Eight Dialogues on Business Ethics: Aspects of Ethical Behaviour in the Corporate Sector

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Abstract

Purpose - The purpose of this paper is to explore the underlying meanings and assumptions of the philosophical and metaphysical aspects of ethical discourse that encapsulates corporate business ethics.

Design/methodology/approach - This paper employs a form of the Socratic or dialogue approach to explore and comment on various aspects of ethical behaviour in the corporate sector. The eight dialogues are catalogued as: the business sector; the business ideology; business practices today; the new morality; internal aspects of the business culture; the interrelationship between the business and clients; the interrelationship between the business and the employee; and ethics in business.

Post Script - Corporations have a social responsibility that emanates from the legal status they receive as an artificial entity with the same rights as other members of society. These new entities derive their sentient characteristics from those that inhabit the realm of the corporation. In this way the ethical behaviour is both a result of those within the corporation and the corporate culture.

Key words: Corporate culture; ethical behaviour; social responsibility; anthropomorphism.
Introduction

Recent global events have highlighted the importance that should be placed on monitoring the ethical behaviour by leaders in corporations. In recent history corporate collapses in Australia and the USA have arguably been the result of questionable management practices and fraud (Bratton, 2002; Levine, 2005). The Global Financial Crisis is further evidence of the consequences of unethical practices on society as a whole. What the global crisis has shown is that events are no longer restricted to one industry or even one country, the impact of unethical practices is now capable of spreading at such a rate that even governments are hard pressed to deal with the consequences.

Corporations are not independent from the people that own and manage them (Balmer, 1998), they are by virtue of this social structure artificial entities with what may be thought of as a form of artificial intelligence and their own identity (Whetton, 2006). That is they are the result of the collective intelligence of those people that form the very essence of the corporation. The key people in this structure are the management, as they provide the leadership, and the most dominant of these is the Chief Executive Officer. It is the CEO who has the greatest influence over the corporation’s strategic direction or as Duchon and Drake (2008) posit the personality of the CEO is responsible for the personality of the corporation. That is the corporate identity is aligned with the personality of the CEO, specifically the culture and the image of the corporation is the result of the level of input exercised by the CEO (Hatch & Schultz, 2002). A corporation depends upon the internal procedures and systems that govern the actions of those within, which in turn influences decision making, subject to effects of the corporate culture (Nielsen, 2006). The moral norm formed by the higher level of management direct the thought and actions of those people in lower roles (Weaver, 2006). Effectively, corrupt practices can become embedded in corporations through a process of normalisation whereby otherwise ethical people engage in unethical activities and rationalise their actions as being normal behaviour (Ashforth & Anand, 2003).

Unethical behaviour was defined by Trevino, Weaver and Reynolds (2006) as behaviour that violates the generally accepted moral norms of a society. The importance of this definition is the emphasis placed on evaluating unethical behaviour in context of acceptable and unacceptable behaviour according to prescribed standards or the norm because this is congruent with the argument that the management set the norms of behaviour for the corporation (Americ & Craig 2010). Theories about ethics have in general been classified as falling into one of two categories deontological and teleological (Vitell, Nwachukwu & Barnes, 1993). Deontological theories focus on the inherent righteousness and telological theories the level of good or bad consequences of the behaviour (Vitell, et al., 1993). Ethics has been explained as a concept that embodies judgement about right and fair conduct or behaviour (Joyner & Payne, 2002; Carroll, 2000), judgements involving moral decisions as to whether something is good or bad or right or wrong (Velasquez, 2002). Relating this to a business environment it involves a moral evaluation of actions taken in the course of conducting business (De George, 1999).

Dialogues

The approach used in this paper draws upon the Socratic, or Dialogue, form of analysis and discussion that has its roots in the philosophy literature. The classical example of this approach is to be found in the work of Feyerabend (1991). The dialogues in this paper are symbolic of the aspects that pertain to corporate ethics.

“In Modernity there is no humanly significant world order... [T his world devoid of values, to which values are superadded by human choice, is a subhuman world, a world of objects, of things... It is a world without man, a world from which man has deliberately removed himself and on which he is thus able to impose his will.” (Dumont, 1986).

In today’s world, the business culture, along with its various subcultures, plays a dominant role in forming not only the economic focus of an organisation but also a corporate
ethos that underpins its practices. Recent global events have highlighted the importance of monitoring the ethical behaviour of corporate leaders, as well as their economic practices. Ethical beliefs in the business sector have, over time, also been modified from the strictly defined protestant ethic practised at the turn of the twentieth century to a more liberal self indulgent ethic that privileges success and wealth as the benchmarks of happiness. For the greater part of the twentieth century the amalgamation of ethics with business has been seen as an oxymoron rather than a prosperous union and hence it has been difficult to interpolate the historically determined tenets of ethics with current business practice. The post war boom and the decentralisation of business, which have worked to cultivate a shallow self-absorbed focus in the business sector, have exacerbated this condition.

