

# The Case for Business Ethics

## Ethics and Capitalism

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My paper will explore some foundational issues lodged at the intersection of Ethics and Capitalism to make the case that a disregard for social responsibility is an oversight, even if at times an intentional oversight.

### **Abstract**

The presentation understands Capitalism to be an economic system that operates within a largely social and political environment. It also understands Capitalism to be a system in which the production and distribution of goods are operated by and held, for the most part, in private hands. As a matter of course, capitalist agents (singular or collective) interact and exchange goods through markets and they do so for their own benefit (profit). If this model of capitalism were complete, we would not be concerned about the place or role of ethics in this particular context of interaction. The rules or laws of the market would be all that we might want to contend with in order to conduct our capitalist affairs. Unfortunately for the market purist (those who might combat the place of a normative code of conduct in the exchange game), the exchanges, and the profit that motivates them do not take place in a vacuum. They instead are realized in social and political contexts and involve human interactions. These two areas (contexts and participants) alone engender a caution about human behavior that only moral philosophy is equipped to monitor.

### **Structure of the Presentation**

I shall engage in a conceptual, rather than a historical, analysis to look into the ideas that have led to our understanding and acceptance of capitalism as a basically social and economic institution. I shall hold that the core foundational concept of capitalism is exchange of values (goods, services, etc.) over which individuals (or associations) have proprietary claims. I shall argue that the viability of capitalism, its acceptance by any society as its economic system, will depend on the legitimation or justification of those exchanges and their results. This first argument will be a politico-moral argument for capitalism. In addition, the rise of individualism and its promotion of the singular agent (in the form of economic liberalism) as the instrument of exchange over authoritarian (whether dictatorial or monarchic) or central economic planning (communism/socialism) have hastened the acceptance of capitalist economic exchange and point at once to the need for incorporating traditionally individual values such as freedom, rights, fairness, and utility in our understanding of market transactions. This second argument

constitutes thus the social and protective aspect of the argument for an ethical capitalism. It has thus become common place to consider as part of a comprehensive understanding of Capitalism, concepts such as individual proprietary rights, fairness, and social usefulness. I shall end the paper with a third argument that business, as organized capitalist practice, do good intentionally or accidentally. I should like to use that model of “doing good” to articulate a more embracing conception of responsibility that will help make the case that ethical business is of the first order. I conclude that the business of business is good business, ethical business.

### ***To The Argument:***

I shall use a recently published article in *The New York Times*<sup>i</sup> to make the point that Capitalism involves transactions. It is mainly an exchange of values that are presumed owned by a singular proprietor. The report of *The Times* accounts for a potentially problematic case for the Hudbay Mineral Inc.. The mining company is an exemplar of 1,500 Canadian companies that are headquartered in Canada and with interests and properties in several countries around the globe. No one rejects the claim that a viable and profitable mining company to the extent that it has legitimately acquired the lands and the mines that it operates should earn as much as it can on the market.

We have learned from John Locke<sup>ii</sup> in his chapter on property that once an individual, and here I am interpreting the individual as a corporate individual, has been able to mix its labor with nature, it has a right to be protected by the governmental institutions of the society. So there should be no reason for a mining company like Hudbay Mineral Inc. to not engage in the transactions that are most profitable for it and its shareholders. This presumption takes for granted that the property and the mixing of labor was done in accordance with the proviso, that Hudbay would leave as good and enough for all other interested parties to do the same. This line of argument is in effect the basis for the support of an unvarnished capitalism. This constitutes the first argument in support of capitalism.

I believe that there is no objection to the claim that under the circumstances, the freedom of Hudbay and its rights to operate, and at a profit, should be protected. That is, in accordance to the Lockean interpretation of exchange and property rights, Hudbay should do as it pleases in the area of exchange, and with respect to the value that its product would command in the market place. Its right to profit under this second line of argument should be protected by the government and its appropriate institutions. This protective clause makes a demand on society and its political structure that is akin to the kind of protection that Locke expects individual human beings to enjoy in the polity. The clause also reminds us that the role of government is to protect the individual’s right to property against intruders and the sloth of competitors. Hard work pays and the socio-political that promotes individualism and its products has a responsibility to protect the producers of society. Capitalism, given this second line of argument, is an embedded socio-political practice.

