
Competition, Value Creation and the Self-Understanding of Business

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A COMMENTARY ON Joseph Heath (2014), *Morality, Competition, and the Firm: The Market Failures Approach to Business Ethics* (New York: Oxford)

ABSTRACT

In defense of his Market Failures Approach to business ethics Joseph Heath relies on an understanding of business as essentially oriented towards competition and profit maximization. In these remarks I defend an alternative understanding of business that is centered on the creation of valuable goods and services. It is preferable because it: (a) creates less pressure to take advantage of vulnerable stakeholders, (b) can readily recognize “beyond compliance” norms that do not relate to efficiency, (c) provides a more meaningful framework for people who work in and with corporations, (d) may mitigate negative moral impacts outside the market, and (e) better captures the range of what actually counts as business activity.

JOSEPH HEATH’S MARKET Failures Approach to business ethics (MFA) holds that firms should engage in profit-oriented competition, except when the actual market fails to deliver desired efficiencies. In these cases businesses should engage in self-restraint to not take ad-

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