



The Individual in Business Ethics

An American Cultural Perspective

Tomas Kavaliauskas



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For my wife Rūta and our son Kristijonas-Tomas

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Foreword

Part I

Philosophy is often considered as abstract and theoretical thinking with very little contact with the issues of real life. Philosophers are people who have little experience of or interest in the problems of everyday life, they are concerned with questions, the importance of which common sense people often have difficulties grasping. And there is a grain of truth in this common conception, since all through the 20th century philosophers did have trouble clarifying the relationship between life, science and philosophy, and especially *'theoria et praxis'*.

The Analytic movement of Western philosophy, which dominated in the English-speaking world for most of the 20th century, conceived of philosophy in the spirit of scientific rationality and emphasized the tools of logic and linguistic analysis. Many of the traditional and historical questions of philosophy were seen as pseudo-questions, as metaphysical confusions or mysticism. Their goal was to make philosophy continuous with science, as an objective and impartial study of reality as it is. Unfortunately this idea – sober as it is in itself – had some disastrous outcomes for ethical and political inquiry: if philosophy was essentially scientific, then by contrast ethical notions and statements were not, they were subjective and non-factual. Values are mere disguised manifestations of our desires and emotions and beyond the purview of science, and indeed of knowledge in general. Such a 'non-cognitivist' view led to a belief that philosophy should remain 'ethically neutral' and 'apolitical', and that philosophers should carefully avoid becoming politically engaged or advocate ethical standpoints. Binding ethical and political commitments were something which the Analytics did not think they could sustain as scientists. At the personal level, however, they held strong moral and political convictions, as becomes apparent in the Vienna Circle's Manifesto from 1929: 'To be sure, not every proponent of the scientific world-view will be a fighter... However, their achievements too will take a place among the historic developments. We witness the spirit of the scientific world-view penetrating in growing measure the forms of personal and public life, in education, upbringing, architecture, and the shaping of economic and social life according to rational principles. The

scientific world-view serves life, and life receives it.' But this attitude was impaired in a number of ways.

These ideas resulted in a rejection of normative philosophizing for the best part of the century; facts and values were separated with comprehensive ramifications not only for philosophical enquiry, but also for other sciences. Yet this development was unexpected and puzzling since moral philosophy had a long tradition of engaging in political activity and dealing with moral issues. Ever since the time of Socrates, philosophers not only formulated ethical theories, but also paid special attention to their relevance to the conundrums of everyday life. Yet the Analytic movement neglected this 2500 years of history of Western philosophy, and what is worse, on rather shaky grounds, too. Their suppositions of the nature of reality, of the potentialities of linguistic analysis, and their narrow theory of value turned out to be ill-founded.

The Analytic movement was of course not the only philosophical tradition of the 20th century. In order to separate the work done in philosophical traditions in mainland Europe such as German idealism, phenomenology, existentialism, marxism, and hermeneutics, they coined the term 'Continental philosophy', which, contrary to Analytic philosophy, was regarded as an inherently political and progressive movement. Some philosophers have claimed this labeling to be more deprecatory than descriptive, mainly for the purpose of itemizing the types of philosophy Analytic philosophers disliked, namely the kinds whose objectivity, impartiality and scientific quality were highly susceptible because, after all, they did commit themselves in various worldly affairs. Thus the issue was very much of the role of philosophy. That is, what philosophers can and cannot do, and more importantly, what they should do and should not do. This viewpoint was further reinforced by the fact that the topical constraints on Analytic moral and political philosophizing were swept aside by the end of the 20th century, partly because of the mistakes within philosophical theorizing itself, but also partly because of this very same point at issue. That is that it was considered a huge mistake if moral philosophers would say nothing of the morally burning issues of the world in their professional capacity as experts of the Western moral tradition, but would seclude themselves in conceptual and epistemological inquiries.

Three interconnected developments speeded up this decline of the Analytic movement. The first was the realization that values necessarily are something more than mere subjective emotions and opinions. That they have to contain some kind of lasting, objective, or perhaps universal core, of which one can talk about and debate meaningfully,

and of which one say something binding and obligating. The second development was the rehabilitation of normative political philosophy highlighted in the publication of *Theory of Justice* by John Rawls in 1971. In his work Rawls does what the Analytical philosophers believed to be impossible, that is, to advocate or recommend political means and goals through uniting strict philosophical logic and argumentation with statements of facts of human beings and society. Since the 1960s there was in fact an upsurge of works in similar vein by Herbert Lionel Adolphus Hart, R.M. Hare, Robert Nozick, Ronald Dworkin, Michael Walzer, and Joseph Raz, which became the classics of the new analytical normative moral and political theory. They attempted to combine three enquiries: the objective and impartial rigor of the scientific enquiry of the empirical world; the philosophical enquiry of conceptual analysis and reasoning; and the normative enquiry of values, e.g. recommendations and advocacy. It was clear, however, that this attempt was humongous and it was far from clear, how exactly such a synthesis could credibly be achieved.

The third factor was the emergence of applied ethics, which was hoped to combine these three areas of enquiry – facts, philosophical methods and values – in addressing practical and contemporary ethical issues. Applied ethics became the flagship of this new form of theorizing, and consequently it became the fastest growing branch of the business of philosophy towards the end of the 20th century. It promised solutions to actual moral dilemmas and conflicts with a rather simple method: all one needed to do was to dig oneself into the facts, that is, the characteristics and circumstances of a contentious moral issue, use the philosophical tools of analysis and reasoning to dig out and outline the relevant features there, and then deductively apply the classical moral theories to determine the correct solution.

Part II

Unfortunately the hopes invested in applied ethics begun to wane slowly but surely at the turn of the century. The central problem was this simplistic starting point involving an overly optimistic idea of theory and application. It was based on the belief that we can find, account, and systematize all acceptable moral standards of the human world – regardless of time and place – through a more fundamental ethical theory. But there is no agreement to what this theory is to be: Kantian, utilitarian and virtue theories have been the usual candidates. The result of this quandary is discernible in the textbooks of applied

ethics. The main ethical theories are outlined in the very beginning; next, the distinctive features, concepts and issues of the fields in question (for instance business ethics) are described (economic systems, human resources, economic action, sales, production and marketing, etc.); and lastly, theories and their central principles are applied to morally problematic cases of the field (such as workers' rights and duties, whistle-blowing, financial risks, stakeholder issues, responsibility issues, etc.). This work is summarized by explaining how a Kantian would account and solve, say, a real-life whistle-blowing case; how a utilitarian would deal with the problem, or what a virtue theorist would recommend in such a situation.

But these books do a rather poor job: issues are not clarified to sufficient detail, they remain notional and stereotypical; a number of relevant factors are abstracted away, and it is difficult to tell how the various real-life particularities could be included; also the solutions to the problems appear self-evident, as predetermined by the selection of issues and the way of constructing them. Once a philosopher confronts the reality with her moral theories, she soon realizes that they are way too abstract or general to be applied to real-life cases. They are in fact quite useless in providing any ethical guidance. Quite the contrary, it has often turned out that the theories themselves are lacking and in need of revisions. So where exactly is the normative input of such books, and how much do they really help when confronting these issues in real life, with their distinct and idiosyncratic details?

This takes us back to the starting points of the new normative philosophy and the belief in moral cognitivism and the idea that moral statements can have factual contents. But evidently the traditional moral theories are not the right tools for the job needed in applied ethics; they are too rigidly separated from the historical and sociological realities. The universal application seems to be achieved at the expense of detachment of particularities and contingent circumstances of the human world. These theories are just simply too abstract and ahistorical. Other tools are therefore direly needed, and various kinds have been suggested: abandoning or revising the deductive method; utilizing more sophisticated methods of case studies; using more down-to-earth moral principles and/or contextualist methods. Also more drastic methods are suggested, such as reevaluating the place and role of theory in general; refining the relationships between the various kinds of general, theoretical or applied moral enquiry, to name a few.

I have claimed here that applied ethics emerged from the crises of philosophy of the Analytic movement. Yet applied ethics need not by

any means be tied to the Analytic traditions. If the task is the analysis of specific, controversial practical moral problems, nothing necessitates the use of Analytic methods, or for that matter, any other doctrinal philosophical methods. Kavaliauskas' work at hand is a prime example of a different type of approach, one more interested in everyday features of life, historical circumstances, and sociological facts, that is, all those things that the Analytic movement disregarded, but which surely are crucial to any enquiry of applied ethics. This work presents an interesting and ambitious attempt to create a new kind of theory of applied ethics, within one of its most prominent and energetic fields, that is, business ethics. This is the field of applied ethics which is exceptionally cross-disciplinary not only in its philosophical oeuvre, but also with regard to other scientific disciplines. It provides a truly worthwhile challenge for applied ethics, a stimulating miscellany of scientific doctrines, values, and ideologies, which Kavaliauskas deals with with wonderful ingenuity.

The topic of Kavaliauskas' work, an analysis of the American cultural perspective on the individual's moral value in business ethics hits right in the very central areas of contemporary business ethics. One of the principal questions since the very beginning of the discipline has concerned individual rights, responsibilities and liabilities in circumstances of collective networks, institutions and corporations. One of the reasons for the persistence of this problematic issue in the very core of business ethics is clearly the lack of enquiry into the methods, notions, and history of the field; into the etymology of its central concepts, philosophical and especially ethical assumptions, and the sociologically oriented presumptions of power, individualism and ideology. Such a meta-theoretical enquiry requires the use of multi- and interdisciplinary methods, a task which is highly demanding. Kavaliauskas makes a wonderful and rewarding contribution to this area by concentrating in the conceptual history and thought of contemporary business ethics, through his exposition of its historical roots in Protestantism and American culture. By integrating this development into traditional ethical theories he is able to address the theories of life, of and corporate politics, and of ideology.

It is in this overall framework where the value of Kavaliauskas' work lies: he presents a novel approach, a new conceptual apparatus, which has the potential to enable us to see, analyze and comprehend the central issues of business ethics from a new and different angle. Among those issues are in particular the origins of institutional or corporate power, the basis of individual moral value, and their backgrounds in

cultural conventions and constructs. Furthermore, he inserts into his work the theory of life politics of Anthony Giddens and that of ideology in Louis Dumont's sense in a manner I have not previously encountered in business ethics research.

This is a highly original work containing captivating and original ideas and insights; a work of which any publisher could be proud. Not only does Kavaliauskas engage in a detailed and well constructed analysis of the central concepts of the area, he also presents a historical narrative without which understanding of the field and in particular the research of the field inevitably remains insufficient. The work is complemented by the inclusion of the article 'The non-efficient citizen. Identity and consumerist morality', which is a hauntingly challenging vision of contemporary society, of the scary intertwining of capitalism and democracy. This piece, above all, provides a prime example of what a philosopher can, and should, say out loud.

