G R E S H A M

C O L L E G E
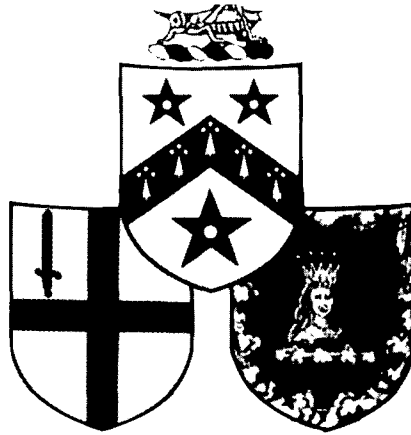
BUSINESS AND ETHICS: OIL AND WATER?

Three lectures
delivered in King's College London by

THE REVD. PROFESSOR JACK MAHONEY SJ MA DD FRSA
Mercers' School Memorial Professor of Commerce

Lecture 1 - 9 June 1988
THE ETHICS OF BUSINESS AND THE BUSINESS OF ETHICS

Lecture 2 - 14 June 1988
BASIC BUSINESS ETHICS

Lecture 3 - 16 June 1988
CAN BUSINESS ETHICS BE TAUGHT?

THE ETHICS OF BUSINESS AND THE BUSINESS OF ETHICS

The general title which I have given to this series of three lectures - Business and Ethics: Oil and Water? - is one which, I believe, highlights a genuine problem for many people in the world of business. How can you mix business, I will not say, with pleasure, for quite a number of people seem to contrive to do that quite happily. But more to our point, how can you mix business with ethics or morality? Is their relationship similar to that between oil and water, which just don't mix but when juxtaposed retain their own contrasting characteristics and quite evidently have very little, if anything, in common with each other? And comparing business and ethics to oil and water is an analogy which can be pursued even further when you notice that I have equated business with oil, and ethics with water. For business can appear to have some of the qualities and characteristics traditionally associated with oil, of being, at least potentially, rich, abundant and luxurious; full of promise, eastern promise as well as western, and evoking thoughts and feelings of satisfaction and the rich good life. And, of course, oil is also a lubricant, helping the wheels to go round effortlessly and the machine to run smoothly, as business is considered by many to do for contemporary society.

By contrast, water can be cold, dampening and dispiriting, providing unwelcome discouragement, and dashing enthusiasm. And this for not a few people may be how ethics is regarded when it is brought into contact with business practice and business philosophy. It can be viewed as a restricting, cramping and disapproving scrutiny which takes all the excitement or thrill out of business, transmuting into base prosaic mediocrity the very poetry of power and the sweet satisfaction of success. Moreover, this may be particularly perceived to be the case when the ethical scrutiny of business draws upon religious sources or principles, for these seem to have a remarkable propensity to be predominantly negative and forbidding, or at the very least discouraging and tediously moralising.

Yet, need all this be the case? Are ethics and business necessarily at loggerheads? My purpose in this first lecture is to explore the connection between business and ethics, and to consider the various ways in which the relationship between the two can be considered. I propose to do so in three sections; first to consider the claim that business and ethics have nothing in common; then to consider just what the subject of business ethics is, or has recently become; and finally to suggest that business and ethics should not be in a relationship of hostility, nor even one of armed neutrality. Their relationship should be one of mutuality and complementarity, to which each has an important contribution to offer.

I

And beginning from my general analogy with oil and water I want first to consider seriously the view that in fact business and ethics have nothing to do with each other, that business is a class of human activity which is completely autonomous of any ethical or moral scrutiny or consideration. This is the view, not that business is inherently immoral, but that it is of its nature amoral, having nothing to do with ordinary human ethical or moral considerations.

It seems generally agreed that Milton Friedman speaks for many business people when he asserts of the relationship between business and ethics that the only obligation which business has in and to society is to get on with its job of producing profit for its shareholders, and that managers should be recognised as no more than the agents appointed to carry out the purposes of shareholders. But when looked at coolly the claim to ethical immunity for business is a remarkable one. Moreover, it is not one which can simply be asserted or stipulated. A medieval maxim expresses it pithily when it observes that what can be freely asserted can be just as freely denied. And the simple assertion that business activity is of its very nature amoral has little defence against the question which it is likely to evoke from many quarters, "Who says so?" It surely requires proof or convincing arguments that this one major area of human decisions and choices and consequences should be considered exempt from the ethical and moral scrutiny to which we at least pay lip-service in every other area of our lives.

One and perhaps the most popular line of argument, of course, is to point out that the conditions of existence and particularly the struggle for sheer survival are such in the world of business that ethics is a luxury which few business people can afford. To be moral is to be mori-

bund. And to carry around the weight of all St Paul's armour of justice and benevolence and the like is in business more like David trying to clump around the battlefield weighed down by the accoutrements of King Saul. The case can be made with considerable force and rhetoric that to succeed in the world of business it is essential to travel light and unencumbered by moral baggage in order to move rapidly around in conditions of jungle warfare; and that to espouse moral values is to give hostages, if not to fortune, at least to one's competitors, of which they will not be slow to take grateful, if puzzled, advantage.

But are these conditions unique to the business world? Might not one say the same about surviving or getting on in the world of politics? Or in the field of international relations? Or even sometimes of getting on to a Southern Region train at Waterloo? Conflict of interest, competitiveness and sheer survival are not the sole or unique prerogative of business. Nor do these conditions simply of themselves make of the business world an enclave of moral savages in society, if business has any claims or pretensions to be in some sense a human activity. Indeed, it might and can be argued that it is precisely where such conditions exist that there is particular call for ethical scrutiny and moral standards, if only to identify and expose the values which are as a matter of fact present and operative even in such jungle conditions.

For, of course, it cannot really be claimed that business as such is value-free, and therefore exempt from evaluation on anything but its own intrinsic grounds. Sheer survival is probably the most tenacious of human values in any society. So are success, satisfaction and the sense of fulfillment and achievement. And even the apparently amoral picture of business relies on certain values and on adherence to them for its internal consistency and success. What may be peculiar to business in this way of depicting it is the cluster of particular values on which it concentrates, the scale of values to which it does subscribe, and the priority which it accords to some values over others in pursuit of its aim. But this is not to claim that business is amoral, or has no connection with morality. It is to acknowledge that it does have a morality of a particular kind, and of a peculiar shape. And by this I do not mean a bizarre morality, but one of a quite specific kind which is open to explanation, analysis and evaluation. It appears, then, that following this line of defence for the amorality of business cannot lead to the conclusions that, as Armin R. Konrad has pithily expressed it, in business "the tough conditions and resulting pressures are such that people doing business deserve a moral break".[1]

Another defence of a special claim for business that it is not to be judged by ordinary ethical standards arises from regarding it in terms of the model of a game which has its own particular rules and which is in some sense closed off from other activities. To say of any human behaviour, for instance, that "it's not cricket" conveys a tone of moral disapproval of an interesting kind. Life is considered to be governed by certain laws, just as the game of cricket is governed by fixed standards of behaviour. If these standards or laws are contravened or arbitrarily changed, then the game as such ceases to exist and the exercise becomes simply meaningless or pointless - perhaps something like turning cricket into rounders. The only way for the game of cricket to survive and fulfill its function in life is for everyone without exception to know and adhere to the rules and conventions as these have been laid down and as they have been universally respected - until, perhaps, comparatively recently.

In other words, the game analogy runs, business can be conducted in society and will flourish in society, and benefit society, only if its inherent laws and conventions are acknowledged and are adhered to, without anyone having bright ideas about changing the rules as they go along, and without distractions from outsiders. And if perhaps well-meaning spectators keep running onto the field, or start barracking the players just because they do not understand or cannot appreciate the finer points of the game, then the players simply can't get on with their match, play is disrupted, and everyone suffers as a result.

It is an attractive argument to attempt to justify the peculiar conditions of business activities and practices, and it clearly has a point, which I shall consider later. But as an attempt to establish a completely unique collection of behavioural rules and expectations in business, the game model also suffers from certain major weaknesses, quite apart from the memories it may evoke of Stephen Potter's wicked study of *Gamesmanship* and all that now implies. I shall not pursue the analogy with cricket by speculating on who in the game of business are the gentlemen and who are the players, or who are the amateurs and who are the professionals, or

whether the whole point of the comparison is undermined by the sentiment that what matters is "not that you won or lost, But how you played the game." For, as Charlie Brown once remarked with uncomfortable percipience, "It's not the principle of the thing; it's the ten cents."

But if business is seriously to be defended by analogy with a game as surviving and working only in terms of its own inherent rules, then several uncomfortable questions fall to be considered. For it is not a game played in front of an empty stadium, just for the sheer enjoyment of the various participants. And the injuries are not confined to the field of play. There are, to be sure, certain conventions and ways of acting which are of particular importance and significance in the world of business, just as there are in the world, for instance, of poker, or of bridge or rugby. And to these I shall return. But in general it cannot reasonably be claimed that the game of business is one played in a social vacuum; or that everyone in business is a voluntary or consenting participant; or indeed that the rest of society must simply play the role of the interested or uninterested spectator assigned to them. And once again it has further to be noted that games are by no means value-free. They depend for their very success on the participants subscribing to certain shared values, such as consistency, reliability, rationality and in some cases group or team loyalty. So it is not, then, that the game model establishes the amoral character of business, but only that in its activities it selects and chooses to highlight certain moral and ethical values as distinct from others.

Another, perhaps more popular, defence of the inherently amoral nature of business is the claim to its completely impersonal character. Morality is for persons and for interpersonal transactions, the argument runs. But business activities are not simply a matter of the activities and interactions of individual persons. Its actors are corporate bodies and collective entities, which are of their very nature and functioning impersonal; and moreover they need to be such if they are to fulfill their function. This is the argument by analogy with, not now the game, but the machine. Individuals are not now players, but parts and cogs which must fit into the overall mechanism. Introducing ethics, in this model, would be the equivalent, not of moral hooligans running onto the pitch, but of grit getting into the machinery. The business person who attempts to bring moral standards from his or her private life into the public life of business would be the equivalent of someone throwing a spanner into the works. And ethical considerations in business would be seen simply as scruples, in the original Latin meaning of that term, as an annoying and distracting stone in one's shoe hampering one from moving to one's objective.

Such a complete disjunction between our behaviour in our private and our public lives may for some members of the business community be a matter of religious belief or theological conviction, which is not without its difficulties of a theological nature. For others it may bring a sense of personal moral relief, in systematically enabling them to separate out their private lives, conducted on the whole in at least recognition of certain moral values and principles, from the very different *mores* of the marketplace or of impersonal company policy. But the price to be paid may be a sort of spiritual schizophrenia, or a persistent feeling of moral unease at such chameleon-like inconsistency. It takes a consummate actor of the calibre of an Olivier to change regularly and effortlessly from the role of Othello to that of Iago and back again within a matter of hours. And both of these are only characters in a play, or roles in the world of theatre. In real life, of course, we all play a variety of roles according to the situations and circumstances in which we happen to find ourselves. But some may give us occasion for ethical disquiet, especially if we find certain roles of a questionable nature more congenial to our taste and talents than others.

