Moral Standards in Business Environment or How is Corporate Ethics Possible?

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Abstract. The corporation is a legitimate subject of philosophical inquiry. Economics has always had a background including a philosophical content and in construing its patterns of economic cooperation, it implicitly carries ethical (moral) assumptions. In order to succeed in their activity, both individuals and companies must necessarily behave according to moral requirements, although experience often shows phenomena of "bounded ethicality". This means a moral failure caused by lack of the ability of "practical wisdom" (*phronesis*): corporate leaders under pressure of conflicting motifs are unable to develop solutions acceptable for the long run or compatible with the perspective of „good life". Building out corporate ethics can only take place in a conscious and deliberate manner. Therefore, besides formulating the company vision, the main task of the ethical corporate governance is to develop the company's culture in which the management can relay on several means and procedures (organizational structures, "ethical documents", "organizational ethics policy and procedures", internal ethics trainings). Each company should have its own ethical management and value communication features according to its various fields of activity, its different structure and the corresponding business environment as well. Understanding this plurality and adopting the appropriate perspectives the ethical management requires is, above all, a philosophical issue.

Keywords: moral standards, business environment, corporate ethics, homo oeconomicus, bounded ethicality, practical wisdom (*phronesis*), corporate credo, code of ethics, ethics policy and procedures, ethical auditing, ethics training

Introduction

Usually everyone agrees that the acceptance of and the adherence to moral requirements is the condition of fruitful collaboration among people, but the answer to the question of whether it is possible and necessary to have a moral

point of view in the activity of enterprises, will not be an unanimous yes, and even less people will have an idea of how such a stand could be developed in corporations. In order to get closer to dillucidating the components of this issue, first of all, we should clarify if moral thinking affects the moral praxis in any way and what other factors influence it. To put it in another way, is the moral behaviour of individuals influenced merely by their thinking and character, or also by their daily social relations? Thinking in these terms we aim to investigate the character of corporate collaboration, to find out whether or not there is a place for moral values and social goals in the system of corporate collaboration, respectively, how could such a collaboration be developed, and why is it that even those corporations that accept this eventuality, carry it out with different means and in different manners.

The ethical view of social institutions

The sphere of moral action[1]

Applied ethics is not a mere appendix of general ethics, but an attempt to interpret the functioning of real moral life, which traces the emergence of moral considerations in some domains of people's everyday life (e.g. in their professional or private life). If we aim to understand the operational conditions of moral relations among people, in the interpretation of the occurring of an act, or more generally, the human action, it is important to decide in what sphere, environment or in which spheres' meeting point can the action be located. In the following, according to this (namely to the emergence of moral considerations characteristic to the given sphere), those essential factors can be defined that influence its outcome decisively and by the regulation of which we could have control over it. In this way, if we consider the action as emerging exclusively from the personality, from spiritual and psychological faculties, then it will be of major importance to decide whether to interpret it with conscious or unconscious motives, and what kind of factors we consider determinative in the evolving and emergence of the above mentioned motives. For instance, we could consider the actors' character, their moral belief and self-image, or what moral conviction has guided them, were they motivated by selfish or altruistic motives in their action. Nevertheless, if among the conditions of the action we set store by both the inner and the external, e.g. "foreign" or "comunitarian", respectively "institutional" incentives, then the person's moral relations, their moral socialization and the

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1   I treated the topic of this subsection in my studies several times (Ungvari-Zrínyi 2004, 281-294 and Ungvari-Zrínyi 2005, 106-125), accordingly, the following train of thought is mostly the reiteration of my further ideas.

social and institutional ambiance of their activity will gain more and more importance. As it ensues (from this), in the study of morality the emphasis would not be on the interpretation of individual acts, but on the social, institutional milieu of people's everyday actions.

Thinking about the complex system of conditions of moral action, moral philosophy slowly leaves the sphere of individual motivations and abstract ethical considerations interpreted in isolation, and is forced to seek the guidelines of its acts in the everyday world of human, social relations. In this endeavour it finds an important spiritual background in a theory of social construction of reality coming from the social phenomenology and the sociology of knowledge, in communitarian moral and political philosophy, and also in the communicative conception of social and moral relations (more precisely in the works of Alfred Schütz, Berger and Luckmann, respectively in the theories of Charles Taylor, Alasdair MacIntyre or Jürgen Habermas). Though in their own ways, all of the mentioned conceptions understand man as whose identity has social origins, accordingly, bonds to intersubjectively created intellectual universes, and, respectively, stems from linguistic, cultural and communicative interactions. Linguistic-communicative relations among human creatures signify continuous interactions in the course of which, through social situations and conversations occurring in them, the individual participates in the further weaving of the "thick webs of meaning" (Geertz). During this process the individual, step by step, acquires the linguistic competences for the interpretation of his acts. In the end, it is action and language usage, communication with peers and communication through tradition, maintained with those far away in time that introduces the persons in the understanding of their social roles and also in the view-points of their judgment. This way the communication of people living in the same cultural tradition produces a sphere of togetherness that could become the basis of corporate identity and common thinking and acting.