The Business Sector

The principal function of business has always been to provide goods and services to the community, which, consequently contributes to its wellbeing. Corporations receive a social license to operate and derive economic benefits however, this carries with it responsibilities to society (Post, 2002). As De George (1999) so eloquently described the situation:

"Business is a means by which people endeavour to attain a good life for themselves. It is a central activity of society and a type of human association. Too often it is seen in terms of dollars and cents rather than people. Although the firm may be established for profit the profit earned is simply a means to an end and not an end in itself. When this fact is obscured and profit becomes an end, then people are poorly served because they are forgotten and ignored in the business process." (De George, 1999: 614).

With regards to investor-owned corporations which operate in what may be called market economies the measure of success for managers and their corporations is profits. Here the most obvious and unavoidable obligation of managers in investor-owned corporations is to shareholders who are after all the owners (Cragg, 2002; Jensen, 2002). This is enshrined in the various systems of remuneration that permeate the so called incentive schemes offered to most senior managers where their compensation is linked directly to share prices. This notion is also enshrined in the modern legal system. The US legal system has what is referred to as "the business judgement rule" which gives management exclusive authority for the conduct of the affairs of a company whilst requiring that they exercise their responsibility with the exclusive financial interests of the company's shareholders in mind (Donaldson & Preston, 1998:184).

Arguably, the dominant view in the management literature is that a corporation's exclusive obligation is to maximize shareholder return, constrained only by an obligation to obey the law and respect conventional morality (Cragg, 2002). Support for this view can be found in the principles espoused by agency theory, stake holder theory, firm-as-contract theory, and neoclassic economic theory (Jensen, 2002).

The role of business in society did not become a central issue to the social condition until the industrial age. Previously economic wellbeing was the responsibility of the gentry, the state and religious. `Every individual human had a specific place or station in the community, a rank set by birth and therefore by God.' (French, 1995:5) Minimal regard was given to wealth, as this was usually aligned with breeding and social position whilst any attention to profits, and commerce in general, was frowned upon by the religious teachings of the period. `Business activity was regarded as beyond the moral pale. A moral businessman was thus a contradiction in terms. In a way, it was no more possible to have been an ethical money-lender six centuries ago than it is now possible to be a socially responsible drug dealer.' (Vogel, 1991:103) In contrast, the rise of industry, coupled with the revolt against religious control, led to a new regard for the role of business and the subsequent rewards it offered. Profits and improved social position were accepted as just rewards for one's labours. The modern era saw the introduction of, what Weber (1904) termed, the ‘Protestant’ ethic, which supported a position where work could be dedicated to both God and family and wealth and profits were seen as the fruits of one's hard labour and commitment to the good life. In fact the Puritan ethic directly linked the two.
“For if that God, whose hand the Puritan sees in all the occurrences of life, shows one of His elect a chance of profit, he must do it with a purpose. Hence the faithful Christian must follow the call by taking advantage of the opportunity. “If God show you a way in which you may lawfully get more than in another way (without wrong to your soul or to any other), if you refuse this, and choose the less gainful way, you cross one of the ends of your calling, and you refuse to be God’s steward, and to accept His gifts and use them for Him, when He requireth it: you may labour to be rich for God, though not for the flesh and sin.” (Weber, 1904, translated by Parsons, 1930:5.5) [Accessed 12 September 2004]

Whilst this ethic was introduced with the intention of promoting an honourable, hard-working, community-oriented lifestyle it had, for the most part, the opposite effect. Income (through work) became the means to prosperity and happiness with material possessions defining the level of wealth and happiness one had. The translated ethic was one that fostered an interest in the material and superficial, one that inadvertently led to the creation of a consumer society. As Jackall (1988) states, ‘this ethic of ceaseless work provided…the moral foundations for modern capitalism… it became for the upward-moving middle class the social myth, the ideology that justified their attention to this world, their accumulation of wealth, and indeed the social inequities that inevitably followed such accumulation.’ (Jackall, 1988:8) To accommodate the changing social image wealth creation, profits, dividends and continuity became the key aims of business operations with little demonstrated emphasis being placed on social responsibilities. ‘The corporation’s essence is profitability, and whatever benefit its operation brings to society is coincidental.’ (Adams & Maine, 1998:3).

The profit-centred focus of business revolved around the promotion of economic value, sometimes at the expense of human and social value. ‘The classical business ideology highlights the sole responsibility of the corporation as being to maximise profits for shareholders within competitive constraints.’ (Danley, 1994:915) Milton Friedman (1970) is often quoted as saying that ‘the responsibility of corporate executives [and the corporation] is to conduct the business in accordance with the owners’ desires, which generally will be to make as much money as possible.’ However the often forgotten part of the quote says that this is to be achieved ‘whilst conforming to the basic rules of the society, both those embodied in law and those embodied in ethical customs.’ (Friedman, 1970, reprinted in Donaldson & Werhane, 1996:222) Thus, the most relevant point to Friedman’s comment is not the appropriate use of resources to ensure increased profits and owner satisfaction but that such a practice, to be effective, needs to be based on an ethical premise for its success. Unfortunately for the greater part of the twentieth century attention seems to have been centred more on the earlier part of Friedman’s statement rather than an all-inclusive approach.