The third line of argument that I propose the example of Hudbay suggests thus far, is that whether intentionally or accidentally, the profitable individual (even as enterprise or corporation) is a testament to a good, a need (perhaps fictional) that it recognizes and meets by bringing its product to the market and exchange and earns a profit doing so. The profitable entity does well. That is in part the point that someone like Milton Friedman would advance, that the business

meets its goals, i.e., its own expectations and those of its shareholders where they exist. The individual capitalist thus does well by filling a need that exists in the market.<sup>iii</sup>

The above interpretation constitutes a rather simplistic interpretation of business ethics as I conceive of the phrase. The case of Hudbay is a bit more complicated than what I have led on. In point of fact, in the Lote Ocho sector of Guatemala some of the indigenous members of that community are accusing Hudbay and its subsidiary of abuse and negligence. The report asserts that for some time, human rights advocate have documented a history of abuse by mining company and their subsidiaries that includes land evictions, environmental damage and violent reprisal against protesters that challenge the mining companies' actions.

### ***Social Roles and Role Morality***

If indeed the actions against other citizens are corroborated, as the article argues that they are, they are open to scrutiny in the same way that actions of individual persons are. An ethical business then encompasses more than the profits that it is able to generate for itself or its shareholders. The ethical business must take into consideration actions in the socio-political environment that impact the viability of its fellow citizens even if we accept the language of 'corporation as person'<sup>iv</sup>. The 'corporation or business as person' does, like all other persons, and in accordance with the view that Virginia Held has articulated<sup>v</sup>, have roles to play and are more than the roles they play. Held argued that we all have roles and that we are more than the roles we play. She also maintains that the different roles we embark on require different moral expectations. So the corporations too have different role moralities. As profit making engines, they may meet the expectations of Friedman. They must, to be sure, attempt to be as good (profitable) a corporate entity as possible. On this point, a person like Milton Friedman would be correct. But it is naïve to think that the corporation has only that role to play.

Going back to the example of Hudbay, we gather that if the article does anything at all beyond telling us about the acquisition and profits of a mining company, it is to help us concede that in our search for a business ethics, Hudbay also reminds us that businesses are more than profit making entities, they are social entities as well. It is no differing from the platitude that the role of hockey player, for example, is different from the role of the same person as a parent or a lover. The moral expectations of the hockey player is for him/her to be as a good hockey player as possible, on the ice and with teammates. The role of a parent or a lover has different moral expectations for that person, and in general. Likewise for the corporate entity, its role morality as a social entity will differ from that of its role as the profit making entity. We generally see no problem in accepting the differences in the moral expectations of a person as professional or as a familial entity. We are however often reluctant to accept that the morality of business entities could also be as fluid as that of persons.

There are many reasons for such reticence. I shall only point two. The first is we are disposed as moral researchers to perpetuate the habit that we have inherited from the traditional studies of morality. We are inclined to think that moral actions are determined in large but an overriding theory of morality. Whether we pledge allegiance to one or the other of the schools of moral theories, we tend to think within the categories of the teleological or deontological schools. Once we have chosen one, the tendency is to attempt to make it speak to all of our moral evaluation needs. We bring this habit with us in the study of business ethics. So an overarching theory is sought.

In that context, it is not surprising that the Friedman tendencies be articulated as a teleological and moral position albeit a narrow one, that concerns itself with the well-being of a limited group, the shareholders. The right act in business brings about the best consequences for those concerned.

The second reason why I believe we are loath to accept role morality and the fluidity and corresponding exigencies that it entails in business ethics, is the 'remoter effect' problem that Bernard Williams has identified in his criticism of utilitarianism<sup>vi</sup>. It consists in the difficulty of calculating the end that teleologists promote. At what point do we stop in our determination of an outcome of a particular action? If as an entrepreneur, I bring about a certain profit, am I also responsible for the ills or goods that the use of that money will bring about? This is problem, according to Williams, if the right thing to do is to bring about the best of consequences. Yet if we are unable to accurately determine, or have to make a personal (subjective) decision with respect to, the consequences that are to be considered of consequential value.

### *Moral Inquiry and Actual Experiences*

We have come thus in the analysis to realize that traditional moral theories whether they be teleological or deontological, do not travel well the vicissitudes of actual and moral experiences. Our experiences are varied and when opened to moral inquiry, that variety compels us to consider different norms for the provision of morality. In the public sphere in which businesses operate, the teleological theories may be more appropriate for the determination of the right act than the deontological theories may offer. To bring about a certain amount of good to the public is consistent with teleological values and ends. Again here, I am not inviting that we be strict with respect to who 'the public of concern' is. Suffice it to say that the end is to make them happy.

It may be that in the case of Hudbay, if we adopt a teleological perspective that their actions if it can be determined that it is 'their actions' that should be scrutinized, the indigenous population does not appear as a significant component of the calculation of the right persons of concern. In that scenario, the actions of the business/corporation ought to concern with bringing about the best consequences for persons other than the indigenous population or, even more narrowly than we would like, for the persons other than those negatively impacted by the direct or indirect actions of Hudbay.