The corporation as subject of philosophical inquiry

Part of the everyday activities of people's lives take place in a corporate environment. The corporation is a complex social organization that pursues specific goals, due to the fact that a certain group of people share its objectives and take part in their realization. The organizational system conceived like this raises many complex problems in the interpretation of which the philosophical and ethical considerations can play an important role. According to Alex Oliver, the co-founder of The Forum for Philosophy in Business at Cambridge University, problems that include such philosophical questions are: What kinds of properties do corporations have? How are these corporations related to the individual human beings who make them up? Who belongs to the corporation

and what is the relationship of the corporation with the people who form it (with shareholders, board of directors, employees), with different groups of collaborators and those impacted by its activity (subcontractors, consumers, competitors, local communities)? What does it mean that a corporation can act rationally based on reasons, motives and what things can be considered results of its acts? If the singular individual is the subject of the action and consideration, how will his act/activity and consideration be added to the activity of the broader unit, the corporation? Do the organizations have some sort of cast of thought (mentality) which passes (transcends) the cast of thought (the mentality) of the singular people (Edmonds and Warburton 2008)? Peter Pruzan, professor of the Department of Management, Politics and Philosophy of the University of Koppenhagen, similarly, asks: Could organizations have consciousness, respectively, values, virtues and visions (Pruzan 2001)? Others, like Kenneth E. Goodpaster and John B. Matthews simply ask: Can a Corporation Have a Conscience (Goodpaster and Matthews 1993, 118)? All these questions occur if we want to form an idea of the corporation's activity in the sense of capacity of action or in terms of taking effect, but even more complicated questions will arise if we want to interpret the corporation's capacity of action in the sense of capacity for moral action.

Difficulties in building out corporate ethics

Corporate (business) ethics and economical education

It is rather obvious that all company employees and even those role-players who cooperate or are involved in a given business activity have prior moral lifestyle assumptions, i.e. certain convictions about how to lead their lives. However, it is by far less obvious whether the said prior assumptions are shared by such role-players in their position as interrelated parties in the economical process, or whether an inherently harmonious relationship prevails within the said convictions. Thus, it is self-evident that both in the best interest of individual economic agents and in the best interest of the entire business process operation, it is absolutely necessary to have some kind of "higher" ethical consideration. Such an ethical consideration should be valid for the broader community of cooperating parties to synchronize concepts about the meaning and reason of work in such a way that the best interests and the welfare of each and every participant in the process are provided for to a reasonable extent. For this purpose, a gap must first be bridged, which is mainly conceptual and allegedly shows that economical and ethical-philosophical viewpoints are fatally disparate and incompatible, moreover, disseminates the same as such in the economic higher education to prospective business managers and role-players in a future business

environment. The theory of economics has always had a background including a philosophical content and even construing patterns of economic cooperation implicitly carries prior ethical assumptions.

In the 20th century, starting with the 70s, the neoclassical theory of economy has dominated both the thinking of business academies and the teaching disseminated thereby, just as Herbert Gintis and Rakesh Khurana concluded in their study on corporate decency and business education. Beside the significant results achieved in the field of interpreting competitive products and financial markets, this approach produced a highly substantial damage in understanding the motivational background of the economic conduct, since it proliferated the *homo oeconomicus* model as being the only explanatory principle thereof. The basic idea of the homo oeconomicus model is that economic actors are motivated only by selfish material interests and, therefore, a company board of directors can most efficiently enforce their shareholders' interests only provided that it is treated as being made up of commissioners who are definitely prone to ignore any person-related appreciation and corporate responsibility of a non-material nature, and whose main interest is gaining profits just as shareholders do. Although several facts contradict this uptake, its approach has dominated for quite a long time the way of economic thinking, insomuch that it made a great number of managers deem that increasing the market value of the company equity is the only requirement for their professional success, since it confirmed their own way of thinking driven by self-interest (Gintis and Khurana 2006, 1). Although the above mentioned authors do not posit that the academically influenced business environment is responsible for the increasingly great number of managerial omissions and outrageously irresponsible, selfish corporate governance cases which are wide-spread nowadays, their implicit idea is that economic education is to be rebuked at least for some indirect spiritual / intellectual complicity as soon as it fails to find a proper alternative to the *homo oeconomicus* model. The same conclusion was reached by Eberhard Schnebel and Margo A. Bienert, according to whose opinion the Schumpeterian capitalist value theory,[2] which exclusively relies upon economic and egotistic individual standpoints, has outlived itself, the more that material benefits can be reached not only by individual efforts and efficiency, but rather also by distorting rules according to our own needs with a view to overcome market competitors (Schnebel and Bienert 2004, 204).