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Glossary

Affirmative Action is activity designed to achieve a gender and racial balance in the workplace that closely reflects the surrounding labour pool;¹ also an active effort to improve the employment or educational opportunities of members of minority groups and women.²

Business Ethics comprises principles and standards that guide behaviour in the world of business.³

Centralized organization means that decision-making authority is concentrated in the hands of top-level managers, and little authority is delegated to lower levels of the organization. Responsibility, both internal and external, rests with top-level managers.⁴

Corporate culture is a set of values, beliefs, goals, norms and ways to solve problems shared by members (employees) of an organization.⁵

Corporate ethics practice is the real ethics being practised in a corporate life, which does not necessarily coincide with those moral principles and standards provided by Business Ethics.⁶

Corporate Social Responsibility means corporate responsibility, but with a greater stress upon the obligations a company has to the community, particularly with respect to charitable activities and environmental stewardship; and it also implies that the community has certain expectations of business in terms of making environment and community a better place to live.⁷

Decentralized organization means that decision-making authority is delegated as far down the chain of command as possible. Such organizations have relatively few formal rules, and coordination and control are usually informal and personal.⁸

Holism means that society as a whole is a paramount value.⁹

Human Resource Management refers to all the activities associated with the management of employment relationships in the firm.¹⁰

Ideology is a social set of representations, the set of ideas and values that are common in a society.¹¹

In-corporate individual is an individual employee who does not transcend corporate life politics and ideology, either because he or she works in an ethical business organization or because he or she uses only internal whistle-blowing in response to witnessing unethical behaviour or decisions.¹²

Individual: (1) the empirical subject, an indivisible sample of the human species, as encountered in all societies; (2) the independent, autonomous moral and, thus, essentially nonsocial being, as encountered first of all in our modern ideology of man and society. The distinction is indispensable in sociology.¹³

Individualism means that the individual is a paramount value.¹⁴

Inworldly individual means the individual who lacks the attribute of self-sufficiency, who does not have a socially or morally superior ideal.¹⁵

Kyosei means all people, regardless of race, religion or culture, harmoniously living and working together into the future.¹⁶

Life politics is a politics of life decisions that are conceptualized.¹⁷

Moral culture refers to the largest socially effective design for insuring responsible ethically required conduct in relations between individuals and groups.¹⁸

Moral vision is a constellation of emotions and ideas about moral order, the essential qualities of moral action, and the moral potentialities and limitations of human beings.¹⁹

Moralizing institutions are the organized social components of a system of moralization.²⁰

Open-book management means that all employees are given all the financial information about the company on a regular frequent basis. With complete information and the proper incentive, employees behave responsibly without the necessity for layers of supervision.²¹

Out-corporate individual is in contraposition to a corporation and transcends its life politics and ideology by blowing the whistle externally.²²

Outworldly individual is a wise and self-sufficient individual with a superior ideal.²³

Primary stakeholders are financiers, customers, suppliers, employees, and communities.²⁴

Social responsibility is the obligation a business assumes toward society. To be socially responsible is to maximize positive effects and minimize negative effects on society.²⁵

Stakeholder theory is a theory of organizational management and ethics.²⁶

Sustainable Development is a socio-ecological process characterized by the fulfilment of human needs while maintaining the quality of the natural environment indefinitely.²⁷

Triple bottom line means measuring organizational (and societal) success: economic, environmental and social.²⁸

Triple E consists of Effectiveness, Efficiency and Ethics:

Effectiveness is a measure of the degree to which a state intended as a purpose is achieved;

Efficiency is a relation between an effect of a given action and expenditure of its performance;

Ethicality is a dimension of the degree of social consent for performing the action in question in a given culture, the degree founded on values esteemed in the culture and on related norms of conduct.²⁹

Value maximization is value creation for organizational life success.³⁰

Whistle-blowing is the act of reporting by an employee of any corporate or professional misconduct that is likely to result in significant harm to others.³¹

Notes

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2. Merriam-Webster. (1994) Merriam-Webster's dictionary, 50th Anniversary Edition. Springfield: Merriam-Webster, Inc.
3. Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 6.
4. *Ibid.*, p. 124.
5. *Ibid.*, p. 109.
6. The term is an innovation of this work following the philosophical dichotomy between 'ought' and 'is'; that is, what is ought to follow for a business organization according to the theory of Business Ethics does not necessarily coincide with the reality ('is') of corporate ethics practice.
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11. Dumont, Louis. (1992) *Essays on Individualism: Modern Ideology in Anthropological Perspective*. Chicago and London: The University Press, p. 279.
12. This term is an innovation of this book, applying Louis Dumont's term of *the inworldly individual* at the meso level in a modified way.

13. Ibid.
14. Ibid., p. 25.
15. Ibid., pp. 28–29.
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19. Ibid.
20. Ibid.
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23. Dumont, Louis. (1992) *Essays on Individualism: Modern Ideology in Anthropological Perspective*. Chicago and London: The University Press, p. 28–29.
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Introduction

Today we are witnessing the social and political dominance of large corporations. They provide moral values and business principles for their employees. Moreover, they institutionalize their codes of ethics. The theory of Business Ethics provides moral guidelines and standards for corporate life, and real business organizations apply those standards into practice. The individual employee, as a member of a business organization, accepts those standards. Therefore, it is important to examine the foundation of the individual's moral value in Business Ethics, in order to understand the basis on which this foundation depends.

The subtitle *An American Cultural Perspective* has been chosen in order to clarify the perspective of this book on the subject of Business Ethics. Although the text refers to many European ethicists, the birth of Business Ethics as a discipline is shown from an American cultural perspective. The link between US Protestant culture and contemporary concepts of Business Ethics reveals the extent to which this discipline is influenced by a particular culture. The Protestant American mindset is directly related to the perception of an individual in a business organization, which is reflected in the literature of Business Ethics.¹

The literature of this type of Applied Ethics² is rich in reflections on both the individual's moral value and his or her economic value in a business organization. Although in this book I am concerned with *the individual's moral value*, this cannot be understood without the other, economic, value. This is especially clear if we consider the fact that a human being in Business Ethics (especially in its branch of human resource management) is regarded as a resource/capital/asset owned by a business enterprise. After all, humans as resources or as assets are of crucial importance for organizational productivity.³ Hence the individual employee gains value on economic grounds.

2 *The Individual in Business Ethics*

The individual's moral value in a business enterprise becomes clear in at least two situations:

- when the individual complies with the goal of human resource management to align the individual's values with the values of a business enterprise. The premise here is that without organization–employee alignment there is a lack of commitment, dedication, and loyalty. These values directly relate to productivity (see Section 1.2.3.2);
- when the individual possesses certain virtues that are valued in his or her business enterprise (see Section 1.2.1). The premise here is that functioning virtues in an organization make a real contribution to its productivity.

The link between moral and economic grounds is obvious in Business Ethics (as indicated by its name). Thus, it is important to analyse whether the foundation of the individual's moral value depends on his or her status as a human resource and as a corporate asset (this is the first goal of the book⁴). From the perspective of American culture, another analysis is also of primary importance: the analysis of whether the foundation of the individual's moral value in a business organization depends on the Protestant work ethic (the second goal of the book), the tradition in which virtuous human behaviour is a means for efficiency and other benefits.

The way in which the purpose of business is viewed is certainly not a neutral perspective, and neither is the manner in which it is reflected in the literature of Business Ethics. Rather, it is most significantly about life politics and ideology. Considering *life politics* as that which conceptualizes a life course and its decisions (Anthony Giddens) and *ideology* as a social set of representations, the set of ideas and values that are common in a society (Louis Dumont), it is important to analyse whether, in the literature of Business Ethics, the foundation of the individual's moral value depends on the life politics and the ideology of a business organization (the third goal of the book).

The theme of the individual's moral value in Business Ethics is particularly noticeable in its sub-topic of whistle-blowing. The individual employee who becomes a whistle-blower goes public, transcending the confines of his or her business organization, perhaps losing personal human economic asset within that organization, and his or her competence may not be welcomed when it leads to disclosure of harm to society. However, according to the theory of Business Ethics the individual

gains moral value precisely because of whistle-blowing. Some scholars of Business Ethics call whistle-blowers moral heroes, and others even regard them as secular saints (see Chapter 2.3).

A moral hero or a saint has moral value by definition. Business Ethics provides a substantial conceptual ground to analyse whether whistle blowing is the foundation of a distinct out-corporate⁵ individual's moral value (the fourth goal of the book).

The term Business Ethics is treated very broadly in the book, according to the following definition: 'Business Ethics comprises principles and standards that guide behaviour in the world of business.'⁶ This definition is important for the purpose of this book – to embrace the vast variety of themes of Business Ethics that help to comprise principles and standards that guide behaviour in the world of business:

Human resource management;
 Stakeholder theory;
 Corporate social responsibility;
 Sustainable development;
 Code of conduct;
 Application of classical virtue theory to the moral character of employees;
 Application of Kantian duty to the activities of business enterprise;
 Whistle-blowing.

All these themes are discussed and studied in the mainstream literature of Business Ethics. Although some sub-topics may not appear relevant to Business Ethics, the terms are used in journals and textbooks on the subject, and have therefore been selected by the editors or the authors.⁷

A study of Business Ethics by Wojciech W. Gasparski, in a much broader perspective of praxiology and philosophy of human action, opens the conceptual width of this theme and shows that Business Ethics cannot be reduced to an analysis of cases of business practices.⁸ It is sufficient to take a look at the content of acknowledged books on Business Ethics to realize the existence of a myriad of themes and topics in this discipline. For instance, the book *Business Ethics* by Richard T. De George includes chapters on the following topics: conventional morality and ethical relativism; utility and utilitarianism; environment protection and consumer safety; whistle-blowing; marketing, truth, and advertising; accounting, finance, and corporate takeovers; famine, oil, and international obligations, among others.⁹

The variety of themes and sub-topics in the book by Richard T. De George is the rule rather than the exception in Business Ethics. Nijolė Vasiljeviėnė, in the editor's foreword to yet another book called *Business Ethics*, explains: 'The book does not have a homogenous conceptual frame because business ethics as an integrative discipline unites authors of different specialities with different approaches.'¹⁰

Such an approach is congruent with the view of Ashly H. Pinnington, Rob Macklin and Tom Campbell that 'business ethics is not a compartmentalized add-on to business, but a dimension of business and specifically one that is inescapably present in all management decisions.'¹¹ A 'compartmentalized' approach to Business Ethics would eliminate a significant part of the discourse that is important in studying the individual's moral value. Business activities are inseparable from management decisions and directly related to human resource management as well as stakeholder theory, which are a significant part of Business Ethics. The literature on the latter topics sheds light on principles and standards that guide the individual's behaviour in the world of business. And a theme such as corporate social responsibility directly reflects, in its entire discourse, principles and standards that are applied in corporate life.

According to Manuel G. Velasquez, Business Ethics is a specialized study of moral rights and wrongs. It focuses on moral standards as they apply to business policies, institutions and behaviour.¹² Therefore, it is also important to analyse institutionalized codes of conduct and values that are implemented in the world of business.

Such an approach allows us to avoid regarding Business Ethics as an 'add-on' to business. Instead, I will treat this discipline as a discourse that deals with the moral rights and wrongs in the world of business and that guides the individual according to certain principles.

Throughout the book I will capitalize 'Business Ethics' in order to emphasize its distinction from other systems of ethics. For the sake of clarity, I will use a distinction between Business Ethics and *corporate ethics practice*: the former is a theoretical discipline that reflects the world of business and provides moral guidelines for business practice; the latter are the ethical or unethical practices that are actually practised in corporate life. In other words, what is accepted and acknowledged on a theoretical level by the ethicists of Business Ethics does not always coincide with the reality of a business organization.

The aim, the goals and the method of the book

The aim of this book is to analyse the foundation of the individual's moral value in Business Ethics.

The goals of the book are to make clear what the foundation of the individual's moral value depends on:

1. To analyse whether the foundation of the individual's moral value depends on his or her status as a human resource and a corporate asset.

This goal is interrelated with its sub-goals:

- a) To reveal the connection between utilitarian ethics and human resource management;
- b) To reveal the connection between efficient organizational structure and the individual's subordination to such a structure.

2. To analyse whether the foundation of the individual's moral value depends on the Protestant work ethic.

This goal is interrelated with its sub-goals:

- a) To reveal the American historical and cultural context of the evolvment of Business Ethics, in order to explain the relationship between Protestant tradition and contemporary corporate moral culture;
- b) To reveal the relationship between American theory of the purpose of business and the Protestant work ethic.