The concern that a moral inquiry will need to contend with are a) whether Hudbay did injure the plaintiffs or b) whether on balance the negative outcomes for a small minority should distract Hudbay from bringing about the best consequence for the majority of individuals (shareholders or not) both in Guatemala or the world at-large. The presumption here is that the extraction will bring about products fitting for a more modern living. The *New York Times*' report asserts that Hudbay was the parent company of the subsidiary whose officers/employees are accused of perpetrating the aggression against the women and other members of the Lote Ocho community.

Even if direct agency cannot be proven, it appears that indirect agency or responsibility might be shown. This issue of responsibility I shall return to later in this article. So the claim by the plaintiffs is that Hudbay and its subsidiary should have instituted a culture to prevent such assaults on the environment, ground water, etc., and to mitigate the possibilities of aggression against protesters and vulnerable members of the Q'eqchi speaking minority. Point a) seems to

be well on its way of being proven. The point is that Huiday may be found negligent in its failure to establish an ethical culture, a business ethics that would have prevented its constituency from performing bad actions or trained its employees to respect persons and nature in the daily performance of their professional duties. The employees and the corporation can serve multiple roles and each role would be governed by its own version of morality. Profit makers and socially responsible actors are not inconsistent with each in this scenario.

The danger of adopting an overarching theory of morality, like utilitarianism, even for corporations, is shown in the Huiday case as well. The problem that point b) raises appears to be a concern for utilitarianism. Should a minority trump the ends of the majority or vice versa? Actual experiences, when they are made to play a role in our determination of moral actions, help demonstrate that the utilitarian problem of minority/majority goals, is supplanted other values that ought to enter into our assessment and judgments about moral actions. The issue in this case is not of minority and majority interests but rather is of human rights. The human rights of an individual not be violated trump my interests in profits. The rights that a person has to not be lynched or killed, outplays my interests in seeing such atrocities displayed in the city square on Sunday afternoon.

The point of our concern for moral inquiry, i.e., “what ought we to do?”, is that the question benefits from an examination of actual experiences. Ideal moral theories or hypothetical evaluations of actions cannot fully provide us with the material from which to make relevant moral decisions. The determination of the ethical practices of a business must be generated by an examination of the actual practices and ramifications of the business. So against Friedman and the other proponents of the business’s responsibility to profit, I offer that any social entity whether a person or a corporation must not only leave as good and enough in nature on which its fellow citizens can employ their own labor as Locke would contend, but I add that business ethics require the practice of a methodology similar to the practical reasoning that Aristotle offers in the *Nicomachean Ethics*<sup>vii</sup>.

### ***Ethics in Corporation***

Actual business practices and their effects on the environment and persons have so far guided my enquiry. I am also motivated in this paper by the presumption prevalent in some quarters that the requirement that ethics be included in the practices of corporation is satisfied by the appointment of an ethics and compliance officer. However prevalent this belief, I shall try to suggest in what follows that although the role of the ethics and compliance officer is significant and even needed, the title of itself does not meet the expectations of ethically minded corporations. The problem as I see it should not be construed as a disregard for my colleagues, the ethics and compliance officers, but rather as an expression of my hope that their training should be buttressed by a formal training in moral philosophy and not simply in the compliance to the rules that govern the practices and expertise of the industry in which the company is operating.

I shall argue that although Ethics and Compliance Officers (ECO) work to apply Ethics in corporations, the extent of their concern is the basic notion that ethics consists in adhering and meeting the requirements of the laws that govern their segment of the industry of interest. Although there is no doubt that the efforts of such practitioners are commendable, it is also clear that they unwittingly help make the case that there is room for a conception of ethics in business. Their insistence on the legal as ethical, in effect, helps carve a place for the conception of ethics

within corporation. Being compliant is not equivalent to being ethical. An ethical corporation is not compliant only. In other words, the call for Business Ethics is more than a call for compliance. We can value both the laws and regulations of a particular industry, and a culture of ethics. I propose that an ethical culture is necessary to a compliance project and that, furthermore, a properly cultivated ethical culture within an organization or corporation will ease and complement the implementation of a compliance culture.