If we take this later possibility into account, too, the assertion according to which capitalism extorts a rational behaviour holds no longer true, since it is the very

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2   A concept in Joseph A. Schumpeter Nobel prize winner economist's book on *Capitalism, socialism and Democracy*, which relies upon the assumption that the entire trading and industrial society is cast into economic molds and is of an economic nature in all its details, starting from its bases through its sustaining structure and up to its signal system. Thus, it is about a society where all assessments, prizes and retributions are expressed in financial terms.

form of rationality identified with the selfish individual pursuit of interests, which destroys all those traditional values and requirements upon which this system of economic and social cooperation relies (such as, for instance, according to which invoices have to be paid, agreements must be fulfilled, all contractual or legal rights to which employees, shareholders, competitors, suppliers and consumers are entitled to be provided). Endangering these minimum requirements calls into question the legitimacy of capitalism itself, including its basic institutions. Therefore, it is not only desirable but rather absolutely inevitable to review the ethical aspects of economic activities and corporate relations, since society cannot just stay aside and inactively watch how everyday practices undermine its basic fundamental values and institutions. Theoretical approaches and means in support of implementing the same in practice have to be found, so that the above mentioned processes can be avoided, stopped and decelerated. First of all, the concerned parties have to demonstrate that taking ethical aspects into account is a basic and inevitable prerequisite from the viewpoint of social cooperation. In its turn, the ethics of economics must show that morality, as a way of behaviour, is beneficial both for the present society and for the micro-economy of entities and institutions (Schnebel and Bienert 2004).

Value perception differences in private life and business management

Although it is obvious that both individuals and companies must necessarily behave according to the moral requirements, it seems somewhat contradictory, even schizophrenic as shown herein above, that most people – including social scientists and philosophers – are lecturing about corporate foresightedness, goals and responsibilities on the one hand, however, they are willing to acknowledge intents, reflections, assessments, learning and judicious choice only as personal skills, on the other hand. Following this train of thoughts, in the economical ethics literature specialists attribute only to individuals the propensity to behave according to their own conscience and a system of moral requirements accepted by them – as Peter Pruzan warns us – however, they are compelled to speak about corporate values, code of ethics and corporate social responsibility (shared by the members) in the case of companies. This conflict of terminology is even more clearly reflected in the typical Anglo-Saxon approach of teaching business ethics, where special attention is paid to make individuals aware and capable of coping with the conflict of interests deriving from the joint requirements set forth by economic efficiency and a morally acceptable conduct (Pruzan 2001, 271). As to the value differences encountered with first line managers and corporations, Pruzan reports, also relying on his own experience, that in a representative Danish multinational company 49 chief executive officers were found to show significant differences in terms of these two core value choices during the '90s.

Company managers participated in teams of 7 in a corporate training program, where each team had to choose from values (such as success, love, confidence, excitement, respect, economy, freedom, health, professional competence, peace, efficacy, charity, progress, safety, compassion, patience, and so on) included in a 50-item list. First they had to select those items which – according to their opinion – were the most important ones from the viewpoint of their everyday coexistence with their families, friends and their own kind selves, then they had to discuss within their team the importance of the selected values and jointly specify five such items upon which the team members unanimously agreed, so that the same can be presented to all the other participants in the training. Next, they had to choose from corporate values other than the ones listed in company brochures, namely such values that might reasonably be referred to in support of their decisions, for instance in cases of recruitment or layoffs, new investments, acquiring or waiving market segments, advertisements and lobbying. By way of analogy, they had to present the top five important items unanimously accepted within the team to be subsequently interpreted by all participants. The outcome – as Pruzan described it – was shocking and carried an important message for the company management: there was no concordance whatsoever among the most important groups of individual and corporate values chosen by the seven teams, in either of the cases. While individual values included items such as honesty, love, peace of mind, justice, the mostly preferred corporate values were success, efficiency, power, competitiveness and productivity. Revealing such schizophrenic situations warns us that corporate relations may irreversibly get separated from the human values observed in private relations, so that the company may actually become a monster created and sustained by managers at different corporate levels, who are otherwise still clinging to a certain set of human values in their private lives.