3. To analyse whether the foundation of the individual's moral value depends on the life politics and ideology of a business organization, on the basis of the literature of Business Ethics and corporate documents.

This goal is interrelated with its sub-goals:

- a) To provide definitions of *life politics* and *ideology* and explain their conceptual relation to the book's topic;
- b) To provide an ideological application of Aristotle's virtue ethics and Kant's deontological ethics to corporate life;
- c) To examine a code of conduct and its values and their influence on the individual employee's subordination to economized life politics and ideology, and how this is related to consumption culture;

4. To analyse whether whistle-blowing theory in Business Ethics provides substantial arguments to argue that the foundation of a distinct out-corporate individual's moral value depends on the transgression of corporate life politics and ideology.

This goal is interrelated with its sub-goal: to analyse the phenomenon of whistle-blowing and the theory of whistle-blowing in Business Ethics in order to examine the individual whistle-blower as the out-corporate individual, who transcends the confines of a business organization.

The method of this analysis is based on critical philosophical reflection, which consists of interdisciplinary approaches:

1. Cultural studies, in order to provide an American historical and cultural context of the evolvement of Business Ethics and to explain the relationship between the tradition of the Protestant work ethic and contemporary corporate life politics and ideology;

(The key authors are: Jean Baudrillard, Daniel Bell, Gertrude Himmelfarb, John Dewey, Leonidas Donskis, Herbert Marcuse, Christopher Lasch, Hannah Arendt and John Carry)

2. Social anthropology and sociology, in order to disclose the double moral meanings of institutionalization of ethics and the corporate program of 'how to live' and in order to reveal the social role of corporate life politics and ideology;

(The key authors are: Max Weber, Zygmunt Bauman, Anthony Giddens, Vytautas Kavolis, Louis Dumont, Alexis De Tocqueville, Peter L. Berger and Thomas Luckmann)

3. Classical ethics, in order to analyse to what extent classical ethics is artificially applied to and distorted in contemporary Business Ethics, and how it is related to corporate life politics and ideology;

(The key classical philosophers and ethicists are: Aristotle (virtue ethics), Immanuel Kant (deontological ethics), Jeremy Bentham and John Stuart Mill (utilitarianism))

4. Contemporary Business Ethics, in order to analyse its major concepts, branches, themes and theories in an attempt to reflect critically on the individual's moral value in both the theory of Business Ethics and corporate ethics practice;

(The key authors are: Peter Ulrich, Henk Van Luijk, Luk Bouckaert, Norman E. Bowie, Ronald F. Duska, Wojciech W. Gasparski, Abdusalam A. Guseinov, Robert C. Solomon, Thomas F. McMahon, Manuel Velasquez, Louis P. Pojman, Henrik Holt Larsen, Wolfgang Mayrhofer, Richard T. De George, Colin Grant, Nijolė Vasiljeviėnė, Peter B. Jubb, Marcel van Marrewijk, Joanna Timmers, Rogene A. Buchholz, Sandra Rosenthal, Christine Swanton and Wim Vandekerckhove)

5. Political philosophy, in order to reflect critically on the role played by corporate interests in creating economized life politics as well as ideology, and how they influence the foundation of the individual's moral value in Business Ethics.

(The key authors are: Plato, Aristotle, Hannah Arendt, Zygmunt Bauman, Anthony Giddens, Louis Dumont, Leonidas Donskis, Boris G. Kapustin, Olli Loukola, Herbert Marcuse, John Dewey and Michel Foucault.)

These methodical approaches are interrelated throughout the book as an interdisciplinary whole.

It is important to note that some key authors quoted or referred to in the book do not fall under one clear category and cannot be classified unequivocally. For instance, Zygmunt Bauman, who is traditionally classified as a sociologist, has applied so many political insights and has raised such a myriad of ethical questions on a global scale that the status of a sociologist does not fully cover his academic magnitude. He could equally well be regarded as a social philosopher, an ethicist and a social critic.

As another example, the key author Louis Dumont cannot be classified solely in the category of sociology, when he has interwoven political philosophy issues with historical, cultural and religious insights in a yet broader anthropological approach.

The original contribution of the book

The original contribution of this book lies in the formulation of its goals, which is unusual in the discourse of contemporary Business Ethics.

In addition, the book analyses whether Aristotle's classical virtue ethics is distorted in Business Ethics. Textbooks of Business Ethics usually apply Aristotle's virtue ethics without question. I also analyse whether Immanuel Kant's deontological ethics is fairly treated in the literature of Business Ethics in an attempt to apply it to corporate practice. Here I argue that such an application of classical ethics is artificial or *sui generis*.

The book's original content is complemented by its interdisciplinary method, which consists of different approaches: cultural critique, social anthropology and sociology, classical ethics, contemporary Business Ethics, political philosophy. These methods are interrelated throughout the book as an interdisciplinary whole.

The book re-conceptualizes Louis Dumont's term *the outworldly individual*, applying it to a meso-organizational level, and introduces the term *the out-corporate individual*, who transgresses corporate life politics and ideology by using the method of *an external whistle-blower*. The term of *the out-corporate individual* opens the theoretical gate to the further philosophical question: 'How far are we to go in defending and promoting individual liberty to transgress corporate life politics and ideology?'

Structure of the book

The book consists of two parts: *The Evolvement of Business Ethics* and *The Individual's Moral Value in Business Ethics*.

The first part is divided into three major chapters (and many sections):

1. *History of Business Ethics*;
2. *The Breakaway of Business Ethics from Classical Ethics*;
3. *Institutionalization of a Code of Ethics and the Politics of the Protestant Work Ethic*.

The first chapter provides cultural perspective on the background of the American Protestant work ethic. The second explores the breakaway of contemporary Business Ethics from classical ethics under the influence of the American Protestant work ethic. The last chapter analyses the relationship between an institutionalized code of ethics and the Protestant work ethic as the result of evolutionary development of Business Ethics.

The second part is also divided into three major chapters (and many sections):

1. *Life Politics and Ideology*;
2. *Corporate Life Politics and Ideology*;
3. *Whistle-blowing as the Foundation of a Distinct Out-corporate Individual's Moral Value from the Perspective of Political Philosophy*.

The second part starts with the introduction of the sociological theories of Anthony Giddens and Louis Dumont, and their key concepts of *life politics* and *ideology*. Once these key concepts for the book have been explained in Chapter 2.1, Chapter 2.2 begins the analysis of how the individual's moral value is dependent on corporate life politics and

ideology. The third major chapter of the second part, Chapter 2.3, provides the perspective of political philosophy in the analysis of *the out-corporate individual*, who stands in a opposition to a corporation.

Literature

This book was written with reference to literature from the following fields: Business Ethics, cultural studies, sociology and social anthropology, classical ethics and political philosophy. In addition to theoretical articles and books, the arguments of the book are also supported by actual corporation documents that are available on the internet.

Part I

The Evolvement of Business Ethics

1.1

History of Business Ethics

The history of Business Ethics is an important part of this text. If one did not know this history, one might be tempted to see this branch of ethics as independent of social and political events. Moreover, the history of the evolution of Business Ethics, as well as the history of its ideas, points towards Protestant values and their religious milieu, where religious morality and the economic goals of capitalism are merged. Therefore, historical context is provided not only for the convenience of the reader, but also because it is necessary in order to fulfil the goals of the book.

1.1.1 Cultural and political reasons for the evolution of business ethics

Contemporary Business Ethics as a branch of applied ethics evolved only after the political turmoil in the 1960s. The Civil Rights Movement and Affirmative Action raised ethical questions for American society to answer. Affirmative Action was born with the famous Executive Order 11246 issued in 1964 for the integration of American blacks under President Lyndon Johnson's policy. But, above all, it was issued in order to end discrimination.¹³

Discrimination in the US was not only a political and moral issue. Discrimination had to be solved for economic reasons as well, since the depth of poverty among African Americans at that time was devastating.

The black median income was little more than half of whites: for every dollar the white worker took home in 1964, the black worker earned 54 cents. Black unemployment in the mid 1960s was twice that of whites and for black males between eighteen and twenty five

it was five times as high. Many black families, particularly those headed solely by women, lived in perpetual poverty, and their number were increasing rapidly.¹⁴

The situation of African Americans had not arisen by chance – it was the result of historical slavery and a deeply rooted American tradition of discrimination according to the values of white Protestant supremacy. Suffice it to recall the massive moral approval of the Ku Klux Klan by the Americans in the 1920s, which was an expression of Protestant values,¹⁵ and we will understand the paradigm shift in the United States in terms of new life politics providing the African Americans with possibilities for emancipation. Keeping in mind that discrimination was a part of a larger moral, political and economic vision of America as the Promised Land, the African Americans were excluded from that vision. Affirmative Action was the result of Civil Disobedience and the Civil Rights Movement led by Martin Luther King. These civil protest movements against stereotypical values of discrimination caused political turmoil, which also ignited moral debates.

The Civil Rights Movement had a direct and powerful influence on the evolution of Business Ethics: the granting of civil rights for blacks inspired women and minorities to seek their rights, which resulted in an increased number of court cases; at this time the universities in the US acknowledged a need for applied ethics. Classical ethics did not function effectively when its concepts were applied to the study of particular cases.¹⁶

Thus, applied ethics evolved only after the political turmoil of the 1960s. That provided the conditions for the evolution of Business Ethics as a branch of classical ethics and as a particular discipline of applied ethics. The theme of Affirmative Action became prominent. The principle of equal opportunity for all individuals 'has long been an important part of American society's ideals, and it has been an inspiration for many disadvantaged groups throughout American history. Today the goal of equal opportunity for all individuals is the main philosophical justification of attempts to eliminate discrimination in the workplace.'¹⁷

Affirmative Action was a rule enforced by the US Department of Labor's Office of Federal Contract Compliance Program. Any organization or business with \$10,000 or more in federal contracts was required to take Affirmative Action on employment. Organizations receiving \$50,000 or more per year in federal funds, and with 50 or more employees, also had to have an Affirmative Action plan.¹⁸

Needless to say, all of this is incomprehensible without the historic speech 'I have a dream', paradigmatic not only in terms of politics but also in terms of employment and equal opportunities. 'I have a dream,' Martin Luther King told the crowd, 'that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character.'¹⁹

However, there is another side of the coin – the literature of Business Ethics and of applied ethics in general provides an entire discourse of the controversial status of Affirmative Action.²⁰ The exclusive status of the American blacks, due to their experience of discrimination, gave them more than equality. Political institutionalization of racial equality through Affirmative Action gave some blacks superior positions.²¹ For instance, in 1987 many black students of Berkeley who were admitted according to Affirmative Action criteria failed,²² but during the enrolment qualification procedure they were treated as subjects of priority for social integration as well as racial representation.²³ Moreover, when Affirmative Action was extended to women and minority groups, it also added moral and political questions, because 'affirmative action encourages employers and educators to consider race and gender in deciding which candidates are most suited for admission, hiring or promotion. In so doing, it condones an idea that public policy ought to condemn – that the individual's worth depends in part on racial, gender and ethnic identities.'²⁴ In other words, this morally and politically controversial policy and social practice, in public institutions as well as in business enterprises, was not based on the individual's merit, qualifications or results produced, but rather on his or her origins or birth.²⁵

American life in the 1960s gave Business Ethics a broader perspective, not only because of the Civil Rights Movement but also because of environmental issues, which became very important. Influenced by the Hippy movement's romantic idea of an alternative society, environmentalists put pressure on corporations to be accountable for pollution: air, water, and solid wastes. 'The ethical question is then posed: What responsibilities must business assume for the clean-up of polluted water and dump sites, in redesigning its products and processes, and in the liability for environmental damage done?'²⁶