### ***ECOs, Social and Professional Responsibilities***

It is a truism that corporations play an important role in our contemporary society. The challenge, if the claims I have made above are true, (i.e. that a) ECOs should be buttressed by ethical training and b) Ethical culture is foundation to compliance culture) is thus how to cultivate a vibrant ethical corporation. The prospect of meeting this challenge takes into consideration the ethical spectrum that locates at one end of the spectrum, the ethical character of an enterprise mainly gauged by the individual moral character of its owner or Chief Executive Officer (CEO) and at the other end, a fluid if imperceptible corporate ethical character of a corporation that is large and multifaceted, with policies and actions decided by many officers depending on the location of the corporation at any given time. We have noticed with the example of Hudbay Mineral Inc. that this latter version of ethics in corporation was exercised, if badly. It does however lend credence to my position that an ethical culture must pervade the corporation. It is fair to assume that the bulk of ethical corporations resides somewhere between these two extremes of either adopting the ethical character of the leader or a relative application of ethics.

Yet despite this diversity in the interpretation of an ethical corporation, there remains a pervasive belief that ethics is internal to the organization. In this scenario, business ethics means that the organization focuses on the behaviors of employees, the legality of their actions as well as the legality of the actions and policies that the corporation engenders. This sort of casuistic version of ethics<sup>viii</sup>, that is one in which the behaviors of both corporations and employees are prescribed or dictated by some established rules, is inflexible but yet it is deemed a crucial part of the organization's policies for growth and success. When the local newspaper in Charlotte, *The Charlotte Observer*, praised for an example GDATP (General Dynamics Armament and Technical Products) in 2005 for its assumption of a social, national responsibility in its production of protective gear, I interpreted the praise then as an acknowledgment of the effort of GDATP to adopt an ethical character as a corporation. It is praise for an ethical character that was articulated as the effort by the corporation to develop products that have some social or national value. If that is the standard of morality, of an ethical corporation, many companies that specialize in frivolity or in the promotion of goods that have neutral or negative social values would be classified as immoral. I do not think that we have reached that level of vigilance and scrutiny in our societies and I am not convinced that we should. But it remains that that effort of producing goods that serve social or political values, even when successful, should not be misconstrued as the result of the work of the ethics and compliance officer. The ECO's role is not to devise the social and national place of the products of a corporation. Her role instead as an ethics and compliance officer, her professional responsibility, is in large part to monitor and encourage compliance with the guidelines set for her area of commerce. Understandably, when meeting the guidelines depends on employee behaviors, those behaviors must be cultivated. It

follows thus that from the point of view of the ECO, the task at hand is to make sure that a culture of compliance is maintained within the organization.

Compliance training and Ethics training are not synonymous. Ideally the ECO will have a deep understanding of the compliance guidelines of his field of interest, even if not a lawyer, and as deep an understanding of ethical theories and their complexities. Unfortunately, the ideal is not the practiced. More often than not, the ECO will be a trained lawyer or compliance person. Consequently when she trains the employees, that training will at best familiarize the employees or those concerned with the guidelines of the industry. Compliance as a matter of course is predetermined and prescribed.

Ethics training in business, on the other hand, aims to awaken an intuition of good behaviors on the part of the potential actor, the employee. It cannot presume to predict the range of prospective actions but it can help the employee prepare for such eventual circumstances and their corresponding requisite actions. Guidelines are inaccessible and the prescriptions for a course of action are not predictions. The prescriptions and the course of actions depend in the main, on the knowledge and intuition of the agent. Ethics training provides such knowledge and awakens such an intuition. To the extent that the training liberates the employee, it thereby benefits the corporation by insuring the smooth running of the corporation. Ethics training is thus at once, necessary and redundant.

Ethics training is redundant in two senses. When instituted in a corporate environment the training aims at eliminating the need for an Ethics officer. If successful, it does so in two ways. The first is that if the training is needed and, when provided, is successful, ethical quandaries will be resolved by the trained employee who faces them, and as they arise. In ordinary circumstances, one expects the employee to be able to resolve moral challenges without constant recourse to the Ethics officer. A well –trained employee thus has no or only minimal need to consult the Ethics Officer.

Again if successful, the ethics training is redundant in yet another way. If we hold the view that the good person (employee), the charitable, honest person, does not need a formal training in ethics and that we can draw out many anecdotes to support this position in the paradigmatic Grandpa Bill, Grandma Lucille, who earned no degrees in ethics or philosophy but did well both as persons within their respective communities and as ethical entrepreneurs. These anecdotal and paradigmatic examples seem to show, or so the thinking goes, that if we hire good persons, we are sure to develop an ethical culture within the corporation. We thus would not need and Ethics training in the corporation.