The results of a survey performed by Kaye (1988, 1990) appear to reinforce this sentiment. Kaye found that the role of ethics in business was very minimal. In a survey of 50 of Australia’s largest business corporations Kaye reported that very few had established ethical codes and, of those that did, these tended to be legalistic and strongly inclined towards self preservation. He concluded, ‘the tool of codes of ethics was not a widely used method in the cultivation and enforcement of ethical standards of behaviour... Codes did not have a high profile nor were they extensively or rigorously used.’ (Kaye, 1992: 860).

More often than not codes are confused with the minimal legal requirements of acceptable business practice. ‘In business we tend to get behaviour that is guided by the lowest common denominator, the legal obligation rather than any ethical or moral stance.’ (English, 1990:21) Those codes that have been established appear to lack the commitment and sincerity aligned with ethical beliefs. There is little emphasis placed on the importance of the human involvement and or the human qualities that distinguish the ethical stance from its legal counterpart. ‘The legalistic character makes ethics a set of rules designed to protect the organization rather than a set of values to guide behaviour.’ (Robin et al, 1989:70) Whilst it is commendable that a minimal ethical stance exists it in no way should be used as a surrogate for ethical practices. It should serve to supplement not substitute for ethical ideals.
Thus by the end of the twentieth century the essence of ethics in the business sector had diminished almost to the point of non-existence. What had arisen was a blinkered view of corporate success, one where tangible/materialistic outcomes were privileged over the more qualitative, less definable characteristics such as ethics and morality. The past fifty years, it seems, have fashioned a business ethic concerned with wealth and success measured by profits and size whilst subverting the intangible, non-quantifiable elements such as social wellbeing.

The Business Ideology

The differences between business and community that existed for the greater part of the twentieth century has meant a lack of collaboration between the two in areas of social concern. This has led to a reduced, if not non-existent, inclusion of a humanist and, hence more ethical, approach to day-to-day operations. Most business operations, particularly in the latter half of the twentieth century, portrayed a myopic vision of success, which was not necessarily in harmony with or consideration of the broader social issues of human wellbeing and social order. A number of hermeneutical reasons emerge as references for the adoption of this viewpoint. Such factors as the depression years (1929-1935), the Second World War, a post war boom period and strong technological advancements all intertwined to produce a business environment that became self absorbed and self-centred, promoting business interests and corporate power and success as the indicators of social wellbeing.

Aristotle spoke of ethics in terms of `the good life' for individuals, achieved through their involvement with the community in which they lived. The Aristotelian way of life ‘is a strong emphasis on individual character and the virtues embedded in and in service to the larger community.' (Solomon, 1992:103) However, this interactive perspective appears incongruent with some of the precepts presented in current business practices. What is considered to be a `good business life' does not automatically imply a way of life that incorporates the ethical ideals espoused by Aristotle or the other philosophers discussed in the previous chapters. ‘Business leaders today tend to take a narrow view of the corporation, narrow in the sense that they largely exclude the human, moral and ethical aspects of the enterprise.' (Viola, 1976, reprinted in van Dam and Stallaert, 1978:96) If one were to ask business people what they considered to be the elements of good business they would more than likely respond in terms of profitable operations, a strong client base and ongoing future opportunities before they would touch on any of the ethical qualities such as honesty and trustworthiness.

According to McGowan (1990) the `old' business ideology was based on the concept of rights, specifically the rights of the individual. Effectively, what was good for the individual must be good for society because it was believed that society was the sum of individuals. By contrast the `new' ideology is based on the authority of the community as a whole. Under this perspective an action is held to be good if it benefits the entire community rather than an individual. These different interpretations of what constitutes ‘good' implies they have a very different meaning of ethical behaviour. The old ideology took a deontological approach to morality in contrast to the new ideology which adopts a teleological view (McGowan, 1990).

The development of global operations has also led to a new approach to business dealings, which, for the most part, has not included ethics. The post world war II era saw businesses beginning to disassociate from localised practices (predominantly influenced by domestic politics and derived from social customs and cultural beliefs) and adopt a more international, less restrictive, approach to their operations. The post war boom saw the development of hedonism and materialism as the principal drivers of individual pursuits with businesses widening their activities to accommodate the changing lifestyle of the expanding community. `The traditional emphasis on a religious ethos was replaced by an ethical pluralism with a strong pragmatic inclination.' (Hasseling, 1976, reprinted in van Dam and Stallaert, 1978:35)

The art of business today extends beyond the visual interaction of parties engaged in the trading of goods and services to include a plethora of perceptions and viewpoints derived from social, political and economic fields. Business practice can be seen as either a collective of independent members united in the pursuit of profits or it can be considered as a single unit in
its own right with all the social roles and responsibilities associated with a person. It is here the dilemma begins to be revealed. Which definition best describes today’s business structure and hence which ethical viewpoint should one adopt? Are the questions pertaining to ethics technological rather than hermeneutical or is the ideology more closely aligned to the discourse of power within the corporate environment?