In the 1960s there were student protests against the Vietnam War: 12,000 protesters were stopped in 1968 during the Democratic convention in Chicago by the police and National Guardsmen using tear gas and clubs. Marches and demonstrations against the war were a leftist thing and a popular tactic. The organization SDS (Students

for Democratic Society) was established in order to put pressure on America to follow its democratic ideals on racial and political issues.²⁷

Critical discourse and various movements, applications to court and individual cases of unethical behaviour brought to the public notice forced an alteration of US legislation. In 1966 the Hazardous Substances Labeling Act was issued; in 1969 the National Environmental Protection Act; in 1963 the Equal Pay Act; and in 1964 the Civil Rights Act.²⁸

In this context of changing legislation and increasing critical social discourse, textbooks of Business Ethics proliferated. In the 1970s the academic community recognized the social responsibility of business as a distinct discipline. The curriculum of business schools included a new course. Moreover, the expression *Business Ethics* became common in the 1970s and was no longer considered an oxymoron.²⁹

Henk Van Luijk, in his article 'Business Ethics in Europe: a Tale of Two Efforts', explains a different linguistic situation due to conceptual barriers. The term *Business Ethics* was not initially assimilated into European ethics. The German equivalent *Wirtschaftsethik*, Dutch *Bedrijfsethiek* or Italian *etica degli affari* sounded unappealing to European ears.³⁰ The situation changed in the late 1990s. However, in the 1980s Business Ethics was admitted to the curriculum of European business schools and business administration faculties. In 1983 Sankt Gallen University in Switzerland founded the first research position. The first full professorship of Business Ethics was established in 1984 at the University of Nyenrode. 1987 saw the founding of EBEN (the European Business Ethics Network, which by 1998 had 750 members).³¹

Henk Van Luijk argues that moral transformations in the Shell Corporation (the case of Shell will be analysed in Section 2.2.1) were a significant factor in prompting the assimilation of Business Ethics in Europe. Shell created a value of public trust. This was a concrete example of business and ethics merging together in practice.

As a result, this process of American social and political changes, as well as European recognition of moral reflection on business, raised civil consciousness and the benchmark of Corporate Social Responsibility. Thus Business Ethics evolved.

The process culminated in the institutionalization of Business Ethics. In November 1991 the US Congress approved the Federal Sentencing Guidelines for Organizations. Ethical compliance programs were institutionalized.³²

1.1.2. History of ideas of Protestantism and Business Ethics

The evolution of Business Ethics from social and political changes in the 1960s and 1970s reveals an awakening of civil consciousness. American society reacted to real life events, forcing corporations as well as the government toward more social responsibility. However, this perspective neglects the deep Protestant tradition in American society with its parallel theoretical discourse. The evolution of Business Ethics is rooted in Protestant tradition. The Protestant way of linking business and values, bridging the gap between earthly profit and the divine status of business, is no less important in trying to understand Business Ethics history than the social and political processes of the 1960s.

In his article *A Brief History of American Business Ethics*, Thomas F. McMahon locates the origins of American Business Ethics in the 18th century.³³ In the American Protestant tradition business was treated as a religious attitude, and from Benjamin Franklin's perspective wealth was seen as a divine favour. Businessmen were perceived as related to God. McMahon reminds us that in American culture there is even a *Gospel of Wealth*.³⁴

Such a gospel has to be viewed from a cultural, not just an economic, perspective. This wording 'gospel of wealth' refers to business interests as sacred. Such an economized gospel bespeaks the sacred status bestowed on capitalism by Protestantism. One of the paradigmatic examples of its economic culture from American history is Henry Ford.

Neil Baldwin writes that Ford was born in the 'rural backwoods of fundamentalist America' and that his learning started and ended with the McGuffey reader, a culturally and pedagogically prevalent textbook in American schools for nearly a century. These volumes served as a Biblical injection into pupils, 'unabashedly stating that Protestant Christianity was the only true religion in America. "McGuffeyland" was the type of world in which a boy worked with his hands and benefited from the products of hard labor, far removed from the dens of urban iniquity. Such was the lifelong orientation of Henry Ford.'³⁵

According to Henry Ford, in his autobiographical book *My Life and Work*, mass production meant 'the reduction of the necessity for thought on the part of the worker and the reduction of his thoughts to a minimum'. We may judge that *Gospel of Production* is nothing else but the gospel of thoughtless human labour. But, most importantly, here production is ideological, ideology being understood as 'a social set of representations, the set of ideas and values that are common in a society'.³⁶ That

implies that *the moral value of the individual is founded on this ideological gospel of production, treating an individual worker as a means, not an end.*

A new element in 'Fordian work' was enforced rules that forbade leaning against machines as well as sitting, squatting, talking, whistling, or smoking on the job. Ford's workers had to communicate clandestinely without moving their lips in the 'Ford whisper' and wore frozen expressions known as 'Fordization of the face'.³⁷ The latter term can serve both as a metaphor and as empirical data for the individual's subjugation to ideological moral norms of work.

On the other hand, in *My Life and Work* Ford also wrote that 'Power and machinery, money and goods, are useful only as they set us free to live. They are but means to an end.'³⁸ Taken out of context, this may sound like a humanistic approach, softening the capitalist harshness of 'Fordization of the face'. However, it cannot be overlooked that this American businessman justified people working at monotonous jobs for industrial purposes, and believed that the individual was the most efficient when repetitively employed in a Ford-owned automobile factory.

'If a man cannot earn his keep without the aid of machinery, is it benefiting him to withhold that machinery because attendance upon it may be monotonous? And let him starve? Or is it better to put him in the way of a good living? Most jobs are repetitive. A business man has a routine that he follows with great exactness; the work of a bank president is nearly all routine; the work of under officers and clerks in a bank is purely routine. Indeed, for most purposes and most people, it is necessary to establish something in the way of a routine and to make most motions purely repetitive – otherwise the individual will not get enough done to be able to live off his own exertions.'³⁹

This type of Fordian work ethic and work philosophy is ideological, treating humans as tools. Although Ford believed in the value of economic benefit for the individual, it is very far away from the standards of contemporary Business Ethics.

This Fordian case can be viewed as Business Ethics at the beginning of the 20th century. However, on the one hand, it is a distortion and parody of those principles that Human Resource Management is concerned with today. The Fordian work ethic is far removed from the contemporary standards that we find in the institutionalized codes of conduct of business organizations. On the other hand, it has a direct relation with an American Protestant mindset.

The Nobel Prize winner James M. Buchanan, in his book *Ethics and Economic Progress*, puts the case for a very simple economic value: more work is better than less work. Accepting Adam Smith's economic

principle that the division of labour depends on the extent of the market, Buchanan proposes to enhance productivity by working more. 'What happens when we work harder, when we supply more hours to work per week to the market?' asks the economist. 'The answer is obvious: we increase the size of the market, the network of economic interchange.'⁴⁰

In this sense, Buchanan exemplifies the Protestant work ethic in his criticism of the Flower Children. The Flower Children, who are representatives of leisure, do not contribute to economic well-being. They are leisure people, not workers. This is an important aspect, since for the economist 'leisure is different from other valued ends of resources because it is, and must be, a non market good and, hence, beyond the set of goods that are produced with the network of economic interdependence that determines the range of specialization.'⁴¹

This position and argument can be fully understood in the context of the Protestant work ethic. It is sufficient to recall at least two historic proponents of the Protestant work ethic, Franklin and Baxter, in order to identify the source for Buchanan's ideas.

Max Weber provides a quote from Baxter's writing, the concept of which is strikingly similar to Buchanan's:

Keep up a high esteem of time and be every day more careful that you lose none of your time, than you are that you lose none of your gold and silver. And if vain recreation, dressings, feasting, idle talk, unprofitable company, or sleep be any of those temptations to rob you of any of your time, accordingly heighten your watchfulness.⁴²

This Puritan, not just Protestant, approach is valued by Buchanan too, as he clearly states that leisure time has no economic value. Moreover, he contends that it is unethical to retire even if one can afford an early retirement.⁴³ According to the economist's example, if a professionally competent radiologist who is at age 45 making \$200,000 retires and lives off his accumulated savings, he is immoral.⁴⁴ Buchanan believes in the individual's moral obligation to work and live for the common good. This idea is also found in Baxter's writings, which Max Weber holds to be representative of the Puritan conception of a vocational calling that is supposed to permeate the whole individual:

'Question: But may I not cast off the world that I may only think of my salvation? Answer: You may cast off all such excess of worldly cares or business as unnecessarily hinder you in spiritual things. But you may not cast off all bodily employment and mental labor in which *you may serve the common good*. Everyone as a member of Church or

Commonwealth must employ their parts to the utmost for the good of the Church and the Commonwealth. To neglect this and say: I will pray and meditate, is as if your servant should refuse his *greatest* work and tie himself to some lesser, easier part. And *God hath commanded you some way or other to labor for your daily bread and not to live as drones off of the sweat of others only.*⁴⁵

The common economic value for Baxter and Buchanan is the individual's service for the common good. The individual's moral value is dependent on the work ethics that comprises Protestant capitalism. Work ethics is one of the ethics that provides *the foundation of the individual's moral value*. In other words, the individual cannot be morally valued if he or she does not follow a moral guideline for socially effective and ethically required Protestant conduct.

This line of argumentation is important to Christopher Lasch, who argues that in the 20th century success appeared as an end in its own right. He arrived at this conclusion after a survey of the Protestant tradition: according to Lasch, the 19th century put little emphasis on competition. Achievement was measured not against the achievements of others 'but against an abstract ideal of discipline and self-denial. ... Success retained moral and social overtones, by virtue of its contribution to the sum of human comfort and progress.'⁴⁶

Being nostalgic over the moral aspects of the past, Lasch evidently ignores the individual's subordination to the Protestant requirement for this-worldly asceticism within the capitalist economy. Rather, it is what he calls a 'contribution to the sum of human comfort and progress'.⁴⁷ Moreover, according to Lasch, the pursuit of wealth in the 20th century lost moral meaning. Being critical of the contemporary work ethic, he argues that the original work ethic contained self-improvement at its core. Today 'self-preservation has replaced self-improvement as the goal of earthly existence.'⁴⁸

Buchanan, in his definition of idleness – 'we define idleness by its opposite; a resource is idle when it is not "at work", when it is not "employed"'⁴⁹ – shares the same economic values as Benjamin Franklin. His famous piece of advice to return credit on time, that time is money, and, needless to say, the very utilitarian emphasis on economic activity also condemn idleness. Leisure in general cannot be valued, as it is not profitable.

All in all, the paradigm of Buchanan's work ethics is not different from the concept of the Protestant vocational calling, the conceptual *Beruf*. In the Renaissance, Luther used the German word *Beruf* in his translation of the Bible; it soon became a theological concept referring to the following: one has a calling for a certain profession and this

calling is given by God.⁵⁰ The idea of *Beruf* matched the theological needs of Calvin, who was eager to solve the puzzle of the doctrine of predestination: who is destined to go to Heaven, who is condemned to go to Hell? In the Middle Ages St Augustine claimed that God's grace is the determinant of salvation. Calvin modified that doctrine. According to him, one was supposed to have signs of divine illumination for the future salvation. It was decided that the best sign was to be diligent at work and obedient to God and the Church. Even attentive listening to a sermon on Sunday was a sign of illumination of God, which was a matter of divine grace. An ascetic lifestyle based on hard work and a money-saving attitude was seen as the only suitable way of life. Leisure and amusement signified condemnation. The meaning of *Beruf* in its broadest sense was constructed around work value, not amusement or leisure. As the words of Baxter explain, the moral organization of life was based on economic discipline, which Weber calls this-worldly asceticism.⁵¹

According to Max Weber, Protestant religious values were in agreement with capitalist interests. Although the capitalist economy is worldly, it became regarded as a basis for moral examination. Religious values having been tied to economic values, the Catholic dichotomy – inherited from the Middle Ages – between dirty earthly material wealth and spiritual wealth disappeared. This-worldly⁵² asceticism served as a tool for economic purposes, though it was supposed to serve the eternal purposes of religious salvation.