### ***The Creation of an Ethical Culture***

This last suggestion, I argue, is realistic and is perhaps more adaptable to a small organization. It does not take into full consideration the positive and imperceptible constant training that is inherent in the osmotic relation in such an environment, between employer and employee. The proximity between the two in such a small environment permits for a monitoring so close that is at times so imperceptible and natural that it passes as inexistent. But it does exist and it is that oversight of its reality that brings me to propose that business ethics as an intentionally practiced ethical corporate behavior is a function of ethical culture and corporate compliant behavior. The ethical corporation equation takes the following narrative and formulaic forms:

Business Ethics or corporate ethical behavior is exhibited when employees are versed in 1) ethics and 2) in the compliance guidelines that combines with 3) a supra-monitoring function to assure that corporate output in behavior or product recognizes a redeemable social, environmental or national value. So we have a Business Ethics

$$be = f[(ie+pc) \times (csr+om)].$$

Where *ie* is instruction about ethics, *pc* stands for a program of compliance consistent with statal and industry requirements, *csr* is corporate social responsibility that reflects the actual experiences of those impacted by the corporation's work and *om* is an internal organizational mission of corporate citizenship what is now often understood as the practice of a company's social responsibility, business ethics will thus consist of the multiplier effect of a practice and training of ethical behavior combined with an articulated corporate social responsibility mission.

The point of the equation is that when (individual ethics + compliance program combine to promote a responsible and social mission, the good employees as ethical (able/good and knowledgeable) persons will likely function as such within the organization and as a result, the larger organization as a functional entity will be both internally and externally poised to function as an ethical unit. When this internal structure is combined with a robust social responsibility monitor of organizational impact (internal or otherwise independent/objective monitoring), we would be justified in believing that the corporation as an institution will have met its institutional and theoretical corporate ethical standard. This of course is only a theoretical axiom that is ultimately to be gauged, by virtue of the nature of the subject matter, by the actual practices of the organization in real time and in its places of operation.

I am interpreting this methodological approach as similar to the practical rationality that Aristotle sought to offer in his *Nicomachean Ethics*. Aristotle, one will recall, presents us with a rational process coupled with a motivating agency, a willingness to act. But for him, virtue is not reached or exhibited, until the rational and calculating agent who is willing to act in accordance with her sense of the mean/median, actually performs the action dictated by reason and the calculation. My offer of the formula for the ethical business cannot be fully met without the practice of the ethical training and knowledge. Ethical businesses show their commitment to ethical standards first, in the form of actual practices and second in the resultant and tangible actual experiences of the co-habitants of the environment in which the organization operates.

The formula has thus two separate components, a subjective and an objective determination. The latter is often overlooked for want of transparency. We cannot necessarily tell, short of an elaborate investigation, what the intentional practices of a corporation are by a simple report. We notice this difficulty readily apparent with Hudbay when we struggle to determine whether it acted directly or indirectly. And since ethics help us evaluate the behavior of persons and entities, the behavior is best evaluated by self-assessment and objective standards. The data for the latter is often hard to access or decipher. We are thus left with the self-assessment part. But I would argue that as the behaviors of organizations are increasingly transparent to the national and global audience, the subjective component although a sign of effort, or good will on the part of the organization, cannot by itself be construed as satisfying the requirements of an ethical business. That designation has to be determined by both internal efforts and actual experiences and practices.

Ethical culture as subjective practice on the other hand, is distinct from corporate impact. With Highbay, the impact will include its water contamination and environmental impacts and the experiences will be those of indigenous population and their treatment in the hands of the agents of Highbay. But to be sure a significant component of the determination of an ethical business will be a function of its internal programs of ethical training and compliant behavior. A fair and balanced corporate social responsibility report would be in accordance with the equation I have proposed. It is not gauged by systematic and objective standards alone but incorporates subjectively determined assessments that are parts of the corporate self-monitoring.

### ***Good Work That Is Not Exhaustive***

There is obviously something missing. The recent corporate ethical scandals attest to the missing piece. Notice for example, the case involving the engineer Michael Dekort where a former employee (now considered disgruntled) used the medium of “YouTube” to air out his perception of his employer’s ethical misconduct<sup>ix</sup>. Interestingly enough, Mr. Dekort’s public denouncement of the practices of Lockheed Martin caused an uproar. The uproar was triggered more because of the manner in which the whistle blower exposed the alleged wrongdoings of the organization than by the more relevant issue of the failure of the corporation to establish efficient internal mechanisms to monitor ethical misconduct within the corporation. This failure was the result, if Mr. Dekort is right, of the absence of a corporate ethical culture that would counteract tendencies to engage in unethical behavior. In the absence of such a culture, the point remains that corporate ethical behavior is largely an affair of the employee’s good will and of corporate luck.