**Business Practices Today**

Since the late eighteen hundreds the business sector has been changing its persona, from that of being a resource provider and peripheral influence on community living, to that of a powerful and forceful authority dominating community life. ‘Advances in communication, technology and transportation have shrunk the world, resulting in a new global economy.’ (Ferrell and Fraedrich, 1997:193) Business practices have grown and diversified with their structures changing from being regional operations (generally owned and run by the family) to national and more recently, international conglomerates (run by boards of directors representing investing shareholders) whose activities serve the interests of multiple stakeholders. ‘The intense competition on national and international levels has inspired traditionally bureaucratic, highly hierarchical corporations to decentralize and to specialize, focusing on niche marketing in an effort to streamline operations.’ (Schultz, 1996:181) Hence, with the aid of technology, business operations have become streamlined, highly competitive and globally focused. Corporate objectives have expanded to include a focus on the international market with success being measured by market size and level of global involvement as well as profits. ‘The modern corporation may be regarded not simply as one form of social organization but potentially (if not actually) as the dominant institution of the modern world... The modern corporation has brought a concentration of economic power, which can compete on equal terms with the modern state.’ (Berle et al, within Sutton, 1993:114)

Corporations are no longer governed by merely one economy or one political power. They must function within a much broader domain and hence have become the drivers of our new globalized economy. ‘Multinational corporations operate on a global scale without significant ties to any one nation or region...their size and financial clout enable them to control money supplies, employment and even the economic existence of less-developed countries.’ (Ferrell & Fraedrich, 1997:193) Businesses have been empowered, through their domination of the economic world, to ensure the safety and perpetuation of today’s scarcely available resources. Corporations should continue to seize the opportunity to grow and prosper but in doing so they must acknowledge and address the needs of a significant and widely diverse group of participants. ‘Business must now consider the worker, consumer, and the general public as well as the shareholder -and the views and demands of all four - in making decisions. The key to responding positively to this moral requirement is to develop a mechanism for assuming moral responsibility.’ (De George, 1999:608). However, this assumes that corporations are capable of perceiving and assuming responsibility for ethical values and moral decisions. This line of thinking is inevitably a form of anthropomorphism because it attributes corporations with having the ability to reason through altruistic versus egoistic motives more commonly found in individuals (Kusku & Zarkada-Fraser, 2004).

Individuals today find their loyalties divided between two leaders, their employer and their country. One classic example is that of the people of the United States. ‘Whereas Americans once identified themselves on the basis of family or community ties, today increasing numbers of people enter the workforce and pledge their loyalty to business or industry.’ (Schultz, 1996:165) This phenomenon is not unique to America; it can also be seen in most industrialized countries, for example the number of employees working away from their homeland at their company’s request and in some cases in quite dangerous conditions. On the one hand individuals still remain loyal to their country and all it has to offer them but on the other hand they have developed an unquestionable loyalty to their workplace, as it is in this area that they experience opportunity and self-fulfilment.

Today national powers and boundaries are not as pronounced as they were in the past. In the current climate control and power are defined more in terms of economic and financial control than political rule. Employees also find their communal boundaries extended beyond
their birthplace or local community. More often than not they identify themselves in terms of their position in the workplace rather than their country of origin. In the modern world the power of conglomerates is discussed more so than the power of countries (Burnham, 1993; Schultz, 1996). It has been said that ‘the instruments of production are the seat of social domination; who controls them, in fact not in name, controls society, for they are the means whereby society lives.’ (Burnham, 1993:131) International trade, coupled with ongoing technological advancement, has introduced the new global economy where interests centre on economic rather than political issues. In so doing this must draw attention to the multiple cultures that affect the human condition and, in the case of ethical practices, the need to introduce an eclectic view of ethics, one that embodies the sentiments of all cultures and one that can function in the organizational environment.

Whilst the new globalized economy is seen as beneficial and progressive in reality this progress, in addition to forging new economic frontiers, has managed to leave in its wake a field of moral confusion, and often, moral abandonment. ‘In the universe of technology, the moral self with its negligence of rational calculation, [its] disdain of practical uses and indifference to pleasure [ethics] becomes an unwelcome alien.’ (Bauman, 1995:198) Whilst economic success is imperative for global continuity and betterment so too is the need to acknowledge the moral ideals that empowers human action and develops international harmony in the international sector.

The New Morality

As discussed above, the rise of the multinational corporation has lead to a shift in the level and control of world economic resources. The concern here is not the expansion of industry into a world market but that it has expanded the moral debate to include the international exploitation of labour, markets and resources ‘Critics believe that the size and power of multinational corporations create ethical issues related to the exploitation of both natural and human resources. Because of their size and power they must take extra care to make ethical decisions that not only achieve their own objectives but also benefit the countries in which they manufacture or market their products.’ (Ferrell & Fraedrich, 1997:200) Currently there is no mentoring system set in place that fully caters for this level of operation. Whereas government and resident social systems (such as the Australian Environmental Protection Authority, The Australian Competition and Consumer Commission or the Australian Securities and Investment Commission) had long been established to monitor local and national operations, international operations, until recent years, were left to predominantly self-govern.

