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CSR and the Paradox of Business Ethics

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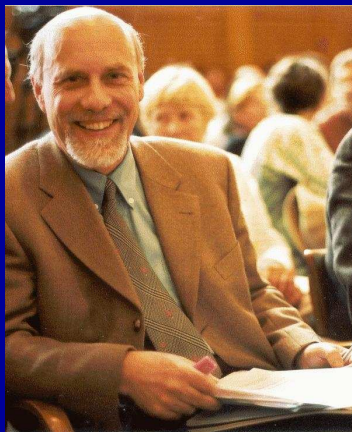
Problems

- (1) Does opportunistic use of ethics work in business?**
- (2) What is the ethics management paradox?**
- (3) Why intrinsic motivation is needed in economic affairs?**

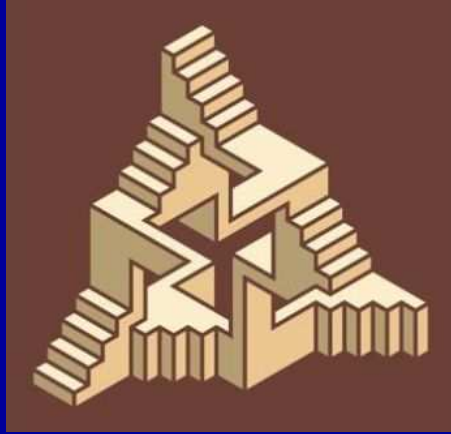
BAT & Nottingham University



The Ethics Management Paradox



Luk Bouckaert
Catholic University of
Leuven



Ethics is often seen as an **instrument** for **improving** the **functioning** of a corporation.

Opportunistic ethics often prove **counter-productive**. It is perceived as **cheating** by the **stakeholders** who will react accordingly.

Only genuine ethics works

The chance to improve the ethical quality of economic activities can only be taken if the **motivation** of the agents is **genuinely ethical**; that is, only if they want to realize **ethical conduct** for **its own sake**.

Ethics could bring **material benefits** for individuals and companies if and only if it is **not** used to **produce** material gains.

Ethics is like love



Only those who **love** their **partners in and for themselves** will enjoy all the **blessings** of a **loving relationship**.

Intrinsic versus Extrinsic Motivation in Human Affairs

Bruno Frey (1941-)
University of Zurich



The Crowding-Out Effect

The use of **monetary incentives** may crowd out intrinsic motivation. Also, **commands** and **regulations** may drive out intrinsic motivation. This leads to **declining quality**.