A systematic approach is badly needed because we shall only meet consistently our standards for good corporate ethical behavior, by practicing objective ethical culture. Ethics training is crucial and key. GDATP, and various Ethics and Compliance offices like it, have devised ingenious tactics to bring forward within their organization the value of ethics. They have devised for example, a video competition that encourages the various sectors of the employee cohort to imagine or fictionalize actually compliance or ethical quandaries that require corporate attention. In these videos, the employees try creatively to bring forth to their audience a fictionalized or a modified true situation that involves in their view, an ethical dilemma. The participants in each video subsequently proceed to resolve the dilemma for the audience. One of the positives of the competition is that it highlights for both participants and viewers the meaning of ethics in particular circumstances at they might encounter its challenge in the corporate environment. It highlights furthermore the point of casuistry that I criticized above but I am encouraged by such exemplary initiatives. The competition also makes the employee appreciate the value of ethics and compliance in organizations. But even in the best of circumstances and even if the compliance and the ethics were recognized as significant part of the functioning of the organization, they are treated in isolation within the organizations and still, because they appear exceptional, ethics is treated in a limited way. Since the practices, laudable though they are, are nevertheless limited within the organizations, they thus present a narrow and subjective interpretation of corporate ethical behavior.

It remains that the literature on corporate social responsibility will show that corporate ethical behavior is mostly understood as the self-assigned behaviors of corporations as they relate their actions and those of their employees to legal standards or self-determined social responsibility. Ethics training, even as we take the singular sample of GDATP, aims at enabling employees to

cultivate a sense of right actions beyond the boundaries of the law and also beyond the subjectivism that is related to one's self-determined goals. That there be such dispositions, I take to be progress and far cry from the presumption that one is, or rather I am prone to hear at cocktail parties: "business ethics, isn't that an oxymoron? Ah, Ah, Ah" or the more tempered but still damaging vision that Milton Friedman has articulated, namely that the business of business is business, i.e. profit.

Despite such dismissals, we also expect that certain social norms would cause corporations to modify their pursuits of profit to such an extent that their policy would be consistent with, or in the least be mindful not to offend, such norms. Such examples of corporate behaviors abound: Cigarette smoking and advertisement to certain sectors of the population e.g. teenagers and children, are restricted and corporations who produce in those areas adapt and comply. The expectation that female executives of corporations or journalists of media conglomerates be veiled when doing business in non-western cultures, that they take umbrage to such displays is a testament that they are part of a set of norms that are in the main respected as a matter of courtesy, but nevertheless adopted as components as the cultural price of doing business globally.

Businesses are flexible and pliable but more importantly, these behaviors reflect corporate ethical behaviors that embody extra-legal norms that are built within specific cultures to nurture the value and respect for persons whether here or abroad. These norms and behaviors protect persons who are deemed to possess or to be part of cultures different from ours. Without a moral expert on board who would help employees intuit the diversity and inherent value of persons and cultures with which the corporation interacts, these acts are bound to be considered cynical and reactive at best, and strictly legal and relativist at worst.

The models of a corporate ethical behavior with which we have been operating and that are reflected in my discussion thus far do not, I believe, involve in their deliberation, moral experts. This exclusion is not unusual. It denotes a neglect of how an absence of moral expertise impacts negatively corporate ethical behavior. By their silence on moral experts and the negative ethical behavior that ensue, the models reveal that more than a passing knowledge of ethics is required for the cultivation of a corporate ethical culture<sup>x</sup>.

### ***The Blatant Oversight of the Ethicist in Practice***

The Center for Professional and Applied Ethics at the UNC Charlotte has now for twenty-five hosted an Annual Ethics Seminar Series. They are named after a benefactor of the University and it is a grand social event that has gotten better each year. But I remember that for a time, and I am about to say should not be construed as my casting aspersion on the series or the speakers but it bears mentioning because it reflects how persistent the habit of omission to which I have alluded above, is. I can recall that in at least two of these Barnhardt Annual Ethics Seminars, where the invited speaker, generally a CEO of local organization, formulates a thorny case from his corporation that had him and his colleagues confront what they would call, an ethical impasse.

Without fail, it was apparent to the audience and certainly to me, that the moral expert or the ethics officer was hardly visible enough in the decision making process of the corporation. These were slight variations of real impasses that the corporation at one point or another faced.