Of course, to speak of Othello and Iago, or for that matter of Jeckell and Hyde, is to beg the question, and to presume that the normal ethical values and standards of private life do in fact apply to the public monolith of business. But the fact of the matter appears to be that this is the case in some sense. For again, as in the model of the game, the model of the impersonal machine depends on certain values being respected and even being given primacy by all its component parts. Such values as rationality, efficiency, loyalty, accountability, and even unquestioning obedience, are not grains of sand in the machine. They are the essential lubricants required between all its components for its smooth and successful functioning as a whole, in the pursuit of its collective purpose.

The ultimate weakness of such an approach, however, is that the analogy between a group of people acting in concert and a mechanistic piece of machinery is inherently selective and weak as a model of business activity. Human beings are not simply cogs. As one writer on this model comments, "business actions are straightforward examples of human agency; there is nothing mechanistic about them".[2] And basically the collective choice of goals and policies, and the individual choices to accept and implement such goals and policies by the selection of appropriate means are all human actions.

Moreover, as we have already seen in connection with the stresses and strains of business activity, the impersonality of corporate life and activity is not a feature which is unique to the business world or to business activities. It can also apply to the civil service, to a political party, or indeed to the armed forces in any country. Some subordination to a single purpose is a feature of any group of people in society who come together in common pursuit of an agreed goal. It is true, of course, that collective action cannot simply be described as the sum-total of various individuals acting in concert. It may even be that particular ethical norms and considerations apply to collective actions which do not apply in the ordinary individual pieces of behaviour. Nevertheless, the claim that sheer size and complexity, and the dispersal of power and decision-making in pursuit of a common purpose, somehow exempt the individual participants and the group as a whole from ethical scrutiny and analysis cannot simply be claimed as self-evident. It requires proof; and if business claims this sort of collective immunity from such scrutiny, then the burden of proof lies firmly with business.

Perhaps what is really in question here is the question of professionalism and of the standards of behaviour which are commonly associated with membership of a profession. Such standards will include the values of competence, reliability, and loyalty to one's fellows. But any professional ethics must be more than a set of in-house rules and conventions. By its claim to represent a profession it also claims and acknowledges membership of a wider society, and relations of responsibility within and to that society. And, what is of at least equal importance, it also claims for its individual members certain standards of personal autonomy and integrity which cannot be abdicated automatically whenever individuals may find themselves or their values in conflict with those of the organization to which they freely choose to belong.

My conclusion so far, then, is that the relationship between business and ethics cannot be simply one of complete disjunction or mutual independence. As Richard T. De George observes, the myth of amoral business can no longer stand up to scrutiny, if it ever could.[3] The analogies with games or machines or jungles are inherently misleading and cannot substantiate the conclusions they are appealed to as justifying. As I have tried to show, each of these models of business implicitly or explicitly requires the recognition of particular sets of values if they are to make consistent sense even on their own terms. And, of course, since business is not conducted in a social vacuum, it also itself relies heavily on the maintenance and observance of ethical values and standards in society at large for it to survive and flourish - standards of social decency such as truthfullness, promise-keeping and respect for property. It almost seems a peculiarly parasitical attitude towards society to rely and be dependent on such ethical values and standards being observed by others, while arguing stoutly that they do not, of course, apply to oneself.

It might be objected, of course, after all this that business does not need ethics in order to play its proper part as a human activity in society, since that function is what the law is created to ensure. Society expresses its expectations and requirements of business through the laws which it enacts to govern and moderate the activities and transactions of business in society; and surely that is sufficient. There is clearly a large measure of truth in this position. But once again, it appears to labour under certain weaknesses if it claims to give a complete account of the matter. For, quite apart from the fact that law can be on occasion a rather blunt instrument, and on other occasions lag behind rapidly changing social reality, the more fundamental issue which this defence of amoral business raises is where does a particular law originate, and what impels society at any given time to pass new legislation.

For presumably the purpose of law in any democratic society is to express and give force to the values held dear by that society - values such as life, liberty, good name, property and general fair dealing among its members. In a democratic and plural society such as we have in

Britain today, there can be continual debate about which values are sufficiently agreed upon among its members, and at the same time sufficiently in need of public protection and enforcement, to be accorded the force of law and enshrined in legislation. But it appears that values precede law, and that law evolves as human moral perceptions deepen or are slowly awakened within the social body. This was historically the case in England with slavery, factory laws, religious emancipation, and trades union legislation; as it has been more recently with racial and sexual discrimination, equal opportunity, consumer protection, and access to privileged or confidential information. It does not follow from this, of course, that all moral and ethical values are fit subject for legislation in society. As I have noted, in a plural society there is continual debate about which highest common factor of various value-systems will suffice to give identity and continuity to society. There is also our built-in national disposition to accord priority to the value of individual liberty and autonomy unless and until the case for public restraint is well proven. And there are also the practical considerations about whether a particular law could be realistically or credibly enforced and maintained. Nevertheless, the link between laws and values appears a close one, to the degree that one could conclude that all laws express human and ethical values, even if not all such values are expressed or are expressible in law.

The Roman poet Horace once wrote that you can throw out nature with a pitchfork, but it keeps coming back. He was philosophizing on the frustration of weeding the garden. The parallel I wish to make is that in all human affairs you can attempt to throw out ethics by any means, but it keeps embarrassingly reappearing. And that this applies also in the conduct of business among human beings in society. None of the features which are claimed to characterise business in society which we have considered appears to warrant moral immunity for this human activity alone among others. And if the same sorts of grounds were permitted to prevail in other social activities, then logically much more than business could claim such moral immunity. Modern defence systems and strategies are one area of human behaviour which would thus become outwith ordinary human moral evaluation. Another is the field of modern medicine, which can also, I suggest, provide some interesting parallels for considering the status of business in a technological society.

The rapid advance of medical technology has faced individuals and society with a vastly increased range of opportunities for action, and a correspondingly enlarged area of new human choices. The development of intensive care and preventive public medicine has not only provided the possibility of increasing the life span of countless individuals. It has also presented society as a whole with macro-questions about its allocation of resources for health care and about its demographic structure. The astonishingly successful development of organ transplantation has also introduced urgent questions about the supply of healthy organs to meet this new medical and social demand. And the computerisation of information and the development of telematics is giving new capabilities, for instance, to epidemiological studies, to create new dilemmas about the values of individual privacy and confidentiality when these appear to be in conflict with those of the common good or the public interest. Again, the development of methods of artificial procreation, among humans now as well as in the plant and animal kingdoms, has brought almost within the grasp of not only couples but also of society the ability to create new human life to precise genetic specifications, and in the process to raise urgent questions about human identity and the goals of human society.

Not many people, I think, would conclude from this increasingly complex and rapidly changing world of medicine that the making of difficult medical choices, whether at micro- or macrolevel, escape ethical consideration simply because of the speed and scale of development, or because of competing resources and the increasingly corporate structure of the medical world. But perhaps even more significantly, there is another development relating to medical practice in contemporary society which is perhaps in process of being parallelled in the field of business, and even of influencing the current development of business ethics in the United States. And that is that the ethical conduct of medicine is no longer allowed by society to be the monopoly of medical practitioners. Questions of life, death, health care and survival are increasingly subject to public scrutiny, public debate and public evaluation. And even if we have not yet in this country reached the pitch of medical litigation and legislation which currently

obtains in this field in the United States, what we do appear to be witnessing is a widespread radical change in the social mandate to medicine.

Bernard Levin once wrote that there is no such thing as hackneyed music; there are only hackneyed listeners. And by the same token, I suggest, there are no such things as truisms; there are only truths which may become boring to some but which do not for all that lose their cutting edge, particularly at some junctures of society. And one of them is that there are certain activities in society which are too important to leave simply to those who perform those activities within society, or in the name of society, or for the alleged benefit of society; whether that activity be the governing of society, or the policing of society, or the defence of society, or the health care of society, or the provision of goods and services to society. The development in hospitals of ethical committees representing the various constituencies or stakeholders in the provision of medical services, and even appointments to newly created posts of bioethical consultants, appear to be clear evidence of the recognition on the part of society, as well as of the medical profession, that its social mandate has changed as both medicine and society have themselves changed.

II

This idea of a social mandate which I have mentioned as giving expression to society's changed expectations of medicine has been interestingly applied also by De George to the social mandate to business in the United States.[4] In an earlier age, as he explains, the function of business in society was to grow, to produce a variety of goods and services of quality cheaply, and thus to contribute to society's achieving of the good life. But as times and conditions have changed, the argument continues, and society's own sensitivities have developed, its expectation of business now is that it should keep pace with social change and respond to a new mandate from society. And according to that new social mandate business should pay particular respect to such features of contemporary life as environmental and public safety considerations, the rights and feelings of minorities in society, and human interdependence on a shrinking planet.

It would no doubt be possible for business to respond to the idea of a social mandate, and especially to the idea of a changing social mandate, with realism or cynicism, and to make sure to adjust to it at least minimally in order to avoid falling into social disrepute. But such an attitude or response would fail to accept the thesis which has been underlying all my comments so far, that business is a human activity, business decisions and policies are decisions and policies taken and adopted by human beings, and the business community is not either a privileged or an embattled sector of society, but an important and significant integral part of the total human community.

It is considerations such as these which are emerging into increasing prominence in the systematic study of business ethics, whose modern development we may now briefly consider. The ethical consideration of business activities is in itself nothing new in human society; and social history, including religious history, provides abundant evidence of ethical debates and disputes about the role and function of business in society, and about the multifarious activities and enterprises of business people. In the nature of the case, of course, in an earlier age most of the moral debate on business was conducted at the micro-level, and it was only with the growth of industry and the proliferation of the modern large business corporation that a quantum leap occurred in the variety and scale of the moral issues raised by the conduct of business. More recently, however, it appears true to say that modern business ethics owes its origin and its programme to a variety of events which took place in the United States only in the 60s and 70s of this century. For it is also true to say that as an articulated and distinct subject of study business ethics is the product of modern American society, where it is currently entering into what may be considered a boom period.

It would not be possible to provide an exhaustive list of the causes in the United States which have led or contributed to this growth, but some salient factors may be identified. One which cannot be ignored was the revelations in the aftermath of Watergate of large-scale domestic and foreign corruption on the part of many major business corporations, and the traumatic im-

pact of such disclosures on an American society deeply divided in conscience over its Vietnam experience. Another factor was the growing public sensitivity to pollution and other environmental and ecological issues, as well as acute concern about profligacy, or at least extravagance, in the use, or using up, of the earth's resources, an anxiety made more acute by the oil crisis. Yet another contributory factor was the strong tide of public opinion arising from the emerging black civil rights movement and the women's movement to take issue with all public forms and expressions of racial and sexual discrimination. An additional development which had an undoubted impact was the growing or recovered concern on the part of churches and religious bodies for social justice, both at home, for the poor and underprivileged in domestic policy, and abroad in government and business foreign policy. And this latter concern for social justice focused particularly on the interests of the Third World and on American government and business involvement in faltering or abortive economic developments in that sector of the globe. The visible expressions of all these new currents of growing public concern for issues of honesty, justice, the environment, health and safety, and other social considerations took the shape of various pressure groups, public debates, a whole new body of literature, and concerted, and often successful, attempts to influence investment policy and business activity. And such attempts were made, with varying degrees of success, not only through the courts but also through stockholder participation in the deliberations and decisions of large and influential companies.