Hence, Protestant inquisitions – be it in Calvin's Geneva or in the Puritan New England of the US at the end of the 17th century (the trial of the witches of Salem) – were manifestations of dictatorial control of preset values. Christian demonology mixed with the doctrine of predestination served as a moral tool for the inquisition of the individual. The accusation of *maleficium*⁵³ and demonology in general, in this context, have to be understood as a means to subordinate the individual to Protestant morality. Thus, when Buchanan in the 20th century condemns leisure and reduces values to an economic level, his words resonate not only with the Protestant ethic in general but with the moral organization of its this-worldly ascetic life in particular.

One only needs to recall that in the state of Massachusetts in the 18th century it was prohibited by law to travel on Sundays (because one was supposed to rest before Monday's work) in order to see the extent to which human behaviour was subordinated to the Protestant social, economic and religious ethos. Alexis De Tocqueville reminds us that on weekends in New England the youth did not party; the youth was getting ready for Monday.⁵⁴ Thus, the workdays were sacred, not the

weekends! Leisure was for work, not work for leisure, as is the case in contemporary consumer society.

Considering the fact that Buchanan ardently favoured the value of work, it is rather unimaginable that the economist would not appreciate the principles of morality that were institutionalized by the Protestant Church and State law. This institutionalization supported an economic mindset and capitalist work value. As Daniel Bell notes, in the US, the mystical Protestant character of Jonathan Edwards and an orientation towards prayer and suffering were surpassed by the utilitarian, practical and perhaps opportunistic teachings of Benjamin Franklin.⁵⁵ The latter were the decisive factor for the American capitalist economy. The individual was taught to labour diligently and to believe in God simply because it is beneficial both for the individual and for the community. Here lie the beginnings of the American work ethic. Business as earthly activity was connected with a methodical lifestyle and religious values. A utilitarian type of Protestantism removed the psychological barrier to fusing economic interest and morality.⁵⁶

Economic interests and moral values were ardently separated in the Middle Ages. Suffice it to recall the Christian paradigm that kept material values and spiritual values separated, which Aaron Gurevich reveals by showing us two different cultures, one of the burgher and the other of the knight. A knight was not rejected by the church regardless of his prodigal expenditures and love affairs, but a merchant and a tradesman, who would lend money for the usury business, were condemned, considered as the biggest sinners.⁵⁷ Thus, utilitarian Protestant culture is a contrast to the Catholic tradition. In the American utilitarian version of Protestantism, money and religious salvation merged culturally and religiously, socially and economically. To unify business, money and capitalism in general with moral values, Franklin emphasized expediency with self-interest and practicality. Self-interest was presented as a valued virtue rather than as an egoistic sin. All his thirteen virtues – sobriety, quietness, tidiness, resoluteness, thrift, diligence, honesty, fairness, temperance, cleanliness, calmness, chastity and obedience – were for a utilitarian purpose. In summary, to be ethical is economically and religiously beneficial.

Considering the fact that Max Weber held Franklin's utilitarian spirit to be a product of adaptation to the forms of business and economic structures,⁵⁸ it can be said that contemporary Business Ethics theory resembles Franklin's version of utilitarian Protestantism more than it resembles the ascetic Protestant work ethic based on the doctrine of predestination. First of all, contemporary Business Ethics is secular.

Hence, there is no need for divine grace and the signs of illumination. And, although Franklin advocated religion, in his conception religion served as a means to economic ends in the context of the American Enlightenment to cultivate America, the new continent. America's expansion westward in the eighteenth and nineteenth centuries played a key role in the nation's development. The frontier had been the primary force in shaping American history.⁵⁹ 'The advance of the frontier has meant a steady movement away from the influence of Europe, a steady growth of independence on American lines.'⁶⁰ Western wilderness had to be transformed into civilization, and for that reason moral values had to be established as well. Peter Cartwright, a pioneer Methodist evangelist, brought Protestantism to the new settlements in the West. The emphasis was on civic virtue and the importance of education, which Methodists regarded as essential ingredients of communal stability.⁶¹

The emphasis was on here-and-now social benefits. Moreover, Franklin was an advocate of earthly moneymaking as a vocational calling. According to Weber, it was recognized that the capitalist economic order 'needs this devotion to a "calling" of moneymaking. This devotion could be seen as a type of behaviour, in respect to external consumer goods, closely tied to this economic structure and the conditions of the Capitalist order's victory in the earlier economic struggle of existence'⁶²

In other words, Franklin created a modified Protestant value-rational action,⁶³ which was morally obligatory according to the demands of economic reality: the victory of capitalism needed the individual's devotion, religious and economic. For instance, the US preacher and writer 'Ward Beecher, defined "the beau ideal of happiness" as a state of mind in which a man is so busy that he does not know whether he is happy or not.'⁶⁴

It is a discourse of the American Protestant tradition. Franklin's foundation of the individual's moral value, a personal calling for moneymaking via diligent work in support of the economy, is a part of this discourse.

Contemporary Business Ethics was born in the US and is not detached from its tradition and mentality. Just as in the Protestant tradition capitalism provided a moral guideline, contemporary Business Ethics also provides a moral guideline.⁶⁵ It has an essentially practical and economic purpose. And this purpose was perceived by society when the level of social responsibility rose due to the civil movements in the US. As contemporary Business Ethics critically examines what is morally

wrong and right, the Protestant approach to business activities also examined virtuous behaviour in terms of wrong and right; but the latter proceeded by applying a preset theological guideline for moral behaviour. The Protestant work ethic and the methodical lifestyle were not separated from a prescriptive theological thinking, whereas contemporary Business Ethics arose descriptively from various civil rights movements and their discourses in the 1960s in the US. The discourse of environmentalists, which criticized corporate irresponsibility for pollution of the planet; the organization of the Students for a Democratic Society, which criticized the government for the Vietnam war; the Civil Rights Movement with its charismatic leader Martin Luther King, which criticized the politics of discrimination; Betty Friedan's feminist manifesto, so vividly expressed in her book *Feminine Mystique*, which criticized male social dominance; and the movement of hippies and Flower Children, who valued leisure but not the work ethic as they in principle did not believe in the capitalist social system; all these descriptively forced a re-evaluation of the capitalist work culture. It was questioned by civil society, and classical ethics had to be applied to practical issues in order to solve social, economic and political conflicts. It was realized that American society needs descriptive ethics that provides for the factual investigation of moral behaviour and beliefs.⁶⁶ Thus, in the realm of Classical Ethics, a branch of Business Ethics evolved.

However, the evolvement of contemporary Business Ethics did not deny the Protestant values of the past. This is evident from the historico-political perspective. Comparing the political reasons for the evolvement of Business Ethics in the US in the 1960s with the political reasons for Protestant values in the US in the 18th century, we discover that there is a correlation between economic, as well as political, goals and moral values.⁶⁷

American independence, achieved via revolution against the British, was exceptionally closely linked to Protestant values: personal salvation by hard work in a colonized country was a contradiction. If in the 18th century France was anti-ecclesiastical, political interests in America went hand in hand with the religious idea of America as *the Promised Land* of God. The vision of *the Promised Land* was both political and religious, economic and moral. The democratic spirit was in perfect accord with Protestant sects and shared a common ideal of personal salvation through hard labour and the organizational structure of the community. In the United States, just as in England, religion was a democratizing and a liberalizing force.⁶⁸ Keeping in mind controlling nature of Protestant work ethic, democratization and liberalization is a paradox.

Consequently, the capitalist ethos came into being, building on the political ideas for a brighter future. Gertrude Himmelfarb reminds us of the words of Alexis De Tocqueville, who pointed out the coherence of political democracy and religious limitations: 'The religious atmosphere of the country was the first thing that struck me on arrival in the United States.... While the law allows the American people to do everything, there are things which religion prevent them from imagining and forbid them to dare.'⁶⁹

According to Himmelfarb, the Founding Fathers had realized from the very beginning that religion was necessary to maintain the moral order, as it helps to preserve the social structure. Thus, from the very beginning of America's independence, freedom, economic interest and religious values went hand in hand. The Founding Father George Washington warned his countrymen that 'of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports';⁷⁰ the Founding Father Thomas Jefferson, a non-believer who would go to church regardless of his atheistic position, said that 'no nation has ever existed or been governed without religion.'⁷¹ Moreover, the Declaration of Independence itself, announced in Congress on 4 July 1776, stated that 'for the support of this declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor.'⁷² In this context it is rather clear that God was 'Protestant' and that Protestant values worked for the purpose of economic and political survival.

Contemporary Business Ethics, this time secular, also evolved for the purpose of more socially responsible economics and politics: civil society wanted to humanize workplaces and capitalism. Thus, Business Ethics, as a tool for the humanization of the economy, also provided democratization and liberation – for women, American blacks, students and minorities – whereas corporations had to follow business principles.

In this sense, contemporary Business Ethics is a continuation of what began with the Protestant tradition. Contrary to Christopher Lasch's argument, it might be stated that self-improvement has not disappeared in the contemporary social world, because Business Ethics raised the benchmark for social responsibility and the humanization of capitalism. The moral characteristics of business practices, judged in terms of the Protestant discourse, have merely taken on a new form. However, this new form is not free of ideology in Louis Dumont's sense, which means a social set of representations, the set of ideas and values that are common to a society. The Protestant tradition and the roots of the American capitalist ethos shaped the way social responsibility

and the humanization of capitalism took place. A specific set of ideas and Protestant values that were held in common – starting with the Founding Fathers of America and ending with Lasch’s nostalgia over self-improvement – testify to ideology.

American Protestant discourse and the discourse of the evolvement of Business Ethics also have to be understood in the light of *moralizing institutions*, *moral vision*, and corporate *moral culture* – the sociological terms of Vytautas Kavolis (see Glossary). By revealing the cultural, economic and political direction of Business Ethics development in the milieu of Protestantism, we also revealed its moral culture: work value became the individual’s value for self-improvement, which was understood as a socially effective design for ensuring responsible – ethically required – conduct in relations between individuals and groups.

This allows us to affirm that Business Ethics, as a moral culture of the Protestant capitalist ethos, provided *the foundation for the individual’s moral value*. However, and this is important, Business Ethics, which evolved from the Protestant work ethic, is only one of many ethics that provide such a foundation.

1.2

The Breakaway of Business Ethics from Classical Ethics

Business Ethics is a branch of applied ethics. Major concepts of classical ethics are applied in Business Ethics. The most dominant are Aristotelian virtue ethics, Kantian deontological ethics, and utilitarianism. However, the nature of the evolvement of Business Ethics (looked at from the American cultural perspective) bespeaks a different type of ethics from those that are enthusiastically applied to it. In the following three sections we will analyse the extent to which Aristotelian virtue ethics, Kantian deontological ethics, and utilitarianism are applicable to Business Ethics.