It was clear that in the real life circumstances of the moral challenges, the moral expert is silenced or overlooked. One of the cases presented by a representative of a utility company considered the problem of price gouging. Although a moral dilemma was the focus of the discussion, its resolution was largely orchestrated through legal terms and with legal affairs. Again, in another case the following year, the leader of the discussion of applied ethics for the seminar was from an insurance and investment firm. Yet he too saw fit, even as he presented some very interesting moral problems regarding the ethics of investment, to let us know that he was accompanied by his lawyer, ironically one of his ethics officer was at my table, yet she/he was never invited to take part in the discussion about ethics/divestiture/investment.

This sort of neglect is symptomatic of a general tendency to overlook the value and role of ethics experts at the same time that ethics problems are faced and their solutions from ethical perspective, pressing. So let me offer a rapid response to the oversight. When it concerns ethics, the assessment of corporate ethical behavior is mainly limited to the behaviors of specific employees who may have shown excessive or bad judgments. Seen in this light, corporate ethical behavior indeed does not require expertise or training in moral philosophy. Corporate Ethical Culture might be considered expandable to the same extent that the culprit and his/her questionable judgments are themselves expandable.

Corporate or business ethics so understood, indeed needs only a good compliance program that will miraculously produce good (*read* lawful/compliant) corporate citizens and actions. But this, I think, is the wrong approach, or rather if it is the disposition of the decision-makers, they may heed that it is only a partially correct view of corporate ethical behavior. The corporation does not think, nor does it make decisions. To mime those activities, its leaders employ highly paid officers for such tasks. One of such officers ought to be the ethics expert who would bring as strong a view and perspective on the issues of concern as the attorney, the accountant, or the marketing experts.

Unlike the fully mature but conflicted moral person who by experience, trial and error, and with the benefit of a nurturing social environment has developed into a good person, the ethical corporation must try to think out for itself, what it ought to do in particular circumstances, and for the long term. In order to do this, it needs information. It goes without saying I would think, that the sort of information required for a moral decision is different from, but not exclusive of, the type of information required for financial/economic, legal, research and development, and marketing decisions.

An integrative corporate policy and decision-making apparatus must have a moral point of view. The point of view involves decisions, public decisions that impact the lives in many instances of individuals. I am arguing that corporate decision-making ought to be informed by a moral point of view that is best provided by the ethics expert who in turn, would frame the decision-making process involved in any one of the above areas, economics, marketing, etc.. Think for example of the decision of the grain company to patent and engineer an agricultural plant that when mature produces sterile seeds. Think again of the manufacturer of an AIDS treatment inaccessible to poor or even middle-class AIDS sufferers. They are devoid of a caring concern for the larger environment in which they operate and this, I will add, to the companies' own detriment. The corporate decisions that ultimately will inform corporate behaviors and strategies of dissemination exhibit instances of the oversight of the ethicist they highlight instances where the input of ethical experts would be crucial.

### *In Conclusion: To Build and Ethical Culture*

How then does the corporation bring about an ethical culture? How can business be ethical? Given what I already proposed above, I offer what is superficially a simple answer: the corporation establishes an ethical culture by incorporating the “moral point of view” in its decision-making. It does so with the active involvement of its ethics experts. One of the ethics expert’s many task is to bring the moral point of view to the thinking, and decision-making of the corporation. The moral point of view she brings to the corporation takes different forms depending on the subject matter under consideration at any given moment. But in the end, the success of the implementation of the business’s ethics, of its influence on the corporate behaviors of employees, as well as the thinking and decision-making processes of the corporation, will depend on the participation of the Ethics expert. She should assume, or at least invited to assume, a greater role in the affairs of the corporation. The Ethics expert, or those like us in this room who are inclined to encourage the practice of moral corporate decision-making, is better placed to bring about a moral culture of the corporation.

I borrow from Peter Singer to conclude my position on the role and the manner in which the moral experts would promote an ethical organizational or corporate culture. The advantage of having an ethics expert in-house, or to maintain a relationship with ethics experts outside of the corporation, consists in the following. For Singer, and I agree with him, the ethics expert’s training in critical thinking strengthens her competence in constructing moral “argument and [in] the detection of invalid inferences.” Also according to him, based on her training the moral expert possesses an “understanding of moral concepts and of the logic of moral argument[s]” lastly, and in this the moral expert is not unlike any other expert, she is devoted and “thinks full-time about moral issues.” Singer thus concludes that moral philosophers are “better suited to arrive at the right, ... , moral conclusions than non-philosophers.”<sup>xi</sup>

My experience, and especially given present company, moves me to offer a different call for business ethics. It seems to me that the ethics experts/officers who practice their skills with the critical awareness to which Singer alludes are prone indeed to come to the right conclusions. In the context of the business environment about which I speak, I advocate a business ethics that is to be exhibited by the entire organization. But at the moment, the manner in which the ethics experts are introduced to the corporation and even if they come in with the tools of which Singer speaks, they are committed in practice to respond to ethical problems, and for putting out the proverbial ‘fires’ here and there. Theirs is a justifiable role, but it is an impossible task.