The lack of legal constraints combined with a profit-centred focus provides the multinational corporation with the opportunity to concentrate on their own objectives without considering the political and social consequences of their actions. To some degree this form of regulation has been ameliorated with the rise of international lobbying groups (Greenpeace, http://www.greenpeace.org/international/) and the introduction of charters from the United Nation Organization (the UN Declaration on Human Rights; and the UN Code of Conduct on Transnational Corporations) and even industry specific agreements (such as those found in the pharmaceutical and health industries e.g. the European Pharmaceutical Regulator, the therapeutic Goods Administrator of Australia or the US Drug regulator). But still the need for an integrated ethical policy is of paramount importance as international operations cross cultures in so many ways. What is needed is an organizational culture that fosters a positive moral outlook that supports and even enhances good business practices in every business sector. The inclusion of ethical codes can do this by providing an acknowledgement of individual and community rights and articulating the social responsibility of business. The corporate goal should no longer be purely economically orchestrated but should rather address the broader concerns of society.

Society, like business, has grown and become culturally diversified. ‘The practices and attitudes of the virtuous business person need to be re-described, re-conceived and re-evaluated in the setting of the twenty first century technological society in a way that helps us to grasp the bearing of the many social transformations that have altered our understanding of what is to be a good business person.’ (Langan, 1993:61-62) What needs to be re-emphasised is that ‘the business world is not a separate universe of economic values and goals distinct from society but an aspect of the behaviour of society as a whole.’ (Evans, 1991:871) As social customs have
graduated and progressed to accommodate a more eclectic view of the world so too must business practice. ‘Ever-increasing world trade in goods and services is leading to greater and greater interdependence both materially and spiritually which is creating a need for a more ethical approach in business matters.’ (Tijmstra, 1976, reprinted in van Dam and Stallaert, 1978:172)

Corporations need to be acknowledged as moral entities with more emphasis placed on the relevance of the cultural aspects of business operations. ‘We need to consider the organization as a moral person and that the organization does have responsibilities towards individuals who work within it and the social environment within which it works’ (Quigley, 1992:19). Ironically this has been challenged by more recent events. The illusion was shattered by the questionable nature of ethics in the Enron case. From Enron the lesson was that business ethics was more a result of organizational “deep” culture rather than relying on cultural artifacts like ethics codes, ethics officers or any thing approaching the exected normality of business ethics (Simms & Brinkmann, 2003).

Internal Aspects of the Business Culture

The concept of organisational culture was evolved from the field of anthropology with the literature concentrateing on cognitive components such as assumptions, beliefs and values, more commonly associated with traits or characteristics of individuals (Hogg, Carter & Dunne, 1998). Corporations are collections of people, the climate or culture is therefore dependent on how the employees view the corporation legitimacy comes from the act of co-operating to achieve the goals in the work place thereby establishing acceptable behaviour patterns (Chen, Sawyers & Williams, 1997; Weller, 1988). Unethical behaviour would not simply be the result of an individual’s action in isolation, but rather a reflection of the corporate culture with the result that such behaviour may be related more to attributes of the corporate culture itself than to attributes of the particular individual employee (Chen, Sawyers & Williams, 1997).

A very basic and fundamental view of corporate culture offered by Dobson (1990, 481) is that it is a system useful for assigning economic rights. A more expanded definition holds corporate culture to be “… the shared values and beliefs of organizational memebers, specifically beliefs about what works within an organization, and values about preferred end states and the … approaches used to reach them…” (Reidenbach & Robin, 1991: 273 cited by Chen, Sawyers & Williams, 1997, 857;). Corporate culture leads to a process of enculturation in which the shared values and beliefs become so strongly embeded in the group approach to decision making that an individual effectively becomes converted and carries forward the norms of the culture (Hogg, Carter& Dunne, 1998). The employees thus become complicit in the behaviour that is enacted in the name of the corporation.

The workplace today has, for most people, become the focal point of their lives. ‘Corporations today enjoy the prestige associated with creating and maintaining the scale of worth against which the majority of adults in Western societies judge their own accomplishments and personal value.’(French, 1984, ix) No longer is the family unit or the local community the main influence over our actions. Today it is common for both partners of a family unit to work, for the working week to encompass all seven days of the week and to include most hours of the day. In other words, the work environment consistently impacts on our daily lives and as such the concepts of family and community have been modified to include the work environment, making it the most dominant influence on individual living. ‘We identify ourselves with the positions we occupy at work and with the companies for whom we work. Our self-estimations rise or fall with the fortunes of those corporations.’ (French, 1995:16). This dependence on the organization for approval draws attention to the importance of organizations embracing their social responsibilities as well as their fiduciary obligations. It also introduces the issue of the relationship between the corporation as a unit and the individuals that work within and interact with it.