To all these, and other, factors, can also be added the emergence on the American social scene of academic philosophy, including moral philosophy. Ethics moved from a somewhat introspective phase of concern with linguistic usage and analysis, which had been heavily influenced by philosophical developments in England, to adopt an interest in the field of applied ethics, partly in response to appeals from various sectors in society, and partly also in a new exercise of social responsibility on the part of the philosophical community itself. In such areas as law, government, nuclear defence and notably medicine, philosophical ethics began to be applied to the major moral issues in society, including those arising within the field of business. And in this latter field, there has been an explosion of academic interest and activity in only the last ten years, which can be accounted for not only by the new professional interest of philosophy but also by the whole network of social events and factors which I have mentioned.

In my third lecture, Can Business Ethics Be Taught? I shall be considering the way in which the study and discipline of business ethics has developed in the United States, and how it might be developed in Europe. But for the present it is worth remarking that many of the factors which have contributed to an acute interest in the subject of business ethics in the United States in the past fifteen years or so may find an echo here in the United Kingdom, particularly in some recent events and in public reaction to such events. It may also be worth remarking, however, in order to recognise the positive tone and atmosphere in which much business ethics is currently being conducted in the United States, that it would be a mistake to see the recent developing interest in business ethics in the United States as simply a knee-jerk reaction to public scandals, or as a panic move in moral damage-limitation by attempting just to re-establish public confidence and credibility in business. What such sensational events did there, and what similar events may be doing here in Britain, was to give increased urgency, or the final confirmation, to an already growing awareness of the ethical dimension of modern business, and to a sense of concern within many areas of the business community itself, as elsewhere in society, for the growing moral challenges confronting business men and women in their endeavours to discharge their business duties with moral care and sensitivity. An eminently desirable consequence of this realisation is the recognition that it would simply be untrue to the facts to consider business ethics as largely an exercise in the detection or pillorying of malefactors, or to consider the enterprise of business ethics as a programme forced by other sectors of society on a delinquent and reluctant business community. As the American experience has shown, much, although by no means all, of the stimulus to develop an ethics of business comes from business men and women themselves. The first major U.S. Conference on business ethics, held in November 1974 in the University of Kansas, which has been identified as the birth date of modern business ethics, was a joint event sponsored together by the Department of Philosophy and the College of Business.

III

I come now to my final section, on the need for a constructive mutual relationship between business and ethics. While it appears to be true, then, and increasingly appreciated, that business cannot substantiate any claim to moral immunity, or to constitute for itself a moral sanctuary within society where it is protected from ethical scrutiny, nevertheless it should also be acknowledged that the various grounds which have been advanced for such claims on the part of business, and which we have been considering, are saying something which is both true and important about the conditions under which modern business is pursued. And as such they must be taken into account when we begin to explore the scope of business ethics. When the question is asked, what precisely is business ethics, one answer commonly given can be dangerously simple in at least two ways. I am presuming that any answer will connect business and ethics in some way, unlike the reply recently given me by an assistant in a major business bookshop in London when I asked if he had anything on business ethics. After looking dubious he diffidently hazarded the reply that he thought he did have a book on Japanese business etiquette; would that do? I replied that I thought not, but did he mind my quoting his reply in a lecture I was preparing on the subject. Of course, even here much depends on how one understands business etiquette, and what ethical values it might express, either explicitly or implicitly. But the more fundamental risks of trying to define business ethics arise from considering it as simply the application of ordinary everyday human ethical principles and values to the field of business decisions and activities.

There is first of all a danger that such an approach will not acknowledge that there is an important difference in principle between individual personal choices and activities and collective or corporate decisions and activities. This is not to say that one is governed by ethical principles and the other is not. It is to acknowledge the genuine difference between individual moral agents and collective moral agents such as nations, governments, political parties, professional bodies - and business companies. The moral canons for collective moral choice cannot automatically be identified as the principles of individual choice writ large. And the ethical decisions of corporate bodies cannot simply be regarded as an individual ethical decision raised to the power of the number of individuals who have participated in the corporate decision. Close and clear analysis is required to identify the distinguishing features of corporate ethical decisions, as contrasted with individual ethical decisions.

The second danger implicit in considering that business ethics is simply everyday ethics applied to the field of business activities is that it can give rise to an attitude of moral paternalism on the part of those outside the business community, and understandably to a reaction of resistence or resentment on the part of the business community itself at what may be perceived as a threat to its moral autonomy. I have already argued, of course, that business is an integral component of human society; and to that degree society in its various agencies is morally entitled to offer comment and even to profer guidance to those of its members who are engaged in business pursuits. But the corresponding responsibility of society in such cases is to ensure that the comment it offers be informed comment, and that the guidance it profers be knowledgeable guidance; in other words, that it is sensitive to, and appreciative of, the true state of affairs involved in the pursuit of business and as they are actually experienced by the participants in that pursuit.

This necessary condition of respect for the experienced reality of any situation as a prerequisite for ethical comment on it obviously applies in the field of medical ethics, for instance, as it does also in the ethical assessment of a country's nuclear defence policy, or its economic policy. And by the same token it applies also in the field of business. And that is why I find unsatisfactory the answer to the question, What precisely is business ethics? that it is the application of ethics *to* the field of business. I much prefer the answer that business ethics is the application of ethics *in* the field of business. For only in this way, I suggest, can proper consideration and moral weight be given to the particular features which characterise business and distinguish it from other human activities in society.

Thus, for example, it is highly relevant to the ethical analysis of business that it *is* frequently a matter of intense competition and a question of survival. Equally, it *is* important to acknowledge and take account of the "game" features of business activities, the tacit conventions, the

calculated statements, the apparent untruths, and perhaps above all the risk factor involved in so many business choices. It is equally important to recognise that while business does in fact, as I have tried to illustrate, recognise and indeed depend on certain moral and ethical values, at the same time its cluster or constellation of values accords high priority to some as contrasted with others. And while there is a danger, as I have observed, of this leading to a sort of moral closed shop within the business community, with scant regard for outsiders, nevertheless due consideration and attention need to be given in business ethics to the moral priorities to which the business community itself subscribes, and how these relate to other more general moral values.

Again, business ethics *does* need to take account of the scale of much modern business and the values as well as the pressures which this can impress and impose upon individuals. And while they cannot simply be considered cogs in the corporate machine, nevertheless the arguments and values of rationality, efficiency and loyalty, for instance, need to figure prominently in any adequate consideration of the ethics of business. And finally, not only the scale but also the technological complexity of modern business conditions and the rapidity of their change, and the resulting problems with which many business people are daily bombarded, cannot be left out of account in any realistic appraisal of how ethics is to figure in, and influence, the conduct of business.

All of this means that business ethics simply cannot be the addressing of a received body of ethical doctrines to the business community from outside, or of a list of *a priori* moral answers to business questions almost before these are formulated. Such an approach runs the risk of moral imperialism, whether on the part of society, or of groups within society such as religious and other bodies. Business ethics, if it is to correspond not only to the claims but also to the true facts of the situation, must be in the nature of a dialogue between the business community and the rest of the society of which it forms a part, just as in other fields of activity society needs similar dialogues with the political community, the medical community, and the economic community. Their ultimate goals, I should want to say, are the same, or perhaps ought to be the same, but within that perspective there are more immediate and specific goals which belong particularly to the business community. And while it may not be a sufficient condition for business itself to identify and pursue such specific goals, its contribution to identifying them and achieving them certainly constitutes a necessary condition.

But in considering the practical application of ethics within business situations, a further caveat is called for. I have already warned against any idea that business ethics should be considered as the application of ethics *to* business, or the delivery of unilateral moral pronunciamentos to the business community. Apart from the inappropriateness of such an attitude towards the business community itself, as I have suggested, what such an understanding of business ethics simply presupposes is that ethics itself is capable of delivering the goods. And not a few writers on the business scene have a legitimate complaint, up to a point, when they observe that ethics itself in contemporary society is in rather bad shape. Both public and private standards of morality in contemporary society in general appear to leave a considerable amount to be desired. And more seriously, fundamental traditional moral principles are being not just disregarded, but continually and radically questioned. And so the legitimate riposte which business may quite naturally deliver when exhorted to put its house in order, is that society itself, to put the matter crisply, needs to get its own act together in the field of ethics before it can claim the high moral ground over business.

Nor is this just an *ad hominem* answer on the part of business, aimed at evading and diverting criticism by turning it back on its source. It is a legitimate counter-question as to where those agreed moral values and principles are to be found which are advocated for the ethical practice of business. And it is not enough for people in glass houses simply to put in double-glazing or specially strengthened windows. But if not from society in general, from where else is business to derive its desirable moral principles and standards? The subject of ethics itself, as an intellectual and academic discipline, does not appear to be a promising source. Until comparatively recently in English-speaking Universities, for instance, it was almost entirely preoccupied not with ethical systems and principles, or with normative ethics, but with meta-ethics, or studying the language and concepts commonly used in ethical discourse. It was more interested in debates about meaning than in debates about conduct. And even when philosophical

ethics has emerged into the light of common day, as it has increasingly done in such areas as medicine and defence policies, as well, now, as business, no observer of the literature could claim that there is anything like unanimity in its arguments or conclusions on such urgent and highly topical matters. For there is no unanimity even at the level of ethical theory, but only what might be described as a completely free market; one in which various theories compete for support and public acceptance, whether it be theories of utilitarianism in its various proprietary brands, or of duty and deontology, or of natural law, or human rights, or the latest theory of justice, or value. And in such a maelstrom of moral market forces there does not appear any body to guide the consumer, like a sort of moral *Which*?

Unless it be the churches. But even here, it is fair to point out, there is considerable disagreement, not only between church bodies but also among individual members of particular religious bodies, on many of the urgent moral issues which are confronting society today. And apart from such apparently insoluble disagreements, there is a more fundamental problem to be considered, that of the authority of religious bodies to speak on moral issues; and of their credentials and credibility in doing so in an increasingly plural society. Accordingly, it appears to apply in business ethics, as it does in sexual ethics, medical, political and economic ethics, that it is not sufficient to quote the Sermon on the Mount, or state confidently "Thus saith the Lord", in a society which may worship either a pantheon of personal gods or none at all, and which might respond urbanely "Which particular lord did you have in mind?"

The question, then, from what source is business to derive these ethical and moral principles which it apparently ought to apply in all its transactions, appears either to run into the shifting sand of a modern moral sahara, or to be whirled away in a wind of moral agnosticism or relativism. And the business community might well be forgiven for reflecting wryly, And they think *we* have problems!

But in some respects, I suggest, I have overstated the case for widespread moral agnosticism or differences. And in other respects what truth there is in the situation as I have described it can point the way forward for the study of business ethics. For one thing, it might well be that the study of the ethical and moral aspects of some particular policies and practices in business reveal them to be the logical working out of moral attitudes uncritically adopted in other areas of life. And if the results of such attitudes writ large within a public and business context give cause for moral disquiet and a reappraisal of the basic moral attitudes, then business ethics, far from just being on the receiving end of moral instruction from society, can offer an important contribution and corrective to the general moral sensitivities of individuals within society.