The business ethics that I am promoting here requires an expert to be sure, but it is an expert in the role of fueling an ethical culture that in turn infuses the behaviors of all the relevant parties in the organization. It also follows from I have said thus far that the corporate ethical culture is not established, nor can it be reached, if corporate decision-making and thinking continues to exclude the ethics expert.

The charm of the gathering at IAMB is that it presents all of us with a challenge. It takes the form of a question that asks: How best to merge the knowledge of specific organizations as they are represented in this room, and the moral expertise necessary to promote a corporate ethical culture in our respective organizational environment? I believe that we would reject by now the view that there is no role for ethics to play in corporation and we would also reject, I suspect, the view that ethics and compliance should be reduced simply to a legal compliance exercise.

I have tried to argue against the intuition of a prevailing practice that excludes ethics experts or officers in the discussions that constitute corporate decision-making. I maintain in effect that excluding ethical considerations in the very motivations of the corporation's behavior is antagonist to corporate ethical behavior and to the cultivation of a corporate ethical culture. The ethical corporate culture that I argue for comprises both the training conducive to the corporate citizenship of employees, and the practice of ethical thinking and decision-making of the corporation as entity. I intended to be positive through my presentation and so let me also try to end with a positive note.

Corporations are not supposed to be thinking and moral agents. They are however expected to bring about results, in most cases, they are expected to reach targeted positive financial results. They must, given their charge, take actions to yield in a world shared with others, the expected results. This is the datum for the exercise of moral expertise as Singer intended it. The Ethics and Compliance officers in the best of worlds, infuse the thinking and moral decision-making of the corporation with a moral point but with a view to the practice of the organization. Our overture is to consider a mediated version between profit-making regardless of the impact on our shared environment and the relativist perspective that would a practice in accordance with the laws of the area of operation. To go above the law to recognize the integrity of the environment and our fellow humans requires the import of the traditionally isolated, if overlooked, ethics expert within the corporation. My offer has been to present us with an opportunity to reflect on the value of a combination of expertise and information/specific organizational knowledge (the real day to day work of the corporation) that can motivate the moral point of view that will permeate the daily practices of the willing the organizations.

That is my case for a thoughtful and intentional business ethics.

## Endnotes

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<sup>i</sup> Daley, Suzanne, "Outcry Echoes Up to Canada", *The New York Times*, Sunday, April 3, 2016, Vol. CLXV .... No. 57.191

<sup>ii</sup> Locke, John, *The Second Treatise on Civil Government and a letter concerning Toleration*, John Weidhofft Gough ed., Oxford: B. Blackwell, 1946

<sup>iii</sup> Friedman, M. 1970. "The social responsibility of business. The New York Times Magazine, September 13th," in M. Friedman , ed., *An Economist's Protest: Columns on Political Economy*. Glen Ridge, NJ: Thomas Horton&Daughters, 1972. pp. 177–184.

<sup>iv</sup> This line is a paraphrase of the famously attributed by the former presidential candidate Mitt Romney

<sup>v</sup> Held, Virginia, *Rights and Goods: Justifying Social Action*, Chicago; London: University of Chicago Press, 1989

<sup>vi</sup> Smart, J.J.C., and Bernard Williams, *Utilitarianism: For and Against*, Cambridge, UK: Cambridge University press, 1973

<sup>vii</sup> Aristotle, *Nicomachean Ethics*, Robert C. Bartlett and Susan D. Collins, eds, Chicago; London: University of Chicago press, 2011. See especially the formulation of the performance of virtuous activities in Book II.

<sup>viii</sup> This form of ethics, which I do not consider to be ethics at all, relies like some versions of commandments on a set of rules that apply to predetermined circumstances. The problem with such a position and especially in our contemporary period is that many circumstances are novel and could not have been predetermined bankrupting thus our efforts toward a lasting ethical culture.

<sup>ix</sup> See <https://www.youtube.com/watch?v=qd3VV8Za04g>, Michael DeKort was in 2006 a 41 year-old engineer at Lockheed martin.

<sup>x</sup> Virginia Held, op. cit., makes this point brilliantly in her chapter that argues for the need of a "revival of ethics." See her Chapter 2.

<sup>xi</sup> Singer, Peter, "Moral Experts", *Analysis*, Vol. 32, No. 4 (Mar., 1972), pp. 115-117