures exerted on businesses could be seen as unethical. When examined further, private politics and the related social pressure utilized to facilitate positive change for the larger good is not only ethical, but required. When viewed in this way, private politics can function as a conscience for businesses. To support this argument, this paper will examine extortion, the challenges businesses face addressing the needs of stakeholders, and an ethical analysis of the tactics used in private politics.

Extortion is commonly defined as illegally gaining money or property through intimidation or undue exercise of authority. The aim of private politics is to indirectly gain money or property through facilitating a change in a business. Such change may require direct costs to modify infrastructure or processes and indirect costs due to lost time or missed opportunities. The tactics undertaken by individuals and non-governmental organizations (NGOs) engaged in private politics, either cooperative or confrontational, contain the underlying thread of forcing a change or causing a business to suffer consequences. Such consequences can include damaging brand image and lost revenue. These actions are a form of intimidation. Pursuant to this view, private politics can be considered legal extortion.

In businesses, managers must balance between the demands of profit and ethical behavior. Managers must focus primarily on serving the financial needs of the business because the success or failure of the business will have an impact on the income of other stakeholders. A business can also serve public needs by utilizing its resources in charitable ways individuals cannot accomplish on their own. Accordingly, it is in everyone's best interest that businesses remain focused on profit, while operating in ways that benefit the community.

To determine whether private politics is ethical, we can view the tactics utilized by organizations engaged in private politics through the "Ethical Lens Inventory". Looking at the rights and responsibilities lens, the letter of the law is met. The law supports free speech, including demonstrations. Indirect harm by forcing

added costs or loss of revenue, including brand image damage, is not illegal. Through the relationship lens, the tactics used in private politics can be considered what is fair for the community as a whole. Addressing social, environmental, and human needs is equitable. Using the results lens, forcing businesses to address problems may harm the stakeholders of a business; however, if the result is better for the community, it is ethical. Finally, looking through the reputation lens, viewing the actions of those engaged in private politics would be adjusted to what is best for everyone given the circumstances at that time. Given the current state of a problem, intimidating businesses could be appropriate. As the situation develops, the needs change and thus the ethical stance regarding the actions taken can change.

The Friedman Doctrine would stipulate a business should only focus on profits for the owners; allowing the owners to decide what actions to take to facilitate social investment. The argument against this approach is a company can be more powerful than an individual. A powerful company has the ability to command attention and harness resources - in the form of money and personnel - to make contributions in ways most individuals cannot. By embracing this social responsibility, businesses can serve the interests of all stakeholders, including the community.

When embraced, private politics can serve as a conscience to guide businesses in decision making. By cooperating with NGOs, managers can become aware of issues and determine how best to address them in positive ways for the business and the community. Revenues can be maximized and costs minimized without sacrificing community impact. Given the resources available to businesses, cooperation can serve to raise awareness of an issue and improve brand image. The business can become a model for others around the world to emulate, supporting a cycle of economic and social improvement.