The corporate image today is often considered as that of an independent unit with its own corporate voice. Whereas historically the organization was judged based on the behaviour of its members, today, with the rapid advancements in technology and changing corporate structure, corporate behaviour has tended to become depersonalised and objectified, with the
humanistic element being masked by the impersonal approaches used to communicate and operate in the workplace. ‘One of the most adverse effects of technology in the business corporation has been on work...the automated assembly line took its toll on the worker. He became bored doing this repetitive work. As a result he became alienated from his work [and] as the business corporation became larger and more complex, he also felt a loss of individuality.’ (Viola, 1976, reprinted in van Dam and Stallaert, 1978:1116-117).

For the most part the last one hundred years, particularly the post world war II era, can be considered as a period of prosperity and progression yet it can also be considered as a period of nihilism and frustration. Technology has brought with it such innovative techniques as mass production, automation, standardisation and specialisation, all of which have improved production and provided the community with greater choice and satisfaction in servicing their needs but at what cost? The business sector itself is considered as strong and prosperous with unlimited opportunity for further development, however some negative factors have arisen which, whilst not as overtly obvious as the visible signs of progress and perceived prosperity, have impacted on the qualitative aspects of our daily lives (such as recreational time, face-to-face time with the family unit, socializing with friends etc). The organization should now be held responsible and be required to address these qualitative issues and develop an ethical profile that encompasses the beliefs of its individual constituents. ‘The postmodern corporation mediates and controls the reality of individuals; therefore it and not its members should be viewed as morally accountable.’ (Schultz, 1996:182). A further example of the tendency to apply anthropomorphism to ascribe attributes or as in this case responsibility for behaviour on the corporation as if it were a living entity.

The Interrelationship between the Business and Clients

Another aspect of business that has gradually been declining is in their dealings with their clientele. In their attempt to improve and expand operations businesses have lost the rapport, the personal involvement, with their clients. Organizations no longer have time to get to know their clients on a personal level, generally being too large and preoccupied with trade and profits to consider the effect their operations have on individual and community group members. Customers have become objectified as means to an end rather than as valued people serviced by the organization. This viewpoint is supported by the way business deals with client concerns such as product safety and or support, and generally in the way in which products are marketed. It is often the case that ‘consumers bear the costs of product injuries, the costs of deceptive selling practices, shoddy product construction, products that immediately break down and warranties that are not honoured.’ (Velasquez, 2002:333)

Whilst the corporate world has strived for and become recognised and acknowledged for its economic achievements it has, in part, done this at the expense of excellence and service to clients, for which it was better known at the turn of the twentieth century. Many businesses (eg the car industry; the retail sector; health care and even some professions), in their concern for corporate positioning, have changed their focus from that of service provider to one which is highly self-serving and self-motivating, one that attempts to restrict their responsibility to the client or community. ‘The general public has labelled business self-seeking, narrowly self-interested, and socially blind.’ (De George, 1999:607) It is in this regard that there is an urgent need to reform the corporate ethos to include a code of ethics. One area in which this sentiment stands out is in the area of advertising. Advertisements often use puffery and half-truths to present a specific image of the product or service with little or no comment on the after sale effects. Products are marketed and services provided based upon a specifically targeted group within the community, some of whom are ill equipped to challenge their claims. Often the sales pitch veils the imperfections or potential dangers of the product or service. ‘Consumers are bombarded daily by an endless series of advertisements urging them to buy certain products [but] rarely do they do more than give the barest indications of the basic function of a product and sometimes [they] misrepresent and exaggerate its virtues.’ (Velasquez, 2002:335) A most notable example is that of the invention and sale of cars. No one could deny the benefits that have been derived from the invention of the automobile yet the negative effects (air pollution, poor construction in some cases etc) are little publicised or investigated.
Whilst one would hesitate to discourage technological advancement it is important to ensure that all effects are acknowledged and addressed in terms of their impact on individuals and communities. The current damage to our environment and our quality of life, caused by hasty embrace of technology and change, has alerted today's society to the importance of more cautious optimism in the future. Businesses need to change their systemic profile to accommodate a changing social structure. Another area wherein change has influenced operations is in the role of employees.