1.2.1 Aristotle's Virtue Ethics and Business Ethics

Aristotle's virtue ethics is an integral part of the Philosopher's political studies of a *polis* – the Greek word 'to express what we mean by society'.⁷³ Social and political life is inseparable from the virtuous life. A virtuous person has a functional meaning – the fulfilment of a proper task living well in a *polis* and pursuing the goal of eudaimonistic happiness. According to Aristotle, without virtue this cannot be attained. Virtuous behaviour here denotes functional excellence striving at happiness/*eudaimonia*, which is valued for its own sake. Happiness is an end. 'We choose everything for the sake of something else – except happiness; for happiness is an end.'⁷⁴ But 'the happy life' is 'regarded as a life in conformity with virtue. It is a life which involves effort and is not spent in amusement'.⁷⁵ Consequently, the functional purpose of a *polis* cannot contradict the purpose of the individual, who, as a *polites* (a citizen or a member of a *polis*), can fulfil himself only in the social and political *koinonia* (sharing, participation). It is a central feature of Aristotle's *politeia*.⁷⁶

Thus, both the citizen and the city/state are there for virtuous activity in order to achieve self-actualization and a perfect practice of goodness.⁷⁷ Wealth and security can only be the means to this, not an end. Moreover, the activities designed for profit, namely, trade and manual labour, Aristotle regarded as unfit for a free man. Slaves and foreigners could not be a part of the collection of equal citizens and they could not share the common goal of a virtuous life and the highest good that is happiness, as it is said: 'the citizens must not live the life of mechanics or shopkeepers, which is ignoble and inimical to goodness.'⁷⁸

In the literature of Business Ethics this aspect is not emphasized, or is overlooked. However, the idea that shopkeepers and tradesmen are not fit for the best way of life of *koinonia* in a *polis* creates a fundamental barrier to the effort to apply Aristotle's virtue ethics to Business Ethics, which is meant for utilitarian purposes – to use ethics and business as compatible fields that can help to deliver profit, ensure efficient trade, organize a humane business, and set the principles for managerial behaviour.

Thus, the functional purpose of a business organization that uses Business Ethics is fundamentally different from the functional purpose of a *polis* that uses Aristotle's virtue ethics and is based on the principle of *koinonia*. The end of the former is efficiency, and therefore virtuousness is a means to efficiency. The end of the latter is a virtuous life, to which the efficiency and skills of tradesmen, farmers and slaves are the means.

Moreover, the organization of a business today is not the same as that of a *polis* in Aristotle's times. As Peter Hadreas observed, 'modern corporate business fosters some of the functions of a polis, but it does not foster all of them. No one with any claim to the well-being of a population would make corporations, singly or in groups, the sole governing body of contract rights, taxation, law courts and education.'⁷⁹ In other words, a modern corporation has fewer social and political functions than the Ancient Greek *polis* had.

And there is one more difference – the conception of the art of making money. This art promotes dissatisfaction, since there is no end to it, whereas a virtuous behaviour is based on following the Golden Mean. The moneymaker develops desires for an endless object, and this desire has a name – greed. For Aristotle greed is in conflict with conscientious character: under certain circumstances a greedy person may not act according to conscience.⁸⁰

Manuel Velasquez in his book *Business Ethics: Concepts and Cases* asks: What exactly is a moral virtue? His answer is very Aristotelian:

A moral virtue is an acquired disposition that is valued as part of the character of a morally good human being and that is exhibited in the person's habitual behavior. A person has a moral virtue when the person is disposed to behave habitually in the way and with the reasons, feelings, and desires that are characteristic of a morally good person. A person possesses the virtue of honesty when the person is disposed habitually to tell the truth and does so because he believes telling the truth is right ...⁸¹

The author of these lines contends that Aristotle provided the most significant theory of virtue. According to him, Aristotle argued that a moral virtue is a habit that enables a human being to act in accordance with the specific purpose of human beings. That specific purpose of human beings, according to Velasquez's interpretation of Aristotle, is acting reasonably. This is why the ancient Greek philosopher provided the concept of a moral virtue as a mean between two vices, one of excess and the other of deficiency. Reason helps to identify what is excess and what is deficiency.

Velasquez applies the virtue theory to Business Ethics, believing that institutions and organizations form characters. Institutions can be evaluated according to virtue theory: 'large bureaucratic organizations make people less responsible'.⁸² But, more interestingly, he also fuses virtue ethics with utilitarian ethics as well as rights ethics and justice ethics. According to his argument, all these theories of ethics have principles that are not mutually contradictory.

Justice, for example, is the virtue of being disposed to follow principles of justice. Some virtues are dispositions that our moral principles require us to develop. Utilitarianism, for example, requires us to develop dispositions such as kindness and generosity that will lead us to enhance the happiness of people. Hence, there is no conflict between theories of ethics that are based on principles and theories of ethics based on virtues.⁸³

The fusion of utilitarian and Aristotelian virtue ethics is pragmatic: it enables Velasquez to evaluate organizations according to their virtues for the purpose of utilitarian business maximization. For this reason the Aristotelian virtue theory is applied here: its application to the

contemporary Business Ethics is useful. However, in terms of concepts and their tradition, the question is whether such a union of different ethics is not contradictory.

The philosophical tradition of utilitarian thinking and the Aristotelian thinking of virtue ethics belong to different periods and contexts. In the context of Business Ethics, utilitarianism means utility maximization. This meaning is congruent with the American Protestant discourse of work ethic. The idea of the *greatest happiness principle*, so attractively coined by Jeremy Bentham (the belief that benefit can be calculated by deciding what is objectively the best way for social development to be legislated)⁸⁴ and promoted by John Stuart Mill (the belief that justice and utility are connected and should be legislated),⁸⁵ is congruent with the principles of capitalist business: business is for profit and, hence, its efficiency and utility value is of great importance.

However, this is incongruent with Aristotle's virtue ethics. To the Philosopher it was evident that a happy life is based on a virtuous life, but his *Nicomachean Ethics* nowhere shares the belief that happiness is for the greatest number. After all, *polis* and *oikos* were separated, and eudaimonistic happiness was not meant for the dependents of the daily routines of the household.⁸⁶

According to Aristotle's ethics, a virtuous person avoids extremes of excess and deficiency. Extremes have to be avoided at work and during free time. However, there is no objective criterion or method to identify an individual virtue in an individual case. Abdusalam A. Guseinov contends that Aristotle thought virtues were an art for leading a virtuous life, but he provided no answer to the question *what is a virtue?* According to this distinguished Russian ethicist, Aristotle's understanding of a moral personality was based on the freedom to discover a subjective mean between the two extremes of excess and deficiency. A virtue is a matter of the individual ability to use practical wisdom. According to Abdusalam A. Guseinov, the criterion is within the individual; virtue shines from within; Aristotle, in fact, repeatedly affirms that a virtuous act is an act of a virtuous person.⁸⁷ For instance, the courageous man is the one who acts courageously, 'who endures and fears the right things, for the right motive, in the right manner, and at the right time, and who displays confidence in a similar way. For a courageous man feels and acts according to the merits of each case and as reason guides him',⁸⁸ says the Philosopher of Ancient Greece.

The latter quote is also used in A. A. Guseinov's⁸⁹ work. His conclusion is that Aristotle refused to provide a definition of a virtue because

there is no such definition; there is only a particular moral person who is the agent of a virtuous behaviour.⁹⁰

In Business Ethics we find a different approach. One of its definitions says that Business Ethics comprises principles and standards that guide behaviour in the world of business.⁹¹ As will be argued later on (see Section 1.2.3.2), these principles and standards are empirically tested: if the consequences in a business market are negative, then different principles and standards have to be applied. Therefore, Human Resource Management is not interested in producing moral behaviour for the sake of morality *per se*, but for its organizational functional purpose – to manage an alignment between the individual and organizational collective and its standards. The individual as the agent of virtuous behaviour works for business purposes. The question of what virtuous behaviour is the most efficient is answered by Human Resource Management according to the principles and standards of a business enterprise. Ultimately, the individual and his or her business organization are guided by economic interests.

For Aristotle, virtuous behaviour is also functional. But, as was argued at the beginning of this section, virtuous life is the end in eudaimonistic ethics. The end lies in a virtue, in knowing how to avoid extremes of excess and deficiency. The ethical concept of *aretē* – virtue, excellence, goodness – in Aristotle's thought is the foundation for the individual's function of *zoon politikon*. The life and function of a human being *qua zoon politikon* is beyond economic interests. Aristotle's virtue ethics provides the foundation for the individual's moral value independently of economic efficiency.

Contrary to the economic interests of a business organization, Aristotle argued *pro* freedom from economic necessity. Happiness is achieved by being free from economic necessity. It is a condition of Aristotle's philosophical contemplative life. Aristotle's *Nicomachean Ethics* tells us that *eudaimonistic* contemplation is the most noble activity: 'The activity of the divinity which surpasses all others in bliss must be a contemplative activity, and the human activity which is most closely akin to it is, therefore, most conducive to happiness.'⁹²

Needless to say, Human Resource Management does not deal with philosophical contemplative life. It was born because of 'the decreasing influence of industrialization and the increasing complexity, combined with the growth of knowledge-intensive service...'⁹³

Considering such major differences in the concept of virtue and happiness, the fusion of Aristotelian virtue ethics and utilitarian ethics is not possible. However, Velasquez is not the only author to have made such a combination popular in the theory of Business Ethics.

Robert C. Solomon in his article *Business Ethics and Virtue* believes that virtue ethics is a relative matter. What was a virtue for Aristotle in Athens may not be a virtue at IBM or at Microsoft Inc.⁹⁴ The author reminds us that there is a distinction between moral virtues and non-moral, such as congeniality or a good sense of humour. The latter might be regarded as business skills in terms of cooperation-enhancing behaviour.

According to Solomon, relativism of virtues is mainly due to relativism of values. A loss of certain values causes a loss of certain virtues. In other words, if certain virtues are not valued, those virtues are not practised. He uses the expression 'the aging of virtues'. It is argued that virtues change with time. Solomon contends that 'what once was a virtue may well become a vice, and what was a vice for one generation may well become a virtue for the next.'⁹⁵

The author ends his article by expressing his personal belief that, in a business society, trustworthiness and cooperation seem to be non-relative virtues, because they are essential to any form of market (or non-market) society. He even believes that making a profit is merely a means.⁹⁶

This position highlights an idealistic approach to Business Ethics. Solomon's assertion that trustworthiness and cooperation are non-relative virtues because they are essential to market/business society excludes from everyday reality all the managerial techniques and cunning strategies of businessmen who hide information or spy for it.⁹⁷ Solomon does not dramatize the facts of unethical business practice. For instance, the world-wide deconstructed illusion of Enron corporate trustworthiness and its cooperation with society only warns that 'non-relative' virtues and trustworthiness are more a desirable ethical *ought* than a reality of American business.⁹⁸

First of all, the virtue of cooperation in organizational life cannot be free from organizational politics, which, according to Velasquez, is studied by only a few ethicists. As a result, Business Ethics theory does not have a developed position on the issue of organizational life politics and its power. One of the few articles on the subject, written by Gerald F. Cavanagh, Dennis J. Moberg and Manuel Velasquez, calls our attention to social practices such as informal coalitions, which use informal power and construct organizational politics. For these authors it means that 'political uses of power demand explicit consideration of ethical restraints, in part because current management theory focuses on the value of outcomes rather than on the value of the means chosen.'⁹⁹

Secondly, Solomon's cooperation between corporate organization and society as a non-relative virtue does not question the secret interests

of stakeholders and shareholders. The ethicist takes a totally contrary position: for him 'even the most devious business dealings presuppose an atmosphere of trust, and competition is possible (as in games) only within a context of general cooperation.'¹⁰⁰ However, as soon as one starts questioning the virtues of trustworthiness and cooperation, critical reflection inevitably leads to managerial techniques that often resonate more with Machiavellian *virtù* and *Fortuna*¹⁰¹ than with Aristotelian *aretē* – virtue, excellence, goodness. When an author such as James M. Humber analyses the theme of *Honesty and Organizational Communication*¹⁰² and observes the fact that organizational communication as such distorts the truth, then there is a natural suspicion that pure non-relative virtues of cooperation and trustworthiness are an ideal to be wished for. In other words, when Humber notices that organizations have problems with upward communication as well as with downward, then the following question arises: how can there be trustworthy corporate cooperation with the community if there are problems with communication inside a corporation? It is a strong but expected point for Humber to state that various distortions of truth occur in all organizations to varying degrees. By the same token, distortions of trustworthiness and cooperation occur as well.