"Bounded" ethicality in corporate environments

Company managers at different levels prefer yet other values when thinking of the long-term interest of their private lives as compared to the values upon which they rely when taking decisions in terms of important matters related to their professional activity and career within the company. This is a shining example of the fact that in the case of formulating private life options, they apply moral requirements without constraints, unlike when, for career options, they observe the same only superficially, subordinated to aspects of business profit generation and successfulness. This rather broad-line statement can easily be supported both by studies related to factors (information, information-assessing and processing capacity, time), which represent a constraint in terms of rationality and moral aspects in sophisticated decision situations, and by the so called "*bounded*

rationality" and, respectively, "*bounded ethicality*", which make up an entirely separate chapter in the „decision-making ethics" literature (see the studies of Herbert Simon, László Zsolnai and Max Bazerman in Zsolnai 2000). Accordingly, rationality is bound only in cases where someone cannot pursue his/her prior clear-cut goals in actual situations of action, and similarly, we can speak about "bounded ethicality" (constrained by other bonds) when we wish to examine what other patterns (constraints) result in cases where, for instance, a company manager shows a demeanour which is incompatible with his correctly admitted and expressed ethical perspective. The above mentioned phenomena, as already shown by Hans-Georg Gadamer in his interpretation of Aristotle's *phronesis* concept (Gadamer 2006, 219–220), is a human „self-management" disability, i.e. a typical handicap in properly recognizing the goals and abide by the right goal, in cases where a person is unable to assert his/her virtues as required by the circumstances. Not only choice is missed under such circumstances but also his/her capacity of "correct vision" is lost due to the disharmony of his/her moral capacities (such as lack of harmony between deliberation, judgment, perseverance and specific virtues).

Although experience shows that decision-makers are frequently prompted and compelled by the complexity of the issues and by the overwhelming aspects of personal affectedness to take so called "suboptimal"[3] decisions both in terms of expectable rationality and in terms of ethicality, the expression "suboptimal" is rather euphemistic. It is commonly known that philosophy has been providing since Aristotle's virtue ethics strong points in support of choosing among conflicting motifs and, respectively, in support of deliberations acceptable for the long run since they take into account the perspective of "good life". The ability of "practical wisd*om" (phro*nesis) is the basis for recognizing the intrinsic interaction of different kinds of virtues among themselves and with life situations corresponding thereto. Thus any virtuous *man (phron*imos) who is properly educated from a moral point of view, can by his own wise deliberation "bring into play" those very virtues which provide the right action under the given circumstances.

Virtues as emotions, capacities and particular composite features of formed states of character typically "react" to corresponding circumstantial "challenge". It is the very individual, properly found reaction adapted to place, time, occasion and person, which reveals the excellence of an individual, namely the excellence which provides the fulfilment of his/her purpose, which is prevalent and which, according to his/her "virtue of life", is expectable from him/her. In this sense, no "suboptimal" solution is acceptable since it would mean that the person proved to be unworthy of his/her role, i.e. beyond all his/her education and self-education, he/she failed as soon as he/she encountered a decisive turning point in implementing his/her life-plan. Nevertheless, the „bounded ethicality" phenomenon, as already

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3   At most "satisfactory" but neither "optimizing" nor "maximizing"; faulty, incomplete, insufficient in ethical terms.

mentioned, is an unsatisfactory reaction to complex circumstances, it is also a fault of the person's self-assessment, and can in no way be identified with the cold-calculating practical knowledge "specialists'" (*deinos: knaves*)[4] case. On the contrary, it rather draws the attention to the complexity of the moral conduct to be expressed in actual situations and to the difficulties encountered under such circumstances, than to what Kant believed about the "radical evil" in human nature.

Prerequisites for building out corporate ethics

Our reasoning on the issue related to the initial question examining corporate ethics possibilities can now be supplemented with the above mentioned Aristotelian concepts and reworded as follows: what are the conditions required to ensure that the company management and personnel use their abilities for carrying out their job tasks not artificially separated from their moral beliefs, i.e. not deprived of the moral direction of their own moral being, but rather exercizing their skills pursuing moral targets. Till now, our train of thoughts definitely revealed the fact that generalizing moral attitudes is a must for each and every human collaboration – namely the greater the number of persons to be involved is, and the more sophisticated the tasks for which we wish to provide human collaboration are, the greater the extent of this need for moral attitude generalization gets – however, in a corporate setting one cannot expect that personal moral convictions fostered by individuals assemble (also) into a functional corporate ethics all by itself. Building out corporate ethics can take place only in a conscious and deliberate manner, provided that company managers assume an active role in it, just as in other issues of organizational development.

Ethical company management

The conduct of people cooperating within the framework of corporate activities is mainly influenced – beside their own everyday moral-cultural standards – by the quality of company management. Such jointly working participants would primarily like to see how their managers master the knowledge of the value and goal content that directs the joint work, how their managers are committed to

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4   In Gadamer's interpretation Aristotle designated like this that person who "has all the natural prerequisites and gifts for this moral knowledge, a man who is able, with remarkable skill, to get the most out of any situation, who is able to turn everything to his advantage and finds a way out of every situation. But this natural counterpart to *phronesis* is characterized by the fact that the deinos is 'capable of anything'; he uses his skills to any purpose and is without inhibition. He is *aneu aretes*. And it is more than accidental that such a person is given a name that also means 'terrible'. Nothing is so terrible, so uncanny, so appalling, as the exercise of brilliant talents for evil" (Gadamer 2006, 320).