The Interrelationship between the Business and the Employee

The era of industrialization and the subsequent advance of an objectively structured and ordered world began the redefinition of the modern worker. "The hallmarks of the emerging modern production and distribution system were administrative hierarchies, standardised work procedures, uniform policies, specialised expertise and above all, centralized control." (Jackall, 1988:9) The staff profile has, over time, shifted from that of an all-purpose, broad-based collective of unskilled to moderately skilled employees to that of a specialized skills-based resource. In the last century many jobs (particularly in the industrial sector) became routine and, in the main, repetitive lacking in any intellectual stimulation and sensitivity. Individuals became almost robotic in the performance of their duties developing a work ethic that was soulless and superficial. Employees appear to have lost their sense of pride and purpose in their work with the concept of craftmanship, of individual talent and skill being supplanted by the urgent need to succeed quickly to cater for their material desires. Individuality has been replaced by mass production mentality whereby staff are trained to complete only one part of the finished product. "Like anything else, modern humans are technological objects. Like anything else they have been analysed (split into fragments) and then synthesised in novel ways (as arrangements or just collections of fragments... Efficiency standards have become the substitute for ethical norms." (Bauman, 1995:195) Skilled craftsmen such as the carpenter, are often subsumed within a bureaucratic system where brand names and or company logos are the only acknowledgment they get for their work. Few managers today find the time to get to know their staff and understand their needs (both social and work). They no longer encourage a sense of pride and achievement neither for work well done nor in the organisation in general.

With the advent of industrialization workers were treated like replaceable parts in the 1990’s they were treated like disposable parts. The early 1990s heralded a change in the relationship between employees and the corporation, it was about the redundancies of thousands of white collar workers (middle-aged men in suits) retrenched by the so called "field of dreams" companies. The retrenchments in the large US corporations were Sears 50,000, AT&T 40,000, Kodak 16,800, Boeing 15,000, and IBM 63,000 (Ciulla, 2000).

However, since then employees have developed what may appear to be a fierce loyalty for their organisation, this has not necessarily come from pride in their work. Often employee loyalty is derived from fear and insecurity rather than confidence and support. Employees have become mere tools, cogs in the wheel of progress and success. Justice and equity have become veiled by greed and power and the broader, community engendered issues are ignored unless they become a matter of law. "The philosophers argue that business organisations are like machines whose members must blindly conform to formal rules that have nothing to do with morality." (Velasquez, 2002:17) Whilst no one denies the benefits associated with improved technology it is important to remember the contributions made by those who work with it. It is the humans that comprise the core of an organisation no matter how technologically advanced the organisation is. It is they who are ultimately the instigators of its success or failure. "Corporations are defined first of all by their communal and cultural status... [They] are social groups with shared purposes. A person's position is not just a function defined by duties but a role in the community." (Solomon, 1992:127,130) Corporate goals can only be achieved through the joint efforts of its members. "The goal of business should be to (produce) exchange goods and services humanly... business is a function, a means for the realisation of human life." (Stallaert, 1976, reprinted in van Dam and Stallaert, 1978:139).
It seems that employees work for self-gratification and that includes recognition and job satisfaction and the inclusion of a work ethic that is compatible with a morally based environment. Any disparity between the business and its employees is one that becomes mitigated by the shared conventions of the corporate culture. Legitimisation of the actions of employees is embedded in the belief they hold in the corporate ideology and the sense of a physical separation between the individual’s behaviour as distinct from the behaviour enacted on behalf of the corporation. The legitimisation that has in the course of various legal cases lead to the use of the Nuremberg Defence (Befehlnotstand) which is basically ‘I was just obeying orders or acting within the bounds of acceptable behaviour according to the law and social norms at the time’ (Lippman & Wilson, 2007; Littell, 2006; Funnell, 1998). This defence did not diminish the culpability of the individuals in the war trials conducted then or since. Thus in these circumstances attempts to dissociate the individual from the actions and behaviours of the particular society failed on the premise that the behaviour was illegal or morally unacceptable in the wider context of the global society. How then does business at least in the corporate sense view the role of ethics in business? And how has this been translated in terms of the actions and behaviours that occurred thus far in the corporate world?

Ethics in Business

To this point the discourse has focused more with the corporation being driven by the concerns for fiscal and economic wellbeing. However, the advance of technology and the expansion of industry have tended to polarise the view of social wellbeing. Until the beginning of the twentieth century businesses at least acknowledged the social conventions in their operations. ‘Irving Kristol has described the nineteenth century as a `society in which it was agreed that there was a strong correlation between certain personal virtues - frugality, industry, sobriety, reliability, piety - and the way in which power, privilege and property were distributed. It was a society in which success was associated with duty performed.’ (Kristol, 1978; Vogel, 1991:103) The work ethic nowadays requires more from the current business climate than it did then as it has a more complex social structure to accommodate. The values of the family unit, the local community, the work community and the global community must now be fused together to present a set of ideals that embrace and accommodate all viewpoints. A new work ethic needs to be put in place that ‘includes an atmosphere of trust, a vision of the future, a cooperative endeavour that transcends traditional notions of work and provides for responsibility, flexibility and full participation.’ (Green et al, 1991:12)

