

Case Analysis on CSR

In the digital age nothing is more important than information. Organizations buy it, sell it, and sometimes lose it. This process has become increasingly important today because of how impactful that information can be. The digital age bred a variety of new careers like data analytics to find patterns and solutions from it and cybersecurity to protect it. One story that really exemplifies how important this data can be is the story of Equifax. The service, Equifax, serves as a massive database which holds users credit data which is then used to apply for loans, mobile phones, and sometimes jobs. In a way it is somewhat inevitable for your information to end up in their database. Big banks and various other organizations hand over the data directly to Equifax where it is then used to determine if someone can get an apartment, get a car, or a job. The scary part comes in when a giant organization loses this vital data and sadly this happened to Equifax. In this case analysis I will argue that utilitarianism shows us that the Equifax breach harmed the consumer by charging people to freeze their credit in addition to unethically using people's data and that this was morally bad.

In Nobel prize winning economist Milton Friedman's paper he discusses the social responsibilities of businesses. Friedman believes that the only social responsibility of businesses, like Equifax, is to increase their profits and return revenue to their shareholders. One of the main arguments in the paper is that businesses do not necessarily have social responsibilities, but it is the responsibility of the people to pursue moral causes. He argues that it is the responsibility of the owners to pursue their own desires which is usually to generate a profit. This in turn creates a trickle effect which then leads to more money for all because with more profit corporations can pay their employees more. Friedman put a heavy emphasis on the distinction between the person and the businessperson. The person may have their own ideals and morals. They may want to

devote their time or money to their family, charity, church, or country while the businessperson has different ideals. The businessperson is trying to get a promotion or get a raise because they are acting in the best interests of the business, which is usually to generate a profit.

This concept of social responsibility can also be applied to our current case Equifax. Throughout the entire process we can see that Equifax was in fact acting in their own self-interest which in this case was to find a profit. Equifax found a way to make a profit off of their users' data by selling that data. They completely ignored, in my opinion, the social responsibility of being in control of user data. They did not give users the opportunity to delete their data or even view their data. Equifax also completely failed in protecting this data which led to the next opportunity to pursue profit over what I consider Equifax's social responsibility. Following Equifax's data breach millions of consumers were at risk of losing their identity and in a way their financial lives. To help remedy this concern consumers have the ability to freeze their credit so nobody can open up new lines of credit under their names. To do this though you had to pay a fee to Equifax, the corporation that just lost all of your sensitive information. Throughout the entire process we can see from start to finish that Equifax found that their only responsibility was to generate profit.

Using the tool of utilitarianism, we can analyze how morally wrong their actions were throughout this process. With utilitarianism we are looking for the route that creates the "most good" which may be somewhat subjective, but I feel it is pretty clear cut in this case. With their decision to prioritize profit over the ethical use of data they did not necessarily create the "most good". In 2022, their CEO made a whopping 347 times more than their average worker ratio (Reuters, 2023). This does not necessarily give their workers to even pursue their own social responsibility. Then when we move to their mistreatment of their consumers, it kind of feels like

they threw them under the bus and then drove over them again. In the article one user described that they felt like Equifax “might have an incentive to be casual about security so that it could turn around later and charge what amounted to protection money.” (Lieber, 2017). Overall, it feels like a story of greed and selfishness of the few over the well being off the masses which goes completely against the utilitarian tool.

In Melvin’s Anshen’s “Changing the Social Contract: A Role for Business” we continue the discussion of the role of businesses in our society and more specifically the social contract they sign. This paper mainly challenges Friedman’s view that maximizing profits also maximizes public benefits. Anshen argues that business is an organ of society, they serve as somewhat of a fuel source for our society because they turn resources into goods and services which improve society. Because of this service businesses deserve a profit. This is where the social contract lies, we get goods and services which improve our quality of life in addition to the services we need to live and survive then we give them money. As time has progressed though Anshen believes that this social contract has evolved. We as a society are looking for a more equitable exchange because our needs have shifted beyond purely survival. We are looking for a better quality of life for all and a responsible form of growth that does not come at the expense of our environment or the few.

One may wonder how this may apply to our case of the Equifax breach. This lies in the fact that Equifax has breached our new social contract. In the digital age our social contract has evolved even further. Corporations have evolved even further than Anshen could have ever imagined. They control massive amounts of data and corporations have become even stronger. They hold data that can alter our life paths and can put the consumer into the direct line of fire in the digital battlefield. This data can put them at risk of identity theft, advanced phishing schemes,

and more. Equifax has relied on the previous terms of our social contract which is to generate a profit. They sacrificed the well being of us all by focusing on generating a profit by selling our data without our consent and charging us for protecting that lost data. With our new social contract Equifax should be focusing on ethically using our data in addition to accepting their responsibility and taking a loss on their mistake. This in turn fulfills their end of the contract. We give them their money and in turn we get their services and an improved quality of life and the safety of our data.

When analyzing the Equifax case and through the view of Anshen's view of the social contract between businesses and the consumer we can see how morally wrong Equifax has acted throughout the process. By unethically using consumer data and charging the consumer to protect that data Equifax has created the "most bad" as opposed to the "most good". Equifax lost their consumer's sensitive data and left it out for digital pirates to pick through. This leaves their consumers which make up the majority of adults with a target on their back and their pants between their legs. Following this cyber misstep Equifax completely removed the ability for their consumers to protect themselves free of charge because Equifax charged people to freeze their credit. They really did not create any good with their strategy and moved towards greed and profit over the well-being of society.

Throughout Equifax's journey through the cybersecurity battlefield, we can see that Equifax moved against the utilitarian way of thinking and chose corporate greed and the pursuit of profit instead of the overall well-being of the world. Equifax did not choose the morally right decision and chose to pursue their own desires instead of protecting their consumers. When we break it down though, we need these credit reporting services to keep our society running. The average person cannot buy a house, car, or any other investment outside of their current capital

without some form of credit. Without services like Equifax, we are completely unaware of how likely it is someone will pay that money back. Equifax definitely deserves to create some form of profit and is a service that is required in today's society. This does not excuse the fact that Equifax took advantage of this data by selling it and then took it a step further by not taking the steps to protect that data. Equifax then threw any form of guilt or responsibility to the wind by charging people to put up a line of defense on the cyber battlefield.

Bibliography

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