Moreover, quite apart from all ethical theory or religious grounding, it does appear to be the case that there are certain basic moral constants in society to which many of its members do subscribe, or wish to subscribe at least in theory, and to which they attempt on the whole to conform in practice in the common interest and in pursuit of the moral life. I mean what are often referred to as the ordinary common decencies of honesty, respect for persons, their dignity, their freedom and their equality, and general fairness in all one's dealings.

How these values work out in practice or in detail, of course, is quite a different matter. And not infrequently it can be a matter of honest and legitimate difference of opinion as to what is to count as truthfulness, or fairness, in practice, or in a particular situation, whether it be part of ordinary private life or in the circumstancs of business. Moreover, simply to list desirable or commonly held ethical values in the abstract, as it were, does not of itself tell us how to choose between them in particular dilemmas, if choose we must. Nevertheless, to find or to establish some such common moral ground appears to me one of the fundamental challenges facing any society of men and women as they contemplate their shared purpose and ultimate goals.

And it is a challenge which every society must face up to in every generation, in all its members and in every sector, including the business sector. And that is the ultimate reason why the ethics of business is not simply the peremptory delivery of moral telexes from society or groups within society to the business community. The business of ethics is a partnership between all sectors of the community, including the business sector, in which each has interests or particular values to declare, as well as an experienced contribution to make. It is a partnership in which no-one has a monopoly of moral truth, but in which everyone is a shareholder with full participatory voting rights. If business has much to learn from ethics, as I believe it has, the

learning process is not a one-way street. Ethics, too, has much to learn from business. And its role in the relationship between ethics and business is not just to throw regular dashes of cold water on business enterprise and behaviour.

I had chosen my general title of "Oil and Water" for this series of lectures on the relation of ethics to business long before I came across the observation of one American writer that "morality is the...oil of society and of business". So my conclusion to this first lecture in the series Business and Ethics: Oil and Water? is to deny so complete a disjunction between the two. Both are needed, just like oil, to lubricate the workings of society and to keep the wheels of business going, not only to promote the wellbeing of society, including all its members, but also to do so in a way which is worthy of human beings living together in mutual society.

What I have attempted to do, then, in this introductory lecture is to explore the necessary connection between business and ethics, in considering the business of ethics and the ethics of business. And that leaves us with a fundamental question. If business philosophy and practice are to be governed by moral and ethical considerations, what might these be, and how is the ethical enterprise to be conducted? Is it possible to chart the territory of business ethics, and put down some moral markers? That will form the subject of my second lecture in this Gresham College series, to which I have given the title "Basic Business Ethics".

BASIC BUSINESS ETHICS

In my first lecture in this series of three Gresham College lectures devoted to the subject "Business and Ethics: Oil and Water?" I explored what I called the Ethics of Business and the Business of Ethics, in order to lay a careful groundwork for the whole subject of Business Ethics as it may be applied in the conditions of contemporary business. And the purpose as well as the content of the lecture were well captured, as some of you may have seen, in the "Lombard" column of the following day's *Financial Times* (June 10).

As John Lloyd observed there, the point of my first lecture was to develop a relationship between two open systems, that of business and that of ethics; and to do so within certain parameters. On the one hand, there is a need for the business community to acknowledge that business is not conducted in a social vacuum. Nor is it simply the working out of impersonal forces without regard for the collective and individual human choices and actions on which it depends. There is a need to give recognition and respect to certain moral values and standards in the conduct of business; and this the business community is increasingly in the process of acknowledging, particularly in the United States. On the other hand, there is an equal need for ethics to avoid what I called "moral imperialism", by elaborating a code of ethics separately from the world of business and simply attempting to impose that moral code on business from the outside. And I concluded that the comparatively recent development of business ethics as a subject of serious and sustained study and research, which is booming in the United States, but has scarcely begun to get off the ground in Britain or the rest of Europe, must be a joint enterprise pursued in the nature of a dialogue between business and moral philosophy, or ethics.

I ended my first lecture by identifying a fundamental question: Is it possible to sketch out the territory of business ethics, and to lay down some moral markers which may be of some use in identifying ethical problems as they arise in business, and which may also begin to contribute an answer or solution to those problems? That is the question I propose to address in this second lecture, which I have entitled "Basic Business Ethics".

I

The first point I wish to make is that to speak of mapping out the ground or sketching the territory of business ethics is already to think in terms of a systematic approach to the subject. It means attempting an overview of the whole terrain, as opposed to meeting every moral challenge which occurs in business as a new experience, or a new obstacle to be clambered over or got round in some way. That is why in my first lecture I stressed the importance of a positive approach to the subject of business ethics, rather than viewing it simply as a knee-jerk reaction to the latest scandal, or as no more than an exercise in moral damage-limitation. Hasty measures, or mere moral crisis-management, can lead to over-reaction. And the piecemeal approach to moral situations in business makes it difficult to learn from such situations, to reflect on them, and to make connections between them, and so to articulate general moral conclusions or rules-of-thumb which may be of use as other similar situations occur or crop up.

What I am really saying here, of course, is that Business Ethics is, or should be, a systematic branch of business and management studies. As such, it can provide an important new resource for management in the shape of a body of moral knowledge which is born of research, experience and shared reflection, and which can be applied and developed in the light of the whole ongoing variety of business situations and choices, whether they be ordinary routine business situations or, as increasingly today, choices of immense complexity and social significance.

And if what I am proposing is valid, then it calls seriously in question several simplistic approaches to the issues involved in business ethics, such as appealing simply to one's conscience in such matters, or to statements taken from the Bible or other religious source, or to traditional moral rules, or to conventional morality. It is a healthy feature, for instance, of the process of growing up in society, to have had impressed on one in one's youth by parents, teachers, and others certain rules of moral behaviour to be observed in all one's actions, such as not to tell lies, not to take what doesn't belong to you, not to hurt other people, and so on. And it is

an equally healthy feature of growing up to begin to ask at some stage in life why we shouldn't tell lies, or take other people's property, or do them an injury. The answers we receive to such question may vary quite markedly. Let me just mention three types of justification for such moral rules.

One type of answer to the question "Why?" may well be because otherwise life would become impossible in society if people told lies whenever they felt like it, or took other people's belongings whenever they wanted, or acted towards other people as the mood took them. We might call this sort of justification for moral rules the social cement theory of ethics. Certain moral rules are essential and have to be observed by everyone if people are going to be able to live together at peace in society.

Another line of reply might be that we owe it to people as individuals not to lie to them, or steal from them, or otherwise harm them. And this approach could be called a sort of personal rights theory of moral behaviour, where other people, simply as fellow-human beings, have various claims on us on how we ought to behave towards them, just as we have the same moral claims on everyone else in how they should behave towards us.

And a third justification for moral rules not to tell lies, or steal, or injure others, might be the religious one, in which the reason for such moral behaviour towards others is simply because that is what God wills and that is how he has commanded us to behave.

What is worth noticing first of all about all these three attempts, and others, to explain why we should observe a moral code, is that they all attempt to do just that, to give an explanation of various rules of moral behaviour, rather than simply accept them unquestioningly. And this persistent desire to know why we should not, for instance, tell lies, or steal, or injure people, may be regarded as the raw material of ethics, and the sorts of issues with which normative ethics as a science is concerned.

Another feature which is worth noticing is that some attempts at justification appear to be more successful than others. Starting with the religious approach, for instance, if the answer given is because God wills it, or that is what the Bible or another religious holy book teaches, almost inevitably this raises two further questions. One is the question to which I alluded in my last lecture, Suppose I do not subscribe to that particular religion or do not believe in such a God? Then I must seek an answer to my ethical questioning elsewhere. And the other question is, Even if I do happen to believe that such behaviour is the will and command of God, why does he will and command it? What reason does he have for requiring his creatures to behave in certain ways?

What appears to be the most satisfying reply to this further question is not just because that is God's will, or the Bible says so, and there's an end to the matter, but because there is something about God's human creatures as made by him which calls for such behaviour towards them, for their sake at least as much as for the sake of obeying God. And this line of reply comes very close to the second type of answer which I have described, that we owe it to other people as individuals (and, now, as created such by God) not to lie to them, or steal from them, or otherwise harm them. It is in fact the personal rights theory of moral behaviour, which is valid on its own ground but is also now reinforced by the religious consideration of God's will that we ought to respect each other as his creatures.

And if we now go back to the first attempt at justifying moral rules and codes, which I called the social cement theory, which regards it as a necessary condition for living at peace in an orderly society, we might ask the further question, Why is it necessary to observe precisely these moral rules rather than others? And the answer which appears to be most satisfying again is that because there are particular features about human individuals which appear to call for moral respect in their mutual dealings.

What I have done in a rather cursory manner is attempt to establish that there is something behind all ethical rules and codes of moral behaviour which both explains them and justifies them; and further, that mature morality is a matter of not stopping short just at the surface of rules, but of probing them to see what it is they are expressing. In other words, what are the human values underlying moral rules, which are enshrined in them and which the rules are designed to protect, or safeguard, or promote in human life and in our dealings with each other?

And they turn out, upon examination, to include such human values, or fundamental conditions for human flourishing, as life, health, freedom, truth, love, trust, loyalty, privacy, and the like. Moral rules taken together form a sort of check list of human values, or a kind of ident-ikit of what is most necessary and most precious to human persons, whether they are considered as individuals or as living together in groups and in society at large.

One final general point may be considered before I begin to apply all this in the field of business ethics. It is the point best described as the problem of conflict of values. Many of the moral dilemmas with which we are all frequently confronted can be described in terms of a conflict between moral rules. Whether, for instance, on the one hand to betray a friend's or a client's confidence, or on the other hand to tell a lie to protect them; whether to keep a promise to be somewhere, or alternatively to help someone in a sudden crisis or emergency; whether, on the one hand, to go along with a colleague's dubious proposal and compromise one's principles, or on the other hand to stick by one's principles and thereby offend one's colleague.

In all such cases of genuine dilemmas we appear to be faced with the prospect of breaking one moral rule or another. And if we remain at the surface level of such rules we may find it difficult to decide which to break and which to keep, unless we grade them in order of importance and then give priority to the one higher up the scale. But how are we to say that telling a lie is preferable to betraying a confidence; that abandoning someone in a crisis is of less moral significance than breaking a promise; or that letting a colleague down is to be chosen at the expense of acting against one's principles? However, if we go behind the rules to consider the ethical value which each seeks to express and protect, then the dilemma become more understandable. Then we see that the point of a moral rule is in general to protect and promote one particular human moral value, whether it be truth or life or loyalty or whatever. And since moral problems are typically instances of more than one value being at stake, or frequently a matter of conflicting values such that we cannot express all of them at one and the same time, we can accept that it is at the level of values rather than at the superficial level of rules that ethical analysis and debate has to be undertaken. This may not, of course, make the dilemma any less acute. But it does appear to make it more understandable, less threatening, and therefore on the whole more negotiable, when it is viewed in terms of comparing human values and the competing claims of such values for our consideration as we try to decide which to choose.