The ethical problems with implementation of participation into the everydayness of corporate life support Humber's argument that honesty is an ethical problem because organizational communication does not reach the truth. A case study of the Belgian HBK Spaarbank shows that, although Human Resource Managerial strategy was meant to promote employee participation in decision-making, in reality the employees lacked such an opportunity and were painfully humiliated when HBK was sold to M&N. The shares were sold to M&N without consultation with HBK employees.¹⁰³ The earlier institutionalized policy of participation vanished. "Participative philosophy" of HBK did not lead to an active employee involvement in such an important issue.¹⁰⁴ Thus, it seems that with the end of the participative philosophy the individual employee lost moral self-esteem. This is an example that indicates the extent to which the individual is managed at a time when the individual does not even know the end results, since 'for each HR practice, there are winners and there are losers: those who get the job, or receive a portfolio of benefits, and those who do not.'¹⁰⁵

This case illustrates that cooperation and trustworthiness, the virtues proposed by Robert C. Solomon as non-relative, in practice depend on relative conditions – those who have superior positions may turn 'participative philosophy' into an illusion. Thus, when Solomon states that

'even the most devious business dealings presuppose an atmosphere of trust, and competition is possible (as in games) only within a context of general cooperation,¹⁰⁶ the case of the Belgian HBK Spaarbank tells a different story – the most devious business dealings do not presuppose an atmosphere of trust.

However, a theoretical common touch point between Robert C. Solomon's Business Ethics and Aristotle's virtue ethics could lie in the notion of *koinonia* – the concept of participation in common matters. According to Aristotle, just like a knife functions well (*ergon*) when it is sharp, a citizen functions well when participating in the life of a community or *polis* and sharing judicial responsibilities.¹⁰⁷ In addition, Aristotle valued friendship among citizens, which has to be understood in terms of quality relations.¹⁰⁸ In contemporary language it could be called cooperation virtue of the employees and managers as well as stakeholders. Quality relations and functioning of the employees and various stakeholders is part of a business enterprise's efficiency. In this context it is natural for an ethicist of Business Ethics to regard cooperation as a non-relativistic virtue. Hence, trustworthiness is also a virtue. Cooperation as a virtuous act has to stem from quality relations among employees and managers.

From this perspective the position of Solomon becomes clearer; he states it in his article *Aristotle, Ethics and Business Organizations*.¹⁰⁹ According to the American ethicist, Aristotle believed that a citizen is a member of a larger community, a *polis*. By the same token, Solomon contends that we have to think of ourselves as members of a corporation, the neighbourhood, the city or our country. Just as Aristotle's good citizen has to strive to excel in social and political life by bringing out what is best in him, so must we, as members of a corporation and business organization, bring the best of our virtues to our *polis*, the business enterprise.

According to Peter Hadreas, putting Aristotle's views on business organization into a modern perspective is a matter of speculation. Hadreas argues that we have to keep in mind that Aristotle's world had nothing to do with the modern corporation. He argues as follows:

'In the Ancient world, markets developed along with urbanization. The shift in the meaning of the Greek word *agora* from "place of assembly" to "market" signals the shift in the installing of permanent retail-markets in urban centers.... The capacity of an incorporated business to be officially disconnected from national or political interests bears little or no comparison to any institution in Greece of Aristotle's day.... Putting his views on business organizations into a modern perspective is, of course, speculative.'¹¹⁰

Today, contrary to Aristotle's experience, business entrepreneurs use their economic power to create consumption culture. As John Hendry

contents, 'for at least 150 years now the balance of power has been shifting slowly but inevitably in favor of business. ... Business has itself become the dominant social institution.'¹¹¹

In addition to this major gap between the status of the Ancient Greek *polis* and the contemporary business institution, the end of business enterprise is economic efficiency, not virtuous life, which is a means, whereas in Aristotle's *polis* the end has to be virtuous life, not economic efficiency, which is a means. It is better understood in the light of the Philosopher's preference for a noble and high-minded moral character in a citizen. Aristotle was fond of the high-minded man, who is concerned with honours and has a moderate attitude toward wealth. The point is that financial fortune is inferior to the excellence of character.

Aristotle is clear on this:

Whoever possesses the goods of fortune without possessing excellence or virtue is not justified in claiming great deserts for himself, nor is it correct to call him high-minded, for neither is possible without perfect virtue.¹¹²

Aristotle's virtue ethics is above an economic level. *Oikos* and its economic matters are for those who cannot have the good life of a *polis*, which cannot be fully understood without the conception of leisure. Self-actualization of the high-minded person and the good life is impossible without leisure.

It is therefore evident that the qualities required for the use of leisure must belong [to the city as well as the individual]; for, we have repeatedly argued, peace is the final end of war and leisure the final end of work. ... A number of necessary conditions must be present.¹¹³

The thought of Aristotle here lies in the ethics of self-actualization: self-actualization is possible only if one is free from the laws of necessity. The economic conditions must be satisfied, and they serve only as a tool. The philosophical divine element is discovered in contemplation, which is the noblest activity of a wise man. The life of *theōria* that is available to us because of our theoretical mind (*nous*) is divine and superior to human earthly life matters.¹¹⁴

Business Ethics does not offer this type of goal for business organizations. Nor do managerial ends include a dimension of contemplative life, whereas *eudaimonistic life* for Aristotle could hardly be reduced to managerial ends. Contemplative life – as the key ingredient in *eudaimonistic* ethics – has to lead to the discovery of the divine element within the person.¹¹⁵ And this is not in aim of managerial competitive goals or profit; it is for the individual's moral excellence, which is for its own sake.¹¹⁶

However, in some texts of Business Ethics this dimension of Aristotelian *eudaimonistic* ethics is completely forgotten or ignored, as if it were of secondary importance. For instance, the co-authors O. C. Ferrell, John Fraedrich and Linda Ferrell argue in their collective monograph *Business Ethics: Ethical Decision Making and Cases* that virtues are necessary for the proper functioning of a market economy. 'Indeed, virtue theory could be thought of as a dynamic theory of how to conduct business activities.'¹¹⁷ In this book we find a table called *Virtues that Support Business Transactions*. Those virtues are: trust, self-control, empathy, fairness, truthfulness. Cooperation is not included, but it seems that it is just a matter of wording.

On the virtue of trust it is said that 'trust prevents activities that monitor compliance with agreements, contracts, and reciprocal agreements and saves costs associated with them. There is the expectation that a promise or agreement can be relied on.'¹¹⁸

On the virtue of self-control it is said that 'it indicates the ability to avoid exploiting a known opportunity for self-interest. The tradeoff is between short-term self-interest and long-term benefits.'¹¹⁹

On the virtue of empathy: 'it promotes civility because success in the market depends on the courteous treatment of people who have the option of other competitors. The ability to anticipate needs and satisfy customers and employees contributes to a firm's economic success.'¹²⁰

On the virtue of fairness: 'fairness often relates to doing the right thing with respect to small matters to cultivate a long-term business relationship.'¹²¹

And on truthfulness we have: 'telling the truth involves avoiding deception and contributes to trust in business relationships.'¹²²

All these virtues are reduced to the economic level and none of them is for pure *eudaimonistic* happiness.

This reduction, which is substantiated by the theory of Business Ethics, indicates the breakaway of Business Ethics from Aristotle's virtue ethics. This breakaway is not formulated in the theory of Business Ethics. On the contrary, it is applied in a distorted way, which requires an American cultural perspective to understand.

1.2.2 Deontological Ethics and Business Ethics

In the following section I will make an attempt to identify the major differences between Kantian deontological ethics and Business Ethics. In some literature on Business Ethics we find philosophical attempts to incorporate Kant's ethics and his categorical imperative into the

theory of Business Ethics. These attempts often provide examples and case studies of the object studied. Such a method makes the connection between theory and practice clearer. Moreover, it corresponds to the idea that Business Ethics, as a branch of applied ethics, has to be applicable to practice. The following text of this section also includes particular cases (Merck & Co. and Marriott Hotels) in order to illustrate a direct relationship between theory and practice.

At this point it is also important to make a reference to the previous section on the nature of Business Ethics and the origins of its evolvement. Contemporary Business Ethics is a theory that has continuity with its origins in the Protestant tradition. Contrary to Christopher Lasch's argument (discussed above), it might be stated that self-improvement has not disappeared in the contemporary social world precisely because Business Ethics theory raised the benchmark for social responsibility and the humanization of capitalism. The best illustration of this is the fact that Immanuel Kant's deontological ethics became one of the moral benchmarks for the humanization of capitalism. A theoretical attempt to bridge the self-interested financial goals of corporations and philanthropic behaviour according to the standard of deontological ethics became a part of Business Ethics theory.

In the following part of the book, I will examine the extent to which Kant's moral statement that '[...] man (and every rational being) is an end in himself, i.e., he is never to be used merely as a means for someone (even for God) without at the same time being himself an end, and that humanity in our person must itself be holy to us [...]'¹²³ is applicable to contemporary Business Ethics theory as well as practice.

Norman E. Bowie begins his article *A Kantian Approach to Business Ethics*¹²⁴ by noticing that there are few textbooks on Business Ethics that would systematically apply Kantian theory to business. For him, Kant's influence on deontological ethics is so strong that Kantianism and deontological ethics are the same. He provides an example of Kantian management, which we can find in the so-called *open book management*.

Open book management was developed by Jack Stack at the Springfield Manufacturing Company. Under open book management, all employees are given all the financial information about the company on a regular frequent basis. With complete information and the proper incentive, employees behave responsibly without the necessity of layers of supervision.¹²⁵

Bowie contends that this means Kantian respect for persons; however, against this it can be argued that it means behaviour management for more efficiency. And this is not Kantian ethics, since efficiency

cannot play a role in it. But, according to Bowie, this type of management does not interfere with a worker's moral development. It even promotes moral development.¹²⁶ Aiming to bridge the theory of Business Ethics and Kant's ethics, Bowie provides another example of a case from business practice: the Marriott Corporation hired welfare recipients in order to help the community. This author admits that a strict Kantian could not call Marriott's act of hiring welfare recipients a good act. In Kantian language, the act would be done in conformity with duty but not out of duty.

At this point one may ask: Why should we require moral motives of companies? One may argue that we can ask for moral motives only from moral persons and that companies are not persons.

Whether companies or organizations in general are moral persons is an important question here: the literature of Business Ethics provides a wide range of arguments on this topic. For Geoff Moore it is appropriate to regard corporations as moral agents but not moral persons.¹²⁷ For Peter A. French a corporation has a collective responsibility and on the level of law a corporation is responsible as a person.¹²⁸ For Stephen Wilmot the problem of the organization's moral status cannot be fully resolved because 'in Kantian terms organizations cannot have personhood ascribed to them, despite their personlikeness in some respects, because they cannot be ends in themselves.'¹²⁹ Wilmot concludes that there should be a distinction between 'full personhood' and 'corporate personhood'. For Bowie the business firm is a moral community. To him a business firm has to endorse moral principles that treat humans as the ends. Therefore, individuals should regard their organization as a moral community, not as a pure instrument for achieving personal goals. He even argues that a business firm should be managed as a Kantian moral community.¹³⁰

On the other hand, Bowie naturally wonders whether Kant's theory is not too austere to be applied to business.

