

Business values – the truth about ethics in business
(How will the next generation of leaders view business ethics and fairness?)

How will future leaders view business ethics? One of the more obvious things that one hopes for is that future leaders will not regard business ethics as a discipline of crisis, something to turn to when scandals occur. Ethics is not a knee-jerk response to crisis. It's a basic dimension of all human activity. From this point of view, there's nothing esoteric about business ethics that warrants either special defense or special antagonism.

The issue is really one of conception, i.e. how is the subject best conceived; what is it supposed to do, and how does ethical theory apply to the practice of business? There's no uniform approach to these questions in actual practice. Business schools adopt one or other of the following approaches.

It's standard practice in many quarters to begin with *a survey* of ethical theory. This means a brief summary of historical approaches to ethics, beginning normally with Kant (and the ethics of duty) through to John Stuart Mill (and the ethics of utility), with some exposure to justice (these days justice as fairness), and something on property rights. Ethical theory is normally linked or juxtaposed with "case studies," though the latter tends to focus on people in different roles in business facing special dilemmas.

It's not a bad thing to expose business students to ethical theory. The basic shortcoming of the approach, however, is that ethical theory exists in a free floating mode above concrete business situations. "Case studies" with a focus on dilemmas do not particularly remedy this difficulty. The shortcoming of that inclusion is the impression it gives that business ethics deals specifically with dilemmas, and not with ordinary day to day functioning. It's like reducing all ethics to "lifeboat ethics." "Lifeboat" ethics is all very interesting but life is not a matter of movement from one crisis to another.

Another approach is to take it that business ethics is really about the philosophy of economics, or economics as ethics. The issues of business ethics in this approach become issues of social and distributive justice. This is an area of growing fascination, not only because of the subject matter, but because some of the best practitioners, Amartya Sen, for instance, do not write like economists. They write excellent English. Sen focuses on development issues or development ethics in a global context, and asks fundamental questions, e.g., whether the free market is a just and fair mechanism for the distribution of goods in a grossly inegalitarian world.

The difficulty with this way of conceiving business ethics is that it's hard to see how it relates immediately to the persons for whom business ethics is principally geared, i.e., students, executives and managers. The theories are oblivious to the concrete business context, and indifferent to the different roles people play in business. Inapplicability to the ordinary manager in the office is not just a shortcoming at the pragmatic level, but a shortcoming at the level of theory itself.

Thirdly, you have the policy approach. This is a favorite way of approaching the subject. Business ethics deals here with large issues like government regulation and intervention, and general business problems like pollution control, transparency and lying in advertising, and corporate social responsibility. Here again, theory is fine, but the practical problem is that few people in business know what to do with these policy issues, except to argue about them or discuss them. Policy matters and disputes may be and perhaps should be matters of real interest to CEOs, but they have little to do with the ordinary executive, still less the ordinary business student. What is missing from this as from other approaches I have outlined is any feel for the personal dimension in ethics.

At this point, to take policy issues a little further, I should say something about how fairness will be looked at in the future (as the title puts it). I assume that business ethics and fairness here refers to business in relation to distributive justice or put differently, business in relation to corporate social responsibility. This really requires an entire presentation of its own. I have a few things to say about it, but perhaps the matter will come up in the open discussion. I am confining myself to business ethics simply.

From this latter perspective, I am arguing, as I say, for the personal dimension as the dimension of significance in business ethics. By “the personal dimension” I do not mean the private or the subjective dimension. I mean a sense of oneself as an intimate part of the business world, with a keen sense of the virtues and the values of that world. The values here are not so much personal values as one’s values as a member of a large firm or company to which one has pledged one’s loyalty, and in which the possibilities for honor and success reside.

I am also focusing on the personal not only to complement the approaches I have so far outlined, but to counter the prevailing tendency to see a company’s or corporation’s code of ethics *as ethics*. A corporate or a company code will never suffice for this purpose. Codes need to be embodied in persons, if they are to realize any of their values. When they are so embodied over time they bring into being an ethical culture in a company or firm, and this is perhaps the primary goal of business ethics: people of a certain kind, who generate a certain kind of environment, another name for which is an ethical culture.

The business ethic I want to explore is an ethic of virtue, in the Aristotelian sense. For Aristotle a virtue was a form of excellence, an exemplary way of getting along with other people, a way of manifesting in one’s thoughts, feelings and actions the ideals and aims of the entire community. Business ethics, as we know, is often conceived as a set of impositions and constraints, obstacles to business behavior rather than the motivating force of that behavior. Many people in business look upon ethics with suspicion, as antagonistic if not antithetical to their enterprise. But properly understood, ethics does not and should not consist of a set of prohibitive principles or rules, and it is the virtue of an ethics of virtue to be rather an intrinsic part and the driving force of a successful life well lived.

This is a big subject and given the constraints of time, I want to underline a few things, some of the considerations not normally highlighted in abstract discussions of ethics, nor

so personalized in the policy discussions that occur in business ethics. These considerations are community, excellence, integrity, judgment, and coherence. They make up the framework of virtue ethics in business. A few words about each.

The company or the firm is, first of all, a community. We are all individuals but we find our identities and our meanings only within communities. A company or a firm, a corporation, is a community, not simply a place or work. It is an environment of shared interests and mission. Given that most people spend a large part of their adult life at work, in firms, companies, or corporations, we attend too little to the shaping influence of these environments as communities. Whether we live well or lead happy productive lives depends much not only on the kind of society we live in, but also on our communities of work. The Greeks used to say that “to live the good life, one must live in a great *polis*.” They had a profound sense of the essential contributions of good community. Many business students, like law students, choose a job on the basis of start up salary and bonus alone. One feels that they should also be advised, if you want to live a decent life, as far as possible, choose the right company, that is, the right community.