II

If we now turn to the application of ethics in business and to considering how we may map out the moral terrain of business ethics, I suggest that the idea which I have been developing of ethical values, and their potentiality for coming into conflict in particular situations, can be of help. Are there typical sorts of situations in business in which certain moral values characteristically come into play and compete for our ethical attention? And are they such that one can note beforehand and be on the alert for such values and their potential competition, rather than be taken unawares on each and every occasion? If this is possible, then as a matter of moral policy may a certain balancing of values be possible, not as a fixed or rigid rule for all conceivable circumstances, but as a sort of preference for some values which would normally be expected to obtain unless and until the contrary could be proven?

To come to specifics, I suggest that in business activities it is possible to identify a series of expanding and overlapping circles in each of which one can identify particular values as regularly appearing and frequently competing for ethical consideration. The expanding circles which I have in mind are, first, as a sort of inner circle, the business organisation itself and the relationships within it among all its members, along with the particular human and ethical values which are involved. Then a wider circle, embracing the relationships between a company and its customers, and the ethical values which typically come into play in that situation. A further circle can be identified as that which contains the relationships between different companies, and all the ethical values which come into play in this field of corporate interaction. And finally there is the outer circle which encompasses all the others and has its own particular areas of concern, the relationship of business to the wider human community of which, as I argued in my first lecture, it forms an integral part. And here too there are particular and specific hu-

man, social and ethical values which can be identified as being of regular and particular relevance in the interface between business and the rest of society.

As we map out the terrain of business activity in terms of these circles which I have identified, it appears to emerge that in each of them there will be particular values which regularly come into prominence. In the first, or inner, circle, for instance, that of the relationships within an organization, as one identifies the purpose of the enterprise then certain salient values emerge of profitability, rationality in the choice of means to ends, and efficiency in the application of resources. But these resources include human resources, and not simply, as I argued in my first lecture, cogs in a complex machine. Moreover, as has been observed, even the use of the term "human resources" to describe the individual men and women all involved at various levels of the corporate enterprise focuses attention on only one dimension of their existence as human beings. And if this dimension is concentrated on to the exclusion of other facets of the human person, then there arises a real danger of contravening the major ethical insight of Immanuel Kant, that we should always treat other people as ends and never simply as means.

There are, of course, many situations when we all treat each other as means in furtherance of our own ends. I suppose the whole idea of the division of labour, a fundamental of modern business, relies heavily on distinct roles being assigned to individuals or groups in society. Kant's point, however, was that to treat others entirely in this way, simply as replaceable and totally interchangeable components in a process, is to manipulate and depersonalise them, and in the process to reduce, and offend, their inherent humanity. And it appears that the ethical pursuit of business should want to give due recognition to the humanity of all involved in that pursuit, in such now obvious ways as health and safety at work, appropriate remuneration, some measure of job security and satisfaction, and in general the recognition of basic human and civil rights as a full member of society. And as the perception of such rights deepens and develops in society as a whole, and it becomes increasingly sensitive to the human and personal values which underlie them and which they aim to protect and promote, then the ethical invitation to business is to accord them recognition in all its organizational structures, including the manner in which it disperses power and decision-making throughout the organisation.

And all this applies not only as regards management, but also as regards ownership. It appears to be one of the more problematic features of modern business conditions that there is such a sharp distinction between ownership and management. And this has raised acute questions, perhaps particularly at the present, about the moral responsibilities which owners of a company owe to its membership and personnel. It is not, for instance, just that in buying in and out of a company one is marketting in crops or cattle. And it is here particularly today that urgent ethical consideration is required on the moral responsibilities of ownership, and particularly on the responsibilities of institutional owners towards the companies which they own or part-own. Profit, efficiency and rationality are all important values in the owning and managing of a business. But alongside them have to be set consideration of the additional human and personal values to which I have alluded in any decisions taken affecting a company and all its stakeholders. This inevitably means that there can be sharp conflicts of values, and difficult decisions to be taken. But no reputable thinker has ever claimed that ethical decisions are easy. And what appears one over-simple and ethically regrettable feature of modern business is what an experienced observer of human conduct has noted in an entirely different field of practical ethics as one of the least desirable features of contemporary society, what he terms "disposable human relationships", a phenomenon as regrettable in private life as it is in public business behaviour.[5]

If we move out now from what I called the inner circle of intra-corporate activity and values to consider the wider circle which includes a company and its customers, then here again it is possible to highlight certain ethical values which appear to figure regularly and typically, as we consider the spheres of marketing, production and advertising. One value involved particuarly in marketing might be that of risk-taking, and the balancing of the odds and the stakes which this entails, particularly as these affect not just one's own, but other people's resources and funds. Again, one obvious value involved in the production of goods, to which society is becoming increasingly sensitive, is that of health, and the potential harmful effects of various products, whether by design, as in the case of armaments, or as collateral and unintended harm, as in the case of cigarettes and various other drugs used either socially or for medicinal

purposes. Quality and safety control and reliability are also values of obvious relevance here, and particularly in those parts of the world where the legal requirements may leave a certain amount to be desired. The health and wellbeing of animals, too, whether used in husbandry or in experimentation and testing, is a moral consideration for an increasing number of people which has emerged into prominence in recent times. And the ethical questions which these and other types and qualities of product raise are how such moral values are to find a place in the sales and profit equation.

Advertising in turn raises a number of fascinating questions. It is one of the fundamentals of business activity that by the provision of goods and services it aims to satisfy human needs, those of the consumer as well, of course, as those of the producer. It may be one of the catch-22 situations of modern business that in order to succeed and to secure an adequate return on its investments while aiming to satisfy people's needs pleasingly and economically it also has to create or increase those needs. And this raises typical questions about particular moral values. Truthfulness and accuracy of information, it may be thought, are ethically to be taken for granted. But this ethical requirement does not necessarily or automatically give us the answer to the historic question, What is truth? Communication in many areas of modern society has become an incredibly complex series of interchanges. And in my previous lecture I adverted to the need for business ethics to take into account the nuances, the expected manoeuvres, the agreed unspoken conventions, and the like, which characterise many business transactions. Dressing up the truth, or presenting the facts in their best light - best for the seller, that is - may be said to be a commonly recognised fact in the communication which we call advertising. And the customer may be reasonably expected to be conscious of this, and to be a mature and wary partner in the contract of sale being offered to him or her. Even so, there remain, however, the impressionable, the inexperienced and socially unsophisticated, and the young or otherwise vulnerable in society.

And perhaps the main ethical dilemma occurs in advertising when it is aimed directly not just at informing, but at persuading potential customers. For persuasion can take a variety of forms, in a subtle blend of appealing both to reason and to various human emotions. The directly reasonable approach is to bring together a human need and the possibility of satisfying it. Another may be to identify or help to give precision or clarity to an existing vague or inarticulate need and at the same time to offer to meet it. But a third purpose of advertising may be to create a need where none existed before, and that must give rise to some ethical reflection. What is at issue in the whole industry of advertising is how we are to distinguish between, and evaluate, human needs, wants, desires, and self-images; and whether, or to what extent, some humanly undesirable desires and wants should be instilled or cultivated, or whether certain images of the self, or indeed of society, should be projected by advertising.

One major moral reservation which is expressed by some people about the whole enterprise of modern business, which may be particularly relevant here, in discussing the ethics of advertising, is the extent to which it encourages or exploits consumerism, or materialism, or, in the terms favoured by some sharp critics, sheer human covetousness or greed. And to this I shall return later in addressing the ethics of self-interest. But it does appear that the critical area of contact between the supplier and the potential consumer, like the gap in a sparking plug, is one which demands considerable moral fine tuning if it is to be seen as a transaction between human persons and to respect all the moral expectations of such transactions.

III

The ethics of competition is probably one of the most problematic areas in the whole field of business ethics, both as a matter of principle, and as it tends to dominate the relationships between business companies, which is the third circle I identified for consideration in mapping the terrain of business ethics. And I suppose the two major aspects of the free market economy which arouse most ethical comment today are that it appears to be built on self-interest, and that it is a zero sum game which unavoidably results in their being not only winners but also losers. In other words, in the views of some critics, it not only panders to the worst in human nature, it also creates victims in those who are not equipped to succeed in such a selfish arena.

In my view it is not crystal-clear that the modern business enterprise stands unequivocally condemned in principle by such charges. But neither is it self-evident that such charges are completely unfounded. What they require is careful analysis and consideration, rather than rhetoric, or loaded terminology which already expresses complete moral rejection or unqualified moral approval. If we take a cool look, for instance, at the idea of self-interestedness or self-concern or self-love, then it does not appear to me that concern for one's self is in principle morally reprehensible. On the contrary, it underlies the whole enterprise of health-care and medicine in society. For the whole Western ethical tradition in medicine is founded on the basis that individuals have a moral duty to have regard for their physical, mental and emotional wellbeing. Moreover, the entire religious tradition of the West includes as a basic component individual concern for one's spiritual wellbeing in the present and one's eternal wellbeing for the future. Why then should the concern of individuals to sustain and enhance their *material* wellbeing be singled out for moral condemnation as a matter of principle, or almost for some people as a matter of course?

The eighteenth-century theologian, Joseph Butler, is perhaps best remembered today for the realistic recognition which he accorded to the twin drives within each of us to self-love and benevolence, and for seeing that ethics is not necessarily a matter of antagonism or inner struggle between these drives, but more a matter of achieving and maintaining the right mix between self-regard and other-regard. And perhaps this gives us a clue to identifying the fact that it is not self-interest in itself which may be morally reprehensible, but that it is self-interest when it oversteps the mark, to get out of proportion in one area of our lives, or to be pursued at the expense of others. By overstepping the mark in one area of our lives I have in mind a disproportionate interest in one's health bordering on the obsessive, or being hypochondriacal; or a disproportionate concern for one's spiritual wellbeing bordering on the religiously fanatical, or, in the case of material possessions, a prevailing failure to recognise that there is more to the full human life than bread, or money or possessions, or keeping up with the Joneses, or even keeping one step ahead of the Joneses. It is when the ideal of the balanced life is seriously upset in this way that acquiring becomes acquisitiveness, possessions become possessiveness, individuality becomes individualism, liberty becomes license, and legitimate self-interest itself is seriously distorted into a one-dimensional caricature of the human person.

But even the great apostle of self-interest and individual freedom as the twin pillars of *laissez faire* capitalism, the philosopher-economist Adam Smith, did not promulgate his views of the market in a social or ethical vacuum. You may recall his famous observation that "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest".[6] Yet he did not consider business relationships or self-interest to encompass the whole of life. And indeed in his moral study on the *Theory of the Moral Sentiments* it was not self-interest which he envisaged as uniting human beings so much as a real sense of human sympathy and solidarity. Moreover, as more than one commentator on Smith has pointed out, his fundamental ideas of self-interest and natural liberty were partly directed as a corrective against the current abuses of the powerful and the privileges of the few, including the merchant monopolist. They were also based on his "hidden hand" belief in a natural order which would ensure that free individual competition would inevitably result in securing the general welfare. And more particularly to my point, his principled stress on self-interest and free market competition was not ethically unconditioned. As he wrote, "every man...is left perfectly free to pursue his own interest his own way, and to bring both his industry and his capital into competition with those of any other man, or order of men." But all this was on one condition - "as long as he does not violate the laws of justice."[7]

This essential qualifying character of respect for justice in pursuing one's own self-interest, and in competing with others in business as they do the same, can perhaps provide an insight into the other major misgiving expressed about free market competition, that it inevitably leaves losers and victims drowning or at least struggling in its wake.