This doubt can be even be strengthened by the fact that Marriott Corporation hired welfare recipients for utilitarian purposes: some companies hire welfare recipients only because 'they have found, to their surprise, that such workers stay on the job longer, with less turnover, than other employees'.¹³¹ Bowie himself quotes W. Marriot Jr, who admits a utilitarian motive:

We're getting good employees for the long term but we're also helping these communities. If we don't step up in these inner cities and provide work, they'll never pull out of it. But it makes bottom line sense. If it didn't we wouldn't do it.¹³²

Therefore, the wisdom of Marriott Corporation's management was utilitarian, seeing social benefit as its own benefit; this does not correspond to Kantian wisdom; it ignores the benefit's motivation:

for since wisdom, theoretically regarded, means the knowledge of the highest good and, practically, the conformability of the will to the highest good, one cannot ascribe to a supreme independent wisdom an end based merely on benevolence.¹³³

This doubt as to whether Kantian deontological ethics is not too austere to be applied to business practice could be especially timely with respect to such an extreme thesis as that of Milton Friedman, who contended that the paramount value of business is profit and its own self-interest, since this is also beneficial to society.¹³⁴ Social benefits come as the result of efficient business, but not as a moral duty. In the literature of Business Ethics, his understanding of egoistic business principles has become paradigmatic. Friedman's position represents the total moral opposite to Kant's idea that moral acts cannot be moral if they are only outcomes, whereas the intention is profit. He contends that business people do not even have social responsibilities, not to mention a moral duty to act morally obeying the categorical imperative. This already classic theoretician in Business Ethics contends:

The discussions of the "social responsibilities of business" are notable for their analytical looseness and lack of rigor. What does it mean to say that "business" has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense. ... In a free enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employer. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.¹³⁵

Such a position could not be further away from Kant's. Friedman is *pro* business in so far as that increases 'profits so as long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.'¹³⁶ This position is pushed to the limit by Ayn

Rand's lecture *America's Persecuted Minority*, where she expresses her belief that businessmen are morally persecuted. This is so because they earn a profit and for that reason are called selfish. In defence of self-interest Rand gives the following example: 'if workers struggle for higher wages, this is hailed as "social gains"; if businessmen struggle for higher profits, this is damned as "selfish greed."¹³⁷ She concludes that there is always a scapegoat for discrimination, and in America the scapegoat is the businessman. Rand goes as far as saying that 'in Soviet Russia, the scapegoat was the bourgeoisie; in Nazi Germany, it was the Jewish people; in America, it is the businessmen.'¹³⁸ To this author the businessmen of America are the symbol of freedom that distinguishes them from a totalitarian regime.¹³⁹

Paul F. Camenisch provides a different argumentation justifying the orientation of business toward profit. In his article *Profit: Some Moral Reflection*, this ethicist argues that we have to distinguish the corporation's internal purpose and its external purpose. According to this idea, the proper place of profit lies in the interest of the corporation while 'acknowledging its subordination to larger societal purposes beyond the corporation'.¹⁴⁰ Camenisch proposes to see the difference between, on the one hand, profit on the part of the corporation and, on the other hand, sustained and enhanced human life on the part of society and its economic system as a whole. Finally, he contends that 'profit is an appropriate repayment or reward' for investments and various risks in the market. Moreover, according to Camenisch, profit is necessary in order to raise funds for various expenditures regarding ethical business. He provides a list of such expenditures:

Appropriate responses to problems such as pollution, adequate wages and benefits, safe, even pleasant working conditions, non-discriminatory personnel policies backed by appropriate recruitment, training and even retraining programs, careful husbanding of non-renewable resources, honest, informative advertising, production of safe durable products – all of these frequently involve the expenditure of additional funds which can only come from what was previously treated as profits.¹⁴¹

This argument appeases the opposition between Kant's categorical imperative and Friedman's paradigm of self-oriented profit. Following Camenisch's argumentation, it seems that profit is a means for social benefits. Such a position is even stronger from a socialist perspective. Tibor R. Machan observes that the concept of business for the community is yet another extreme. Then it follows 'that business should nearly be sacrificed for whatever alternative need is evident in the community.

Furthermore, business is to be tamed so that it is not pursued with the kind of rapaciousness that one associates with an innately selfish drive for profiteering.¹⁴²

This is more than just willingness to see the selfishness of business being tamed. Here the interests of the community come first. In this sense, if it means that businessmen must 'act only according to that maxim whereby you can at the same time will that it should become a universal law',¹⁴³ then, perhaps, business and the categorical imperative may indeed be compatible.

Bowie's Kantian stance is clearer when he seems to be willing to see business serving not just community but humanity in general. He considers the following:

paradoxically, profits can be enhanced if we do not focus so exclusively on the bottom line. To put this in more Kantian terms, perhaps profits will be enhanced if the manager focuses on respecting the humanity in the person of all the corporate stakeholders. Perhaps we would view profits as a consequence of good business practices rather than as the goal of business.¹⁴⁴

At first glance, the pharmaceutical company Merck & Co. Inc. has managed to act according to a Kantian morality by distributing a drug for river blindness, a disease occurring in Third World countries.

The disease onchocerciasis, known as river blindness, is caused by parasitic worms that live in the small black flies that breed in and about fast-moving rivers in developing countries in the Middle East, Africa, and Latin America. When a person is bitten by a fly (and some people are bitten thousands of times a day), the larvae of the worm can enter the person's body. ... As time passes, the larvae continue to cause severe problems, including blindness.¹⁴⁵

Merck & Co. discovered the drug Mectizan and distributed it without charge to Third World people who could not afford it. The article *Strong Ethics Make for Strong Leaders* describes how Merck's Chairman and CEO Raymond V. Gilmartin was one of those chosen to receive the 2002 HBS Alumni Achievement Award. His award says: 'Seeking to bring comfort to those in need, you represent corporate America's conscience and compassion.'¹⁴⁶

It seems that Merck & Co. followed both the categorical imperative 'act only according to that maxim whereby you can at the same time

will that it should become a universal law'¹⁴⁷ and the deontological Golden Rule 'do unto others as you would have others do unto you.'

In this context the five main values of Merck & Co. seem to be related to reality, instead of being mere declarations.

1. **Our business is preserving and improving human life.** All of our actions must be measured by our success in achieving this goal. We value, above all, our ability to serve everyone who can benefit from the appropriate use of our products and services, thereby providing lasting consumer satisfaction.
2. **We are committed to the highest standards of ethics and integrity.** We are responsible to our customers, to Merck employees and their families, to the environments we inhabit, and to the societies we serve worldwide. In discharging our responsibilities, we do not take professional or ethical shortcuts. Our interactions with all segments of society must reflect the high standards we profess.
3. **We are dedicated to the highest level of scientific excellence and commit our research to improving human and animal health and the quality of life.** We strive to identify the most critical needs of consumers and customers, and we devote our resources to meeting those needs.
4. **We expect profits, but only from work that satisfies customer needs and benefits humanity.** Our ability to meet our responsibilities depends on maintaining a financial position that invites investment in leading-edge research and that makes possible effective delivery of research results.
5. **We recognize that the ability to excel – to most competitively meet society's and customers' needs – depends on the integrity, knowledge, imagination, skill, diversity and teamwork of our employees, and we value these qualities most highly.** To this end, we strive to create an environment of mutual respect, encouragement and teamwork – an environment that rewards commitment and performance and is responsive to the needs of our employees and their families.¹⁴⁸

'Main value' number 4 states that the corporation in question expects profits from humane work, but in Kant's ethics profit and pragmatic material interests cannot play a role when choosing a moral act.

'Main value' number 1 states 'our business is preserving and improving human life,' but it omits the condition for it – Merck & Co. is preserving and improving human life on condition that its economic interests and

the needs of its business are met. The same is omitted in 'main value' number 4, which states 'we expect profits, but only from work that satisfies customer needs and benefits humanity.' The question is why Merck & Co. does not mention its corporate satisfaction and needs. Needless to say, economic evaluation for Mectizan¹⁴⁹ was conducted because this corporation did not want to be blindly philanthropic – it carried out cost–benefit analyses first. Cost–benefit analysis is a utilitarian ethics, not Kant's.

However, Linda K. Trevino and Katherine A. Nelson in their book *Managing Business Ethics: Straight Talk How to Do It Right* provide an analysis of Merck & Co.'s quandary before making the decision on their philanthropic deontological act. The rubric *Merck's Ethical Quandary*¹⁵⁰ betrays a linguistic nuance that does not fit Kant's deontological ethics. The word 'quandary' means a state of perplexity or doubt. Linda K. Trevino and Katherine A. Nelson provide case questions. One of them asks: 'If Merck decided not to conduct further research, how would it justify such a decision to its scientist? How might the decision to develop the drug, or not to develop the drug, affect employee loyalty?'¹⁵¹ Such a question betrays yet another aspect of quandary: the philanthropic act of distributing the drug Mectizan depended not solely on the will and consciousness of Merck, but on the matrix of commitments to the researchers. More importantly, the decision to start the Mectizan Donation Program¹⁵² was preceded by a detailed and highly professional economic evaluation, going as far as calculating the value of Latin America's and West Africa's arable land as well as labour productivity once the disease is cured.¹⁵³ This corporation estimated the economic costs of onchocerciasis and studied economic loss of productivity because of the disease. The question 'Why should a philanthropic pharmaceutical company be concerned with such economic appraisals?' leads to economic issues of global dominance and corporate interests, especially considering the fact that Merck & Co. solved the Mectizan distribution issue together with other companies and the World Health Organization. The existence of such empirical data indicates that Merck & Co. did not act out of moral duty. *From Kant's perspective, economic evaluations that precede an act cannot be viewed as moral.*

This is especially true considering the fact that Merck & Co. regards its patients as a means for profit. It is a matter of managerial strategy which comes first – profit or patient, business or human values. For Merck & Co. patient and human value come first, because that ethical/managerial strategy is more profitable. 'George W. Merck, our founder's son, believed that placing patients before profits is not only good medicine, but also good business,'¹⁵⁴ we read on Merck's website. Therefore, it is important to underline that it is a utilitarian approach, not Kantian.

An attempt to use Merck & Co. as an example of Kant's deontological ethics in Business Ethics leads to a serious distortion of Kant's anti-utilitarian philosophy and his thoughts on the theory of ethics.

The Lithuanian theoretician of Business Ethics, Nijolė Vasiljevienė, at this point would argue that here the problem lies in the vicious thinking that there has to be *either* profit *or* human life. She chooses to bridge deontological ethics and consequentialism. Supposedly, the solution lies in synthesis of deontological will/intention and utilitarian consequence/result with the pragmatic connectors *both/and*: hence, *both* profit, *and* human life are in agreement. According to Vasiljevienė, such synthetic contemporary ethics is more effective and socially promising. *Duty* and *the end* do not have to be in opposition to one another.¹⁵⁵ This is how she interprets Kant's famous quote '... man (and every rational being) is an end in himself, i.e., he is never to be used merely as a means for someone (even for God) without at the same time being himself an end, and that humanity in our person must itself be holy to us...'¹⁵⁶ The key emphasis here lies in the words 'merely as a means for someone (even for God) without at the same time...', meaning that the person can be both a means and an end. With this interpretation Vasiljevienė conveniently forgets another famous quote from Kant on the same matter, one that does not mention 'a means': 'Only man, and, with