The second consideration is that a virtue is a form of excellence. This is not how we normally think of virtue, but it is how Aristotle understood it, and it is the understanding I agree with. It means doing one’s best and not simply “keeping one’s nose clean.” It means, therefore, more than ‘moral’ virtue; it means exemplary humanity, and it includes those features that contribute roundedness and finish to life, that make us both civil and civilized.

Thirdly, integrity. Integrity is not so much a specific virtue, as a linchpin of all the virtues, the key to their unity, and in situations of conflict, an anchor against possible disintegration. As the word itself suggests, integrity means principle. A person of integrity is not so much a person noted for this or that virtue, but a person who generally embodies principle. Integrity is the form virtue takes in the totality of a person’s life.

Fourthly, discernment. Of all the considerations, this is perhaps the most important. Aristotle considered it the most important quality in ethical competence – hitting the mark correctly in judgment and in action.

In business, as in other areas of life, conflict situations arise, and principles alone are not a sufficient guide. How you situate, translate, and apply principles is not knowledge you get from the principles themselves. It requires discernment or good judgment, which is a separate skill.

A few decades ago, Joseph Fletcher caused quite a stir in the academic world with a book entitled *Situation Ethics*. Fletcher was pretty well demolished particularly for his understanding of ethics as hopping in life from odd situation to another. But with all his shortcomings, Fletcher got one thing right, which is that all ethics are situated ethics. Hence, as I say, the requirement of ‘know how,’ good judgment or discernment, the quality Aristotle called ‘wisdom in action.’

Even in situations that are not dilemmas, the importance of discernment or good judgment is clear. Take justice, for instance. Justice often sounds like a monolithic notion, but there are several different and competing considerations that enter into most deliberations about justice, including not only rights and prior obligations, but also questions of merit, desert, and compensation. What's fair in situations is often, as we say, a judgment call, a matter, in other words, of accurate or inaccurate discernment.

Finally, holism or coherence. One of the problems of traditional business thinking is the tendency to separate business or professional roles from the rest of our lives. The name for this process is alienation. Roles are located in people, and represent facets not separable components of their lives. A manager therefore deals with people, not simply employees. People hood is not a status employers and employees take up again after work. Good employees are good people, and to pretend that the virtues of business are isolated from the virtues of the rest of their lives, is to set up the familiar tragedy where the pressured employee violates his "personal values," because from a business point of view he or she "didn't really have a choice." The ideal is the integration of our roles, at least their harmonization, and this should not be construed as the personal yielding to the corporate or the corporate yielding to the personal. That harmonization should be one of the fundamental aims of business ethics.

So much then for some of the considerations that constitute the framework of a virtue ethic.

Virtues are a shorthand way of summarizing the ideals that define character. There are a great many virtues that are relevant to business life, in fact, it would be a daunting task to try and list them all. Just for a start, we have honesty, loyalty, sincerity, courage, reliability, trustworthiness, sensitivity, helpfulness, cooperativeness, civility, decency, openness, persistence, prudence, resourcefulness, cool-headedness, warmth, and hospitality. Each of these has sub-traits and related virtues, and there are other virtues of strength, energy and skill, as well as attractiveness, charm and aesthetic appeal, which have not yet been mentioned.

In the light of this variety, one of the more important conclusions to be immediately drawn in the impoverished nature of ethical language when it limits itself to such terms as 'good' and 'bad,' 'right' and 'wrong.' Not only does such language lead us to ignore most of what is significant and subtle in our ordinary ethical judgment, it tends to lead us away from just that focus on personal character that is most essential to most of our interpersonal decisions, whether it is to trust a colleague, make a new friend, hire or fire an assistant, respect a superior, or invite the boss over to the house for dinner. Ethics is not the study of right and wrong, any more than art and aesthetics are the study of beauty and ugliness. Ethics is a colorful, multifaceted engagement with other people in the world.

Virtues are instances of exemplary humanity. Thus honesty is a virtue not because it is a skill necessary for any particular endeavor or because it is the 'best policy' in most social situations, but because it represents the ideal of straight dealing, fair play, common

knowledge and open inquiry. So too courage is a virtue not because it requires a special talent or because 'somebody's got to do it,' but because we all believe (with varying degrees of commitment) that a person should stand up for what he or she cares about and what he or she believes in.

Not all virtues, however, need be so serious or central to the idea of personal integrity. Aristotle listed charm, wit, and a good sense of humor as virtues, and as applied to corporate life in particular one would probably agree. It's a troubled institution that requires the high, heroic virtues all the time, and does not have the relative security and leisure to enjoy those virtues that make life worthwhile rather than those that are necessary for mere survival. Indeed, part of the folly of the familiar military and jungle metaphors in business is that they make business life to be something threatening and relentless. But the truth (even in the military and the jungle) is that there are long and sometimes relaxed respites and a need for play and playfulness as well as seriousness and diligence.

The main issue of business ethics is, as I said at the outset, a matter of conception: how is the subject best conceived; what is it supposed to do, and how does ethical theory apply to the practice of business? Medical ethics has it much easier from these points of view. Nuremberg gave us the principle of the priority of the patient, and one may say all issues, dilemmas, problems in medical ethics, even in a technological age, touches this fundamental norm in some way. Business ethics doesn't have this advantage; it involves more eclecticism, as I indicated. It may finally be a matter of how one puts together elements to form a coherent enough curriculum.

I have explored a neglected dimension in the area, namely, the dimension of the personal, and I have done so via some exploration of an ethic of virtue. This approach ultimately comes down to the idea that, while business life has its specific goals and distinctive practices, and people in business have their particular concerns, loyalties, roles, and responsibilities, there is no 'business world' apart from the people who work in business, and the integrity of these people determines the integrity of the firm, the company, or the corporation -- and vice versa.