Such moral concern for those who lose out as a result of the free market economic system is complicated, however, and possibly even clouded, by a rather popular view today which regards human competitiveness in general and in all walks of life as something to be deprecated and where possible eliminated, particularly in education. And the basis for such an attitude appears to lie in a particular understanding, bordering at times on a misunderstanding, of hu-

man equality. To accentuate differences between individuals, as competitiveness undoubtedly does, is seen as an undermining of the fundamental human dignity which all individuals share equally. Whereas to minimise differences, or to discount differences or eliminate them between individuals is in some way to assert and recognise their inherent equality as human beings.

Such a view of fundamental human equality is obviously attempting to express something of great ethical importance for all areas of human activity, including business. And it is something to which I have already adverted in commenting on personal relationships within organizations and on the relationships between suppliers and customers. But it is neither empirically accurate, nor ethically necessary, to deny that there is a great variety of differences between human beings. And the appeal to human equality across every board in order to uphold human dignity not only appears misguided. It also does not appreciate that equality comes in various forms, and calls as an ethical value for careful analysis and distinction.

One of the great equalities in any humane society must surely be equality before the law, where neither fear nor favour nor prejudice should be permitted to influence either access to justice, or its dispassionate administration. In a religious context it is a commonly held belief that all men and women without exception are equal in the sight of God and as his creatures are thus entitled to equal respect simply as human beings. The ideas of equality of access to various resources within society, and of equality of opportunity to engage in various social activities, are ideals which are in the slow process of realisation. But now, as one begins to be more specific, the need emerges to take into account certain relevant qualifying abilities or certain conditions of suitability. However, the most problematic type of equality appears to be none of these, but what has been called equality of outcome. And it is here particularly that disparity in the achievements of individuals appears to come under doctrinaire attack as somehow diminishing the inherent worth of the individual and his and her dignity and moral claim to respect.

Not only, however, does such a conclusion not necessarily follow, but it appears to be inadvertently smuggling in a criterion for respect which it is explicitly at pains to eliminate - that inherent worth and respect are heavily dependent on achievement or merit. I conclude, then, that even in the world of business the fact that different individuals reach differing levels of attainment, or strive after success and even excellence with varying measures of success, need not, and indeed should not, be considered as somehow diminishing their intrinsic worth as persons and their basic rights to be treated as such.

What *is* required in any society is that no one should suffer unduly from simple failure in the pursuit of material welfare. Whether that is for business directly to ensure, rather than society at large, and to what degree, and how, is debateable. It is in fact, of course, currently and passionately debated, particularly in terms of the distribution, or the redistribution, of wealth throughout society. This is, of course, an entirely legitimate and urgent concern, and one which figures very large on the agenda of many people, parties and, notably today, religious groups. What seems to me somewhat remarkable, however, is that a preoccupation with how wealth is distributed is in danger of ignoring the old Latin tag, *nemo dat quod non habet*; you can't give what you haven't got. And if serious and practical consideration is to be given to the clamant questions today of the distribution of wealth in society, then at least equal time should be allotted to the prior question of creating wealth, or in religious terms of a social theology of wealth creation, as well as of wealth distribution.

IV

However society solves the question of ministering to the losers in its midst, including those involved in the enterprise of business, what these considerations open up for final examination, in an echo of Adam Smith's reference to the constraints of justice, is the developing notion of social justice, and the way in which this particular ethical value is becoming increasingly operative in the final and outer circle of business ethics which I have proposed, that of the relationship of businesses large and small to the community or communities of which they form a part.

I have already observed that the conduct of business relies to a significant degree on the common observance of moral virtues within society, such as honesty, fairness, promise-keeping and so on. It may also be noted that business depends heavily on society for providing and facilitating the conditions under which business can be reasonably conducted. On these two counts business is already morally indebted to society; and in some degree this relationship can be expressed in the classical terms of distributive justice in society, according to which both social benefits and social burdens are distributed among the various individual and corporate members of society in proportion to their needs and to their means.

In modern times, however, a new type of justice, that of "social justice" has emerged upon the public scene with a slightly fuller remit than that of distributive justice. What social justice attempts to express is not just the rather static set of existing social relationships and the maintenance of the status quo of social equilibrium which distributive justice aims to respect. And what it points towards is not just the ethical duty of non-maleficence towards others in society, or the avoidance of causing them harm. Social justice also encompasses a more dynamic and progressive programme of active beneficence. It is focused on the collective good of the community, and directed towards advancing the public interest and the common good in terms of positively promoting the welfare of all society's individual members and their natural and human rights.

Viewed simply in terms of non-maleficence, of course, the moral duties of business to society are already considerable and rapidly assuming a high public profile. For all the undoubted benefits which modern business does contribute to society, there is increasing concern, for instance, at the progressive pollution of the atmosphere, of the rivers and the seas, and of the earth's soil and surface, not to mention the visible and audible squalor of much of modern urban living. And at least part of all this is consequential on the conduct of business. There is also growing anxiety at the need to husband more effectively our planet's non-renewable sources of energy. And there are also in these and similar matters the invisible interests to be taken into account of future generations.

And if there is increasing legitimate concern at the impact of business on the physical environment, this should be at least equalled in regard to what may be called the social environment of business, those human communities of individuals and families who profit from business, but whose existence also is heavily reliant on business and dependent on its presence or withdrawal from a locality or a region. And in addition to the physical and social environments which can be marked by the conduct of business, there are others to be considered, including the political and cultural environments in various countries and parts of the globe which can be deeply affected, both for good and ill, in the pursuit of national and international business policies and goals.

In all such matters the ethical value of non-maleficence, or, in the event of maleficence, of restitution for any harm done, whether to the earth or its inhabitants and their various cultures, is already a demanding requirement of business - and its customers. But what social justice appears to invite is in addition the more positive attitude of active beneficence on the part of all sectors of any community. Thus is reflected, for instance, in the realisation in some spheres of business in the United States that "strategic benevolence" or philanthropy is not enough, that the idea of the social audit of business may not be sufficiently positive, and that the emerging concept of stakeholders in business, as contrasted with mere shareholders, is ripe for development. And perhaps, by way of conclusion, I may suggest that the idea of affirmative action, or positive discrimination, which figures in employment policy, and is not without its ethical difficulties, can nevertheless be instructively extrapolated on to the large screen of business in its general relationship to society. If in the past there are certain identifiable ethical values which have been neglected or disregarded in the conduct of business, then perhaps a particular moral concern for contemporary business should be to accord some priority to such values, at least for a time, in its consideration not just of what it can get out of society, but also in a wider context what it can put into society, in its own and others' interests.

I do not imagine that all that I have been saying in this lecture will have met with complete or general acceptance. Indeed, I should be disappointed if that were the case. Business, like all human activities, is a continually changing scene within an ever changing society. And so is the study of applied ethics. Nevertheless, what I have attempted to do is to map out the field of basic business ethics in terms of various circles of interest, and at least to identify in a systematic way the sorts of moral problems which may typically arise within each, in terms of particular ethical values which regularly recur in each circle. That raises at least one final question which is of considerable practical interest, and which I intend to address in my third and final lecture in this Gresham series: Can Business Ethics Be Taught?

CAN BUSINESS ETHICS BE TAUGHT?

Welcome to this third lecture in the series "Business and Ethics: Oil and Water?" which inaugurates my appointment as Mercers' School Memorial Professor of Commerce at Gresham College. Since the opening lecture in the series was introduced by Mr David Vermont, Chairman of the Council of Gresham College, it is fitting that I should preface this final lecture by expressing my personal pleasure at being appointed to a Gresham Chair which helps to perpetuate the memory of the Mercers' School, and its long and distinguished contribution to learning since its first beginning in the London of the twelfth century.

The centuries-old prayer of the Mercers' School included reference to the command of God "that one man should be helpful unto another". And it was totally in keeping with the spirit of that injunction that, when national circumstances forced the regretted closure of the School in only 1959, the Mercers' School Memorial Trust should then wish to continue to be helpful unto others by maintaining a contribution in the field of education. This they appropriately did by associating with another historic landmark in the City, Gresham College, a post-graduate institution supported by the Corporation of London and the Worshipful Company of Mercers, and by founding there a new Chair to complement the existing seven Gresham Professorships. And, as Michael Jepson observed in his account of the history of Mercers' School, Gresham College, and the new Professorship, "Commerce was chosen as the discipline for the new Chair as being the most appropriate for the City and a worthy tribute to the genius of Sir Thomas Gresham".

In accepting the honour of appointment to this Chair, and with it the responsibilities of fidelity to the memory of the Mercers' School and to the educational traditions both of the School and of Gresham College, it has seemed to me that a most appropriate contribution to make to learning in the field of Commerce would be in that area which is assuming increasing importance today, not only within the world of Commerce itself, but also in society in general: the application of ethics in the practice of business. And so for my inaugural series of lectures I chose as my topic the question whether the relationship between business and ethics was to be compared to the uneasy juxtaposition of oil and water as having nothing in common.

In my opening lecture I sought to show that such was not the case, and that, as the development of business ethics as a joint venture in the United States makes evident, while, on the one hand, business is unavoidably dependent on, and involved with, moral and ethical considerations, on the other hand, the pursuit of ethical reflection and application in the field of business activities, as well as in society as a whole, is likewise dependent on the experience and expertise of the business community itself.

On such a basis I then offered in my second lecture, entitled Basic Business Ethics, what I termed a sketch map, or ground plan, of the field of business ethics. I suggested that the subject of business ethics should be pursued in a systematic manner as a disciplined field of study and application, and that as such it offered a new and valuable human resource in business and management studies. I further suggested that a suitable method of analysing ethical problems in general was not by way of staying at the surface level of moral rules and codes, and deciding in a dilemma which rule to break, but by going to the underlying reality of ethical and moral values, and of there identifying the values which are involved, and frequently in conflict, in human moral dilemmas, including those encountered in business. And I suggested that such a values-analysis in the field of business could usefully be applied within a series of expanding circles, which I then explored, beginning with intra-corporate issues, then moving out to relationships between companies and customers, and also to inter-corporate relations, and finally reaching the outer circle of the relationship of business to the wider human community of which it forms a part. And at the end of that second lecture I observed that a final practical question now arose to be considered, namely, Can Business Ethics Be Taught? That is my topic for this concluding lecture, and I shall address it by attempting to answer two more immediate questions. The first is, what does the subject of business ethics aim to do? And the second is, how is this aim being carried out in various parts of the world, including Britain,

whether in business and management educational institutions, or in on-the-job corporate situations? So first, what precisely does business ethics aim to do?

I

In my last lecture I suggested that approaching ethical and moral problems by way of identifying and analysing the often competing moral values which are at stake calls in question such simplistic approaches as appealing to one's conscience, or to traditional moral rules, or texts of the Bible or any other holy book, or to conventional social morality. I then developed in some detail the case against simply appealing to moral rules; but I did not then examine the idea of appealing simply to conscience in moral dilemmas, since it seemed more appropriate to defer that until now, in considering what is the aim of business ethics.