accomplish the goals to be achieved, how their managers assign roles to the cooperating parties and how managers have confidence in them. Leadership – as seen by Harold Geneen, former CEO of International Telephone and Telegraph (ITT) – is a person's ability to inspire others to work together as a team under his/her direction, with a view to attain common goals. The ability to lead others is not only a trait of the intellectual, rational side of personality as a whole, and thus needs the auspicious contribution of several other features. Among personality components found in the most successful company managers, an important role is played by clairvoyance in terms of goals, keenness on profession and righteousness, which inherently involve self-awareness, openness and maturity. In attracting parties to cooperate, righteousness is of a special importance since – beside purposefulness and expertise – this is what confidence relies upon, and it would be incomplete and in some respects unauthentic without the above-mentioned traits. Self-awareness is not tantamount to only being aware of one's strong points and weak points, but also involves the clear-cut knowledge of what one wants to do and why. Openness is indispensable if it is the expression of a fair thinking and action, showing a definite commitment to the principles. As far as maturity is concerned, it simultaneously means working experience and the ability to cooperate with others and to learn from the same. "Only when a leader finds these attributes in himself/herself will he/she be able to exhort others to do so" (Hamlet 2004, 1–2).

Of course, one cannot capture in just a few characteristics all the aspects that are important in terms of a good corporate leader's personality, however, both social ability researchers and economic ethicists make efforts to provide an inventory and a description of such character traits. According to psychologist Daniel Goleman, who discovered the importance of emotional intelligence, the main trait to define a good leader would be the leader's emotional intelligence which involves five components: self-awareness, self-regulation, internal motivation, empathy and social skills. These components are especially important to be detailed here, the more that manifestations hallmarked thereby are deemed to be such reserves and, respectively, active forms of building relationships, which lead from individual personality traits to the community relations system. All this specifically illustrates that ethical corporate governance is not only a matter of managerial personality traits, but rather an issue of community values prevalence. Thus, by way of example, self-confidence, realistic self-assessment and self-depreciating sense of humour in social interactions emerge as significant resources, just as reliability and honesty, the capacity to bear uncertainty, openness to changes and strong drive-related promptings, optimism and organizational commitment, which derive from a self-regulating ability. Conversely, empathy and social skills, which by definition mean the capacity to understand the emotional makeup of others and to treat other people as subject to their emotional reactions on the one

hand, and managing relationships and building networks, as well as having an ability to find common ground and build rapport, on the other hand (Goleman 2004, 4), inherently involve community attitudes which rely upon already built-out moral relationships, as a background.

From an economic ethics viewpoint, the issue of ethical corporate governance, the leader's character traits and the core values are no longer regarded distinctly or within a social rapport, but rather in a close relation with corporate and social ethical values, since this is the framework within which the corporate governance and the cooperation of the concerned parties take place. Edward Freeman, professor at the Virginia University Darden Business School, top manager of the Business Roundtable Institute for Corporate Ethics, as well as Lisa Stewart, program manager at the institute, examine in their study on *Developing Ethical Leadership* the corporate manager's character traits from a company core values viewpoint (Freeman and Stewart 2006). Therefore, those abilities are brought to the foreground, which make the person suitable for featuring by his/her conduct the organizational goals and interests, not only by conducting real-life dialogues about these values and about how to apply the same in creating values for those concerned, but also by creating the mechanisms for validating divergent opinions and for supporting talented people inspired by their own creativity. Representing core values and moral requirements means, above all, their implementation in practice, the ability to best suit one's and others' activity to ethical terms. This presupposes such a communicative attitude that does not come from a power and authority standpoint, but is well aware of the limits of the validity of its own values and ethical principles and is ready to beneficially accept other people's values. All in all, he/she relates the assertions about the company core values in support of and subject to the social legitimacy of those concerned. The enumerated character traits prove that in the above mentioned authors' opinion, which is the result of several years of business ethics experience, ethical company managers construe their own managerial role as an ethical task. "This entails taking seriously the rights claims of others, considering the effects of one's actions on others (stakeholders), and understanding how acting or leading in a certain way will have effects on one's character and the character of others" (Freeman and Stewart 2006, 7). This is the very reason why ethical company managers' activity does not involve anything non-moral, why they always think in terms of corporate strategy and why they do not separate business from ethics.

As shown herein above and in accord with other economic ethicists' standpoint, the following can be ascertained: ethical company management is subject to a certain kind of managerial vision where employees, customers and the community are always included. According to this approach, they define such company core values and standards, which support only actions suiting the ethical attitude of the company. Therefore, the utmost basic question in the

case of each and every company refers to how an ethical corporate culture can be built up, so that to encompass the entire company and cover the members of each group which is concerned with it by way of its activity. In other words, how can one achieve a situation where the ethical perspective is embedded into the company operation inasmuch that no significant business decision is made unless its prospective effect upon employees, customers and the community is taken into account (Bellingham 2003, 15).

