


# Chapter 9

## Ethics and Standardization

**John-Stewart Gordon**

*Vytautas Magnus University, Lithuania*

**Vladislav V. Fomin**

 <https://orcid.org/0000-0001-8423-2500>

*Vytautas Magnus University, Lithuania & Vilnius University, Lithuania*

### ABSTRACT

*This chapter examines the important relationship between ethics and standardization. This issue has never been among the most prominent issues in the context of standardization, even though it has been extensively discussed in the context of ethics and the economy. Nonetheless, it is important to properly understand the development of standards in the first place and why standards are indeed ethically relevant. The main claim is that ethics and standardization are deeply interwoven concepts and should be seen as conjoined twins. There is no ethics without standards and there is no standardization without ethics, because the market—the exchange of goods among people—is part of the normative realm.*

### INTRODUCTION

This chapter examines the important relationship between ethics and standardization. This issue has never been among the most prominent issues in the context of standardization, even though it has been extensively discussed in the context of ethics and the economy. Nonetheless, it is important to properly understand the development of standards in the first place and why standards are indeed ethically relevant.

Our main claim is that ethics and standardization are deeply interwoven concepts and should be seen as conjoined twins. There is no ethics without standards and there is no standardization without ethics, because the market—the exchange of goods among people—is part of the normative realm. The idea that the market as such is independent from ethics (e.g. Robbins 2007/1932; Baumol and Blackman 1991) is wrong and misleading. The reason is simple: the idea of not adhering to ethics in market transactions, usually so that companies can avoid additional transaction costs, is by itself a normative position that supports the rather disreputable ethical view of “anything goes”. In other words, you cannot escape ethics; rather, the issue is what type of ethical approach companies apply and whether a company is using ethics only as a means—for example, to reduce its coordination costs—or as a true goal by implementing

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proper corporate ethical standards or adopting international standards, which can help a company boost its ethical market conduct and ultimately result in a win-win situation.

There is a difference between companies, on one hand, that do not adhere to environmental standards and poison the environment, neglect their social roles with respect to their employees, promote child labor in dangerous locations (such as mines in India), discriminate in hiring by ethnicity and sex, and exploit animals and, on the other hand, companies that apply decent ethical standards in these and other areas. Immoral and reckless behavior by companies—or even by a company’s employees—presents a substantial threat to company profits. This fact can be demonstrated by numerous cases in the business world. For example, customers react negatively when a company’s behavior does not live up to certain ethical standards. In that respect, it is actually in the company’s interest to implement some corporate ethical standards (or to adopt respectable international standards) so as to enhance its profitability in a highly competitive market (see also Arnal 2005, 6).

To substantiate our claim, we first provide a brief analysis of the concepts of ethics and standardization in the second section of this article (immediately after this introduction). This review provides a common ground for the subsequent discussion. The third section examines the important relationship between ethics and standardization by paying proper attention to the general question of why we have (and should have) standards in the first place. Two main examples further substantiate the normative significance of standardization as a way to reduce uncertainty and build trust. Against the background of the preceding analysis, the fourth section discusses the problem of ethical standards and whether there is an ethically neutral concept of standardization. The last section offers some final conclusions.

## **PRELIMINARY REMARKS**

To properly determine the important relationship between ethics and standardization, one first needs to know the meanings of the two concepts. In this section, we will provide two working definitions without claiming that these are the only two adequate definitions in the literature. Of course, different definitions may result in different outcomes and implications with respect to the depiction of the relationship between ethics and standardization.

### **What Is Ethics?**

Before we can explain what ethics is, we first need to determine the relationship between ethics and morality. There are at least four different ways to determine the relationship between these two concepts: (a) ethics and morality are two different concepts, (b) ethics and morality can be used interchangeably, (c) morality is a sub-part of ethics, and (d) ethics is the theory of morality. Each relation has somewhat different implications for our normative reasoning and decision making. We will deal with each alternative viewpoint in order.

### **Ethics and Morality Are Two Different Concepts**

According to this distinction, the concept of ethics concerns how people should live their own lives and pursue their own happiness (e.g. hedonism). What should we do to satisfy our own interests so that we can live a happy life? No duties are involved. Morality, on the other hand, concerns the interests of other

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