It was, I think, Mark Twain who observed once that everyone complains about the weather, but noone does anything about it. And I sometimes have a similar feeling about conscience. Many people appeal to it, but not many seem clear on just what it is. For some it appears to be a sort of moral instinctive reaction which just enables us to tell, almost intuitively, whether a particular piece of behaviour is right or wrong. For other people conscience is something more of a sense, or a feeling, of moral ease or unease about various alternative choices which face one. There appears undoubtedly some truth in these ways of experiencing and understanding conscience as a sort of background personal resource in each individual; and this might give confirmation to the description in *Wall Street* of one character as having had an ethical bypass operation.

But what these descriptions leave out of account is the classical view of the moral conscience as a judgement. A judgement certainly of the whole person, with their temperament, background, experience and feelings, and therefore not just the product of an impersonal moral calculator. But nonetheless conscience does seem best described as mainly a *reasoned judgement of the human person* about the moral rightness or wrongness of certain specific actions. And bringing reasoning into the working of conscience in this way means that its function includes that of analysing what exactly it is about various actions which makes us feel approval or disapproval for them, or makes us react instinctively to them.

My point, of course, is that if conscience is basically a judgement, then, like all valid human judgements, if it is going to function properly it needs two things: information and formation. It needs adequate information because in some respects the human mind, and therefore the human conscience, follows the crisp adage of computer science, Garbage in, garbage out. If we feed in rubbishy information or misinformation into our minds, or equally if we live on a diet of rubbishy values or moral junk food, then we are more likely than not to get back moral rubbish in our judgements of conscience. Hence the critical importance of information in order to educate one's conscience. And the sort of information I have in mind quite evidently includes accurate empirical information about the state of affairs being considered, and the options being explored. But there is also a great body of ethical information available to those who wish seriously to consider the moral aspects of decision-making. There is the entire patrimony of moral philosophy, as exemplified in the writings and theories of the Greeks such as Plato and Aristotle, the medieval scholars Peter Abelard and Thomas Aquinas, the Rennaissance and Reformation figures of Erasmus and Calvin, all of whom had something of value to say not only about ethics but also about business. And then, in more modern times, we have valuable ethical resources in such eminent minds as Kant, Bentham, Mill, Adam Smith and many others, to mention only the dead.

And that is only in the West, or rather, in the European ethical tradition. The great world religions and cultures, such as Judaism, Christianity and Islam, also offer traditional and current ethical insights into the conduct of life, both in general and in various of its activities including the enterprise of business in society. All of these resources are there for the taking, or the teaching, of those who would wish seriously to consider ethical methods in all their variety, and the detailed discussions and debate on the relative merits of each, in order to be more competently informed in these important fields of human activity.

Likewise the exercise of conscience, like all exercise of human judgement, not least in business, requires not only information, but also formation by way of acquiring skills of moral analysis and developing experienced powers in the art of moral decision-making. And the subject of business ethics may be briefly described as a discipline which offers to those involved in making conscientious decisions in business matters a certain body of ethical knowledge and a series of skills of analysis and judgement. In a certain sense, the subject of business ethics aims at educating towards a professional approach to addressing the ethical problems encountered in business, rather than settling for an amateur approach, however enlightened. In brief, it puts on offer the means for individuals and groups involved in business to educate and inform their consciences. And surely this becomes the more urgent as the problems confronting the business conscience grow almost exponentially in the rapidly changing and developing conditions of today's continental and world markets.

But perhaps the question Can Business Ethics be taught? or the question, What does business ethics aim to do? can be understood in a different way. Perhaps it is really asking not so much is there a subject called business ethics which people can be taught as a body of knowledge and a battery of skills, but Is it possible for people to be taught to be ethical in business? And that appears a rather more tricky question, for several reasons. The first appears to be one primarily involving personal freedom: can people in general, and not just in business, be taught that acting ethically is in itself desirable, or a morally good thing? Or, in other words, can anyone be taught that he or she *ought* to act morally? And indeed, *ought* we to try to influence other people's behaviour in this way? Are we not in danger of trying to indoctrinate them, especially if they are young and impressionable, or of acting paternalistically towards them? And should they not be allowed to decide for themselves whether or not they want to take ethics or morality on board in their lives and behaviour?

The obvious answer to that last question appears to be clearly yes. And yet not infrequently many of us, whether as parents or teachers or friends or colleagues, do spend quite a bit of time trying to advise or even to persuade other people that they ought to act morally. And in one sense my first lecture in this series was evidently aimed at putting the case that people in business ought to behave ethically in certain ways in their business dealings.

But perhaps there are really three distinct issues or stages here. The first is *whether* to act morally; and whether that can be taught. The second is *how* to act morally given that one wants to; and whether that can be taught. And the third and culminating stage is *what is the moral thing to do* in this situation; and whether that can be taught. Let us consider briefly these three progressive stages. Quite a popular topic for an undergraduate essay in courses of ethics is, "Why be moral?", but it is not my purpose here to dictate an answer to that question. It must suffice to say that rational arguments can be adduced to prove the validity and cogency of the moral experience; and moreover that many of us at times try to persuade others, and often ourselves also, that part of being human is to at least trying to act morally and to follow certain canons of ethics in our behaviour.

Quite a different question is the one that presumes that we do want to act morally, but which then moves directly to enquire what is the moral thing to do in various situations or circumstances. It is here perhaps that the risks to individual liberty, or at least of undue influence or pressure, are more apparent, when people with power of various sorts over us may attempt to impose their particular solutions to moral questions or dilemmas rather than recognise the moral right, and indeed the moral duty, which individuals have to formulate their own answers to such questions. It is here also that individuals may even collude, and evade their own moral responsibilities, by letting others make their moral decisions for them. As Dostoevski's Grand Inquisitor put it, in *The Brothers Karamazov*, some people just don't want to be free. It's too heavy a burden for them to bear. But "just following orders" as a justification for behaviour has worn rather thin in this century. And perhaps we can adapt the sentiments of the influential champion of individual freedom, John Stuart Mill, who wrote in his essay *On Liberty* that we are perfectly entitled to remonstrate with people, or to reason with, or to persuade, or entreat them to behave in certain ways. But what we may not do, he insisted, is compel them, on the grounds that it will be better for them, or make them happier, or because it would be wise or even right.[8]

To put it more briefly, there is all the difference in the world between moral instructions and moral education, between imposing on people what we think they ought to do, and offering them the means, in terms of knowledge, skill, experience, and perhaps advice, to work out for themselves what they ought to do. I would propose, then, that the application of ethics in business, not just as a subject for study and reflection but also as a matter of practical concern, may devote some attention to the first question, *whether* to act morally, in aiming to instil or increase a sense of moral sensitivity; but that it is importantly directed at offering answers to the question of *how* to act morally, and thus at aiming to answer the question of what is *the moral thing to do* in particular situations. Of course, as a form of applied ethics, it is in the business of trying to help individuals and corporations reach practical conclusions in this field. But such answers may not be pre-packaged, and I do not consider that business ethics is in the business of imposing such conclusions on people, but of letting both people and reasoned arguments stand on their own feet.

II

My second question now is, if this, or something like it, is what business ethics aims to do, how is this aim being carried out? In my first lecture describing the factors which have given rise to the emergence and remarkable recent development of business ethics in the United States I referred to the description of the 1974 Conference at the University of Kansas, jointly sponsored by the Department of Philosophy and the School of Business, as the birth date of modern business ethics. Within the next few years a whole cluster of new centres and institutes sprang up devoted to the application of ethics in business, and the titles of such centres give evidence of the various particular ways in which the new interest was being approached in academic circles: The Human Dimensions Center in Troy, the Center for Business Ethics in Bentley College, Waltham, the Center for the Study of Ethics in the Professions in Illinois, the Center for the Study of Values in Delaware. In 1980-81 two national associations were founded, The Society for the Study of Professional Ethics, and the Society for the Study of Business Ethics, to pursue study and research in these subjects in publications and conferences. And *The Journal of Business Ethics* is now in its sixth year of publication.

All this burst of activity, however, appears only the tip of the iceberg so far as the American pursuit of business ethics is concerned. A survey conducted in 1980 among colleges, universities and business schools in the US concluded from returns of just over 50% of the institutes approached that 386 courses on business ethics were on offer in the country with a total annual enrollment of 35 - 40,000 students, and many more courses were being planned. Favourite topics included in the syllabuses of such courses were the social responsibility of business, preferential hiring and reverse discrimination, government regulations, consumerism, advertising, environmental ethics, ethical theories and business, and economic justice. And so far as the course objectives were concerned, most emphasised two needs: to make students aware of ethical issues in business settings; and to provide tools of analysis for reaching decisions on such issues.[9]

Such an astonishing academic development of the subject in the United States has not proceeded totally without criticism, of course. The recent Handy Report on management, for instance, to which I shall return, comments that "the US corporations are increasingly questioning the education if not the products of the business schools,...and are pulling more education back into the firm in order to connect it more closely to experience and to corporate needs".[10] Underlying this move one may surmise a fear on the part of the business community that academic business studies, perhaps including the study of business ethics, are too theoretical and remote from actual practice. On the other hand, an American academic commentator on the scene in 1982 in colleges, universities and business schools complained at what he found a widespread preference for tackling practical ethical problems rather than for a study of ethical theory; and he observed "Does lack of serious concern for such [ethical] knowledge constitute a deficiency in American culture that needs to be overcome? I do not discern a rebirth of interest in soundly grounding solutions to problems in demonstrably reliable foundational principles". And he concluded rhetorically, "Are we experiencing a rebirth of 'teaching ethics' without a rebirth of 'ethics to teach'?"[11]

However, American business ethics, whether not sufficiently practical or not sufficiently theoretical, is not confined to the groves of academe. As Handy also reports, there are 400 or more "corporate colleges" or in-company educational centres and 150 university executive programmes which are used by two-thirds of the top 500 companies. And presumably the activities of such centres and programmes include some provision for the consideration of business ethics, because the subject has also come to adopt a high profile in the thinking and activity of a great many business companies and corporations themselves. Rather than chronicle the gradual development of such corporate concern within the business community, let me just refer to the Report published four months ago by the US Business Roundtable on policy and practice in company conduct, entitled *Corporate Ethics: A Prime Business Asset.*[12] As the Report observes from information gathered from 100 member companies of The Business Roundtable, "The question of ethics in business conduct has become one of the most challenging issues confronting the corporate community in this era. Major corporations through the United States are vigorously addressing the challenge".

The corporate response to the contemporary ethical challenge takes a variety of forms. First and most popular is the widespread development of codes of ethics and statements of values in business organizations; and in fact the body of the Business Roundtable Report includes a close analysis of the policy statements of several major companies, including their establishing and updating codes of behaviour in the light of the bribery scandals of the 1970s and of more recent insider trading abuses. For American corporations are also clearly aware of the potential weaknesses of company "Credo"s or "mission statements", that at least in the course of time they can become window-dressing, or become subject only to lip-service, or become progressively irrelevant. And in addition to such instruments of company policy as important for communicating clear expectations to all their members, companies accept the fact that "to develop and improve an ethical climate, a vigorous and continuously renewed process of implementation is essential". And such practical implementation is aimed at by such means as oversight committees of Boards of Directors, an ethics programme staff, and recourse to one or more corporation ombudsmen.