Tools in building out corporate ethics

It is obvious that, no matter how important the role played by the ethical company managers in the company's life is, they can preserve their position throughout the sophisticated sequence of managerial decisions, only provided that they consider the company not solely from the owners' and a few top level managers' viewpoint, and that they are able to develop an ethical corporate approach which is valid for the entirety of the company. In his study on the conditions related to developing corporate awareness, virtues, core values and visions, Pruzan arrived at the conclusion that for a value-conscious and responsible company operation it is necessary, above all, to define the *corporate identity* (Who are we?), the company *vision* (Which are the main ideals which express the meaning of the corporate existence?) and the company *core values* (What measures are used, according to which standards we measure, assess and account the extent to which we live according to the ideals of life chosen by us?). This means that the following shall be taken into account: „under what circumstances can a community develop a self-referencing ability so that to ensure that the expression of the cognitive and emotional expression of its ideals and goals is integrated with its vocabulary as well as with its identity" (Pruzan 2001, 277)?

In the modern approach of an ethical company, the traditional owner – top manager (principal-agent) relationship approach is replaced by an approach where the emphasis lays upon all "stakeholders", those concerned within or by the company. All those concerned means anybody having an impact upon the corporate conduct or anybody affected by the corporate conduct. This means everybody having an "interest" in the company. Among them, mention must be made about employees, customers, owners, suppliers, competitors, local communities, financial institutions, but according to several others, nature and future generation must be included here, as well. The members of all these groups are affected jointly, not individually.

By virtue of the above description about the relationship among self-identity, vision and core values, the list of the ethical corporate values cannot leave out the reference to the core values of company stakeholders (in the sense of the

preservation and enrichment thereof), however, corporate core values are not to be imagined as barely a sum of the values cherished by each and every such stakeholder. The task falls upon the management to organize in the spirit of the ideals as described in the company vision, the constructive-reflective dialogue oriented towards revealing the jointly shared values in terms of the company identity and the company relationships with their stakeholders. Core values shared by the company and by all the concerned stakeholders can be derived only from such dialogues.

For companies, in order to be able to align themselves in their activity to the prior set of human expectations, ideals, own values and values jointly shared with stakeholders, it is necessary that the company management reveals, describes, learns and disseminates the same to the employees and, respectively, to all collaborators. Should either of the given group of values prevail and become present as an unnoticeably operative force in all business activities, rules and demeanour, then one can speak about corporate culture. Therefore, beside formulating the company vision, the main task of the ethical corporate governance is to develop the company culture (Bellingham 2003, 15–16).

Developing the corporate culture is a time-consuming process, where an important role is played by the ethical company manager's personality, the relationship he/she has with each group and his/her using the organizational communication in a suitable manner, which involves yet other particular possible aspects to be taken into account in the case of each and every corporation, though several general descriptions of the corporate "ethical management" toolkit are available nowadays. One such description was provided by Carter McNamara, Leadership Development Consultant, who actually speaks about the managerial ethical "toolbox". Albeit we do not find it felicitous to contemplate such a complex problem only from an instrumental viewpoint which might be suggested by the "toolbox" expression, it is worth finding out what such a "box" may contain. By all means, for a more flexible interpretation of the "toolbox", philosophers can rely upon Wittgenstein's concept, according to which it is such a function of various words, which can be assimilated to the tools in a toolbox whose utilization, however, is not clearly seen by us. At least not when we are philosophizing (Wittgenstein 2009, 9–10). Just as Wittgenstein's thought is not an argument in support of the linguistic instrumentalism, but rather a criticism of all kinds of instrumentalism – since it is the professional socialization of a lifetime and the elusive gift of a special talent that separates an excellent tool from the user thereof –, neither does the technicist knowledge of the ethical management toolkit make any company manager become an ethical manager, so that the availability of the described „tools" does not develop an ethical corporate culture all by itself, either.

By virtue of the above described toolkit, for building out an ethical corporate culture, the company needs an entire range of institutional "ethical tools", among

which mention must be made about the "ethical organizational structures", the "basic ethical documents", the "organizational ethics policy and procedures", the "internal ethics trainings" and several other prerequisites to be created, such as, for instance, the ones in support of the "responsible behaviour" and, respectively, the "self-determination". The above mentioned toolbox parallelism also warns us that including each tool and subordinate tool-group related thereto in a list, just as creating the ethics committee and the ethical management committee (at the board of directors level) or basic documents, such as: *corporate credo, code of ethics and code of conduct* as might be necessary, as well as implementing a *company policy and company procedures* system, or systematically organizing *trainings* (McNamara 2003), does not reveal anything whatsoever about whether we achieve the desired ethical corporate culture or not. Neither is it a support in this respect if we regularize audits and make repair and remedy works mandatory in the case of any possible defects, even if the *ethical balance sheet reports* and the assessments thereof are yearly submitted in an irreproachable manner and if periodically company-external expert firms are involved in the *ethical inspection (auditing)* of the company, and the so obtained results are widely discussed with the employees.