Business today must accept the influence they have over individuals and communities alike and that they have a moral duty to predict and evaluate the ramifications of their actions both in the short and long term. To do this they need an ethical code of practice. The legal status quo is insufficient in this regard as it merely provides a minimum standard of socially acceptable behaviour without being designed to identify the covert qualitative aspects that influence organizational behaviour. ‘Organizations generally, and corporations in particular, play a more significant role in society and the lives of people than ever before. Bureaucratic authority has replaced individual power and charismatic influence. The focus today is on the corporation as a moral unit.’ (McHugh, 1991:13) Without a sense of care or some level of responsibility organisations, rather than improving human lifestyles, become the instigators of their collapse (eg the collapse of Enron and Arthur Anderson in the US, One-tel, HIH insurance and Ansett Airlines in Australia). Individual and community lifestyles can be severely impacted by their association with industry. ‘Economic benefit is not equivalent to moral good. Indeed it can turn into a rank exploitation of others, as was the case during the early phase of free enterprise.’ (Jaki, 1976, reprinted in van Dam and Stallaert, 1978:156) To ensure a reduction in organisational indifference to individual and community ethics and to encourage the development of a corporate profile, which projects its empathy with human culture, the business sector needs to modify the fundamental tenets of ethics to harmonize them with business practice.
Post Script

The social responsibility of modern business is not therefore limited to merely economic issues but rather encompasses the legal, ethical and philanthropic aspects as well. The growing lack of ethics shown by businesses until this century can be directly associated with the social and legal outlook fostered during the twentieth century, particularly in the post war years. ‘Custom was subordinated to innovation and society embraced, albeit unconsciously, new practices that defined the moral worth of a person. The virtuous person was not the altruist or the saint but the economic maximiser.’ (Walton, 1992:3) An amoral society was born that saw no need or benefit in addressing the social flaws of the time. It was not until the corporate collapses of the 1980’s and their subsequent impact on society that the correlation between economic and social wellbeing were brought into question and new demands were placed on business practices (Levine, 2005).

“Society now expects corporations not only to supply goods to consumers, but also to exercise care and foresight to make sure that the product is safe for consumer use... Society now demands that business avoid undue pollution and depletion of natural resources, and that it operate as much as possible in harmony with the natural environment. Business has been asked not simply to invest where it is most profitable, but to be sensitive to the social consequences of investment and to use its economic power to alleviate social injustice. It is expected not merely to provide jobs for members of the community, but also to offer a safe, healthy and fulfilling work environment.” (Hoffman & Frederick, 1995:574).

Given the dominant influence people have in the workplace and vice versa and the human-like qualities identified in organisational practices it is imperative we infuse corporate practices with human values. “Whilst strictly speaking companies are not persons; ideas and functions which are literally applied to persons can also be applied to institutions made up of persons.” (McHugh, 1991:23). Corporations are artificial entities not sentient beings in their own right and yet they are able to exhibit behaviours through the corporate culture that influences the actions and behaviour of the employees.

Corporations can be considered to have a de facto right to be considered as moral persons as they hold similar positions of power to those institutions that have historically governed the social mores of society, having been accepted as the exemplars of human beliefs and actions. A corporate conscience can be developed in the same manner in which humans develop their conscience. Corporations need to be given a specific identity, one that accentuates the humanness. ‘Business is not merely a matter of finding the right financial or marketing or accounting program or of installing the latest machinery or the most efficient inventory system. At its core, its very heart, business is a complex web of human relationships.’ (Frederick, 1990:120) There is a strong need to incorporate human values within the organisation to allow social expression to develop and grow from within as well as externally, particularly given that most human interaction and development takes place in the work environment.

This should be balanced against the tendency to attribute human attributes to non-human phenomena (anthropomorphism) is a common occurrence and has influenced the way in which corporations are viewed. This appears to be a natural, perhaps instinctive, for example, when discussing inanimate things such as the weather we use terms like (threatening storm, sullen sky), and even with the most inanimate of all machines we use terms like (friendly, clever, temperamental). This form of anthropomorphism supports our tendency to personify a corporation, and is reinforced by conflating the non-human attributes of a corporation with the psychological attributes of its leading management.

This paper does not claim to provide a panacea for the ethical demise of corporations nor does it claim that the demise is rampant through out all corporations. There may be aspects that could have been more thoroughly investigated and there may be definitions that could have provided better insights or perhaps conflicting views or provided stronger evidence to affirm
certain claims. The very notion that there is somehow a need to ascribe to one definition that best describes ‘ethics’ or ‘morality’ is likely to obscure the possibility for alternative explanations. To privilege one way of seeing over any other is as likely to result in a way of seeing that is in effect a way of not seeing.

Detachment of the act of ethical behaviour from social or moral norms or metaphysical objectives is not due to ignorance but rather to deceit and fraud. Ethical behaviour can not be thought of as something independent of the human circumstances, the role of the individual is a vital one and yet the metaphor of the corporatation as some independent artifical life form has been roled out to justify the dubious acts in the name of the corporation. Is this a metaphysics that is not a metaphysics of substance but rather a metaphysics more embeded in an event - ie moral or ethical decisions or behaviour? Are individuals so willing or so naïve as to think that their actions and behaviour undertaken in the name of the corporation are some how removed from their personal responsibilities of an ethical and moral nature?
References


UN Declaration on Human Rights, (accessed on 12/12/2011), (http://www.unhchr.ch/udhr/).