In point of fact, what codes of conduct and other instruments within American corporations appear together to aim at are the building up of a strong corporate culture which can express ethical values to act as a guide, a support and a developing tradition in the company's life. And it is this sort of living and perceived cultural environment for all company activities which leads some corporations to conclude that, far from all this getting in the way of increasing profits, good ethics is actually good business, at least in the long haul, through improving morale, participation and the resulting quality of the human relationships within companies, and also by deservedly meriting social approval from potential customers and society at large.

The United States being what it is, there is a third large group of public institutions alongside the academic and business communities which is actively interested and involved in the development of business ethics, and that group comprises the churches and religious bodies. In my opening lecture I referred to their influence in getting business ethics on to society's agenda, and many of the colleges, centres, programmes and conferences which are active in the American business ethics scene are there for religious motives as well as human and social motives. One may think of the activities of Trinity Church on Wall Street and its Center for Ethics and Corporate Policy, or Loyola University Chicago, as typical of the spectrum of religious involvement in the field. And another very recent report, the *Proceedings of the Second National Consultation on Corporate Ethics,* published from Chicago's Center for Ethics and Corporate Policy, lists the Participating Organizations as including strong representation from Corporations, Corporate Ethics Institutions, Academic Institutions, and Churches, Synagogues and Other Organizations.[13]

III

By comparison with all this up-front American initiative, enterprise and organization, the pursuit of business ethics elsewhere is still somewhat rudimentary, or at least less concerted and structured in its activities. Looking simply at the British scene, in what must inevitably be a highly impressionistic account, it is possible to identify in various universities, polytechnics and business schools, individual initiatives on the part of members of staff in giving formal attention to the teaching of business ethics, whether as explicit courses or as aspects of other business or management courses. And a recent seminar on the teaching of business ethics held here at King's College London drew representatives from all these types of teaching institutions. At present, in fact, the College Business Ethics Research Centre is conducting a comparative study sponsored by Gresham College on the resources for teaching business ethics which are currently available in the United States and in Europe; and a survey being conducted among academic institutions in this country is aimed at discovering not only what is actually at present being done in the field of teaching business ethics, but also what various institutions and individual teachers would like to see done in this field.

There is also in Britain a small number of specialised institutions or centres which have a particular interest in social values in the community and in business, management, industry, and similar activities. One recently founded body, the Institute of Business Ethics, is currently engaged in a study of corporate codes of practice and policy statements obtaining in Britain. But among all such interests there appears a need for some form of centralised information and access to such local or individual enterprises. And the same may be said of the various local religious and church groups, many quite small, where business people and others gather to share experience and reflection on their professional activities in the light of a common faith and shared religious and moral beliefs.

All these activities, however disparate and unconnected, do witness to a rising tide of interest in Britain in the application of ethics in business. And there is also evidence of a felt need for some further, even major, development in this field.

At the end of last year The British Institute of Management published a Report, *Profile of British Industry. The Manager's View*, which was based on a survey of 3,000 business managers, and which canvassed their views on many aspects and dimensions of management experience in Britain today.[14] And of those 3000 managers, to come straight to my bottom line, the findings indicate that one manager in five expressed a present need for "training in ethics and business values, and the corporate role in the community". As the editors of the Report comment, this twenty per cent is "quite an appreciable demand"; and particularly so, I would add, when it is viewed alongside the expression of even greater need on the part of managers for education and development in other aspects of management which may not appear explicitly ethical but which nevertheless have a strong moral dimension, such as people and personal communication skills, employee relations and quality standards. And this information was provided alongside the editors' expression of surprise that over half of those polled who had MBA qualifications "reported no formal training in international relations, quality standards, the corporate role in the community and business ethics".

That BIM *Profile of British Industry. The Manager's View*, which expresses a significant demand for education and development in business and social ethics, makes interesting reading alongside another report which had been published some months previously by the National Economic Development Office under the chairmanship of Professor Charles Handy.[15] The "Handy Report" on *The Making of Managers* has many interesting points to make about management training in Britain which are of relevance to the subject of business ethics. To begin with, it offers a 10-point agenda for the professional development of management in Britain which is based on the best features obtaining in France, West Germany, the USA and Japan, and which would include various professional requirements, including a code of ethical practice and a code of ethical behaviour. The content of this Report is more concerned with structures and mechanisms of managerial training than with content, but several points which it makes about managerial training in general could have obvious lessons for the study of business ethics as well as for other branches of business and management studies.

For one thing, as it concludes, "the complexity of modern business and the rising levels of both education and expectation among younger managers have brought demands for a swing towards professionalism". And it records over 70,000 people in Britain currently studying business or management at some level in various educational institutions, including thirty universities, forty polytechnics, and a small number of post-graduate and post-experience business schools. It also makes the strong point that in Britain we need to distinguish more clearly, as is done in other countries, between *business education* and *management development*; that is, between "the things one needs to *know* in business or management", or " basic knowledge and analytical skills", "and the abilities one needs to *develop*" - or "human, implementing and pathfinding skills". And although the Handy Report does not spell out these formal requirements in terms of syllabus content or curriculum development, nevertheless they fit excellently the pursuit of business ethics, in terms of basic knowledge and skills and their practical application to specific issues, as they would any other branch of business or management studies. And the experienced observation also applies to business ethics that "Business education, necessary as it is, is no substitute for management development nor will management development work well if there is no proper educational base."

The same straight application to the teaching of business ethics can also be made in the case of the recommendation of a two-stage educational process for management, of which the first stage would be "a framework for early business education which can give all those likely to have management or business responsibilities a grounding in the core subjects". This would be followed by "work experience interleaved with study, leading to a full qualification". And in this way, for example, "all MBA courses could concentrate, as they properly should" not on basic subjects, but "on the use and applications of these areas of knowledge and skill in business and management".

IV

There seem, then, good grounds for exploring the factors of demand and supply in Britain for the more systematic and sustained pursuit of applying ethics in the conduct of business. But what about elsewhere in Europe? Last November saw a historic occasion for business ethics in Europe, in the holding in Brussels of the first European Business Ethics Conference. The Conference was sponsored by the European Foundation for Management Development and had been organized by a team headed by Professor Henk van Luijk, Professor of Business Ethics in Groningen, and containing also Professor Brian Harvey of the University of Nottingham. About seventy representatives from the business and academic communities throughout Europe took part in the Conference, whose rather general title, as befitted such an exploratory project, was "Business Ethics: Crucial Issues in Successful European Business".

Of more lasting significance, however, was the decision warmly adopted by the participants at the Brussels Conference to found a European Business Ethics Network (EBEN) for the purpose of promoting debate and the exchange of experiences and insights in the field of business ethics in Europe. Membership of EBEN is growing apace to catch the rising tide of interest in business ethics outside the United States, and membership of the Network is open to all interested individuals, companies, institutions, universities and organizations. One immediate tangible result of the new Network is its *European Business Ethics Newsletter*, edited by Arnold Lillebo, of Corporate Values in Oslo, of which the second issue appeared this month.[16] And already the EBEN *Newsletter* is beginning to prove its worth, partly by pulling together and disseminating information from various European countries, including England, on the current state-of-the-art in business ethics; and partly also by acting as a support for the quite considerable number of individuals and groups who are already active in promoting interest and debate on the ethical aspects of business in Europe.

Another important and far-sighted initiative on the part of EBEN was the decision to mount a regular European Conference on Business Ethics, following on the highly successful inaugural conference held last year in Brussels. And in 1989 the Second European Business Ethics Conference will be held in Barcelona, hosted by the Business School of the University of Navarre, with the theme, "People in the Organization, their moral roles and rights". The intention of the European Network is to convene such Conferences every other year, from which it follows that

the Third Conference should take place in 1991. At present a bid is being submitted by King's College Business Ethics Research Centre to host that Conference in London. And since the year following 1991 should prove to be one of not inconsiderable interest for business in Europe, the topic being proposed for the London Conference is the general one: "European Business Values for 1992".

After all that, if the answer to the question, Can Business Ethics Be Taught? is no, then an awful lot of people are wasting their time. But I have tried to indicate in this lecture just how that question is to be understood, and to be answered in the affirmative; and also what attempts are being made and still need to be made, particularly in Britain, to provide such teaching. Not at all that there are the teachers, and there are the learners in this field of basic knowledge and skill and their application. As I indicated in my first lecture, the relationship beween business and ethics should never be one of confrontation, in which both will lose out, but more one of collaboration in both their interests. And that then brings me back to the conclusion of my first lecture, and my remark that, far from business and ethics being necessarily at loggerheads, or being as incompatible as are oil and water, which has been the basic question addressed in this series, on the contrary, "morality is the...oil of society and of business". Business and society require each other for their mutual benefit and interest. But both require morality if in their complementary pursuit of goals and ends, and in their selection of means to those ends, they are to choose goals to aim at, and take steps towards them, which are worthy of human beings, and which will contribute to the shared human flourishing of individual men and women in modern technological society. Thank you.

C O L L E G E

REFERENCES

1   Armin R. Konrad, "Business Managers and Moral Sanctuaries", *The Journal of Business Ethics* [= *JBE*], 1 (1982) 195.
2   Ibid 197.
3   Richard T. De George, "What is the American Business Value system?", *JBE* 1 (1982)
4   Ibid.
5   J Dominian, *Proposals for a New Sexual Ethic*, London 1977.
6   Adam Smith, *An Enquiry into the Nature and Causes of the Wealth of Nations*, ed. Everyman, Book I, chap. 2, vol. 1, p.
7   Ibid, Book IV, chap. 8, vol. 2, p. 180
8   John Stuart Mill, *On Liberty*, chap.
9   W. Michael Hoffman and Jennifer M. Moore, "...f a Business Ethics Curriculum Survey", *JBE* 1 (1982).
10 *The Making of Managers*, National Economic ...ent Office, London 1987.
11 Archie J. Bahm, "Teaching ...ut ...ch", *JBE* 1 (1982) 47.
12 *Corporate Ethics: A Prime Business Asset A ...licy and Practice in Company Conduct*, The Business Roundtable, New ...
13 *Proceedings of the Second National Consultation on Corporate Ethics*, The Center for Ethics and Corporate Policy, Chicago, 1988.
14 Gillian Peppercorn and Gill Skoulding, *Profile of British Industry. The Manager's View*, British Institute of Management, 1987.
15 See n. 11 above.
16 Further information on EBEN and its *Newsletter* is obtainable from European Business Ethics Network, c/o European Foundation for Management Development, 40 rue Washington, B-1050 Brussels.

GRESHAM COLLEGE

Policy & Objectives

An independently funded educational institution, Gresham College exists

- to continue the free public lectures which have been given for 400 years, and to reinterpret the 'new learning' of Sir Thomas Gresham's day in contemporary terms;

- to engage in study, teaching and research, particularly in those disciplines represented by the Gresham Professors;

- to foster academic consideration of contemporary problems;

- to challenge those who live or work in the City of London to engage in intellectual debate on those subjects in which the City has a proper concern; and to provide a window on the City for learned societies, both national and international.