The unique style of corporate ethics regulations

Differences in terms of value-communication encountered with companies are convincingly highlighted by Eberhardt Schnebel and Margot A. Bienert, who presented some relevant examples. Each and every such example listed by them relies upon individual facts of corporate communication, which under the given circumstances either confirm or reject the commitment to ethical values. Among these examples, three refer to well-known international giant corporations, namely the organizational ethics of *Boeing*, who are mostly concerned with value issues in a traditional way (focusing first of all on legal and administrative rules), the value management developed by *Siemens* using its own tradition and relying upon informal relationships and the ethical management of *SAP (Systeme, Anwendungen und Produkte in der Datenverarbeitung)*, which is somewhat vague in terms of its value content, being rather spontaneously organized according to just a few rules of cooperation. The differences are mainly due to the various fields of activity (aircraft manufacturing, electronic items production, computerized business management software development), as well as to the different structure and business environment of these three corporations.

Ethical management with *Boeing* is a basically pragmatic and business-oriented one. Above all, they strive to filter conducts (waste, fraud and abuse) which contravene to the legal provisions in force and would endanger the company's state purchase orders. The most important topics of its value management are

as follows: ethical business conduct, proper marketing procedures, giving and receiving gifts, conflicts of interests, proper relationships with suppliers, conduct towards prior American Government officials.

The most important viewpoint, which defines the ethical practice of *Siemens* is integrating people of different cultural and conceptual origins into the Siemens family, a purpose for which the company also widely uses the possibilities offered by informal communication, and even provides for developing informal structures. The most important topics of its peculiar value-orientation called the „Siemens tradition" are: output-focusing severe financial control, strategic and technical management independent from value concepts, focusing upon the individuals' personal development, full Siemens career being an essential viewpoint in appointing top managers (Schnebel and Binert 2004, 206). Although the authors do not mention it, in the recent years an outstanding role has been given within the Siemens corporate responsibility to the concept of sustainable development and topics such as values of a decisive importance, legitimacy, as well as prohibition of corruption / bribery, respecting the employees' human rights, prohibition of employing children, the employees' health and security, as well as environment protection, which have all been included in its code of ethics.

The authors deem that *SAP (Systeme, Anwendungen und Produkte in der Datenverarbeitung)* has not defined a clear corporate value. However, social communication about core values plays an important role in the company, since the *SAP* team work takes place under somewhat indistinct circumstances, namely because teams are set up free from hierarchic constraints. Within *SAP*, the basic organizational structure is sustained by offering and supporting team-values. Both the managers and the teams are frequently changing team members in a self-organized manner. Cooperation within the team is mainly defined by customer projects. Employees are supposed to feel good within their team, otherwise they are free to leave the team. Thus, *SAP* does not have a value system to encompass the entire company and to structure individual behaviour, however, it recommends basic rules for the purpose of cooperation. Topics covered by the basic rules are as follows: quality (solving quality-related issues), development process (IT optimization within own company), cooperation and communication (constructive co-working with a view to find the best solution), one single big team (they do not care much about hierarchical structures and procedures related to hierocracy), long-term partnership. Beyond the above mentioned rules, all managers and employees must find their own rules of cooperation (Schnebel and Binert 2004, 207).

Each company's own ethical management and value communication features a peculiar character, the more that they get farther away from the traditional solely profit-oriented type of companies, and the more that their activities are determined by social expectations and approaches relying on core values. To this respect, a special attention is worth to be given to those companies which

(at least in one or another phase of their development) handle meeting social expectations with high priority and even promoted the formulation of novel social expectations. Among others, the Ben and Jerry's American ice-cream company, the Johnson and Johnson giant company (producing heath and baby care products and medicine), Aveda (commercializing cosmetics products) and the first-line English cosmetics company, *The Body Shop International*, who once were a pioneer of corporate responsibility, belong to this group. It is due to its great number of well-known projects with a widespread international impact, that we treat the ethical management of this latter company separately.

The statement of The Body Shop, bearing the title *Values and missions*,[5] committed the company to social and environmental changes. Its *Trading Charter* defines *principled profit taking* as being the basic principle of its commercial activity, which required the implementation of a supervision, inspection and reporting system with a view to provide for its own accountability, i.e. to ensure that its activity meets all its proclaimed principles. At the same time, this system also proved that the company is confident in the principled, fair and transparent conduct of business opportunities, since it was not the business success by all means they abode by, but they rather observed their own ethical principles when they decided to set a clear measure both for the company and for the customers and let all those concerned know about obeying to the same measure. The Main Board of the company periodically met the *Head of Values* director belonging to the Executive Committee for consulting purposes, and supervised the company core values, while the Head of Values systematically reported to the General Manager on how the corporate social and environmental schedule has been fulfilled. This kind of operation was possible only because the strategic target values and the business values of the company were in full accord, and the managers were provided with up to date information both in terms of the functional outcome and in terms of how all those concerned received these outcomes and what their expectations were. In one word, in its organizational structure and operation, the company followed the principles laid down by its founders and creators (Anita and Gordon Roddick) and was, for a while, extremely successful both in terms of pursuing its business targets and in terms of pursuing its social goals: in 61 countries, it opened an overall number of 2400 shops and worked alongside with the Friends of the Earth, as well as with Greenpeace in organizing great-impact campaigns, for instance, but not limited to human rights, tightening the environmental legislation, saving the rain forests, against stereotyping women. In 2002, the founders waived their operative management rights and kept about a 18% share in the company, then in 2006 they accepted the L'Oreal offer to buy the

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5   A review of The Body Shop ethical management was presented in an earlier study (Ungvári Zrínyi 2006), relying upon the data regarding the year 2004 presented on the company's webpage.

company under the condition that The Body Shop is entitled to autonomy and to the right to have a say in decisions in order to preserve its ethical profile. This acquisition was vehemently objected by environmentalist and fair trade activists. One of the most important objected issues was the fundamentally different nature of the ethical management in the two companies, which did not seem to guarantee the survival of pioneering The Body Shop ethical business concepts.

Thus the conclusion can be drawn that companies are able to influence to various degrees both the goals and the conducts of stakeholders who make up the company and are affected by the activity thereof, and the development of the corporate culture oriented towards ethical perspectives as well. Developing a corporate ethical culture using the above mentioned tools or any other specific solutions will further remain a highly time-consuming individual process where the most important motif is the dialogue about the corporate core values and the requirements of the code of ethics. Thus, the ethical management of the company, including its entire sophisticated toolkit, can be regarded as constructing the desired reality by communicative ways[6] so that the communicative company management and the persuasiveness of the commitments for the core values adopted thereby are equally important. These factors are, however, highly different subject to the nature of the companies and of the ethical management policies thereof inasmuch that there is no way to devise a uniformly valid prescription for every company. This means that there can't be used an imaginary joint pattern for the "accountability" of various companies, since whatever is acceptable and proven for one company, it may be unacceptable, inefficient or even resulting in damages for the other.

Corporate ethics and ethical thinking

In terms of issues concerning the core values governing the company, as well as the nature of the ethical management related thereto, the owner of the company has a pre-emptive right to decide, however, even in the case of a favourable decision, much depends on the management, on the cooperating parties and, last but not least, on the chosen ethical approach. Understanding this is a philosophical issue, above all. No ethical approach can provide a universally confirmed knowledge which – once grasped and understood – would suit each and every real case and person in such a way that an explicit conclusion could be drawn as to the clearly right or wrong nature of all possible actions. This is mainly due to the fact that the ethical approach does not rely on establishing facts, but rather on choosing core

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6   Details related to this complex process cannot be provided here; however, some relevant studies are referred in the following: Pruzan and Thyssen (1990), Schnebel and Bienert (2004), Ungvári-Zrínyi (2009).

values. But even if core values (chosen by everyone) are mutually accepted by the members of an organization, there still remain unanswered questions concerning their agreement upon their *ethical worldview* (for instance, in terms how core values interrelate among themselves and with other phenomena in the world), their *practical moral presuppositions* (for instance, in terms of how the given core values relate during their implementation to certain cases and persons), and questions concerning their *moral-teaching and action-modelling notions* (for instance, in terms of how people acquire abilities and landmark approaches which enable them to act in keeping with the above mentioned core values and relations at all times). (Such strong points may include raising awareness as to the intended purpose of the activities, looking for opportunities which are "the best for the great majority of the people", raising awareness in terms of the absolute duty-designating force of human dignity, fitting in our own value-producing activity into the order of "eternal values" revealed by emotions, the requirement to care for people, and so on, or any combination thereof.) All these questions are subject to the doers' primary motifs, which will obviously be yet different. In short, ethical thinking preserves here, too, its basically philosophical nature, it cannot be built using objective-scientific or technical formulas, it does not become a barely complementary component of the economic-business approach system, but on the contrary, choosing core values in themselves, however mainly the ethical approach as a whole requires that the meaning of economic and business activity is rethought. Perhaps this more thorough approach can provide a support in avoiding the one-sidedness in thinking and the uncontrolled cognitive impulses, which played a decisive role in the development of the current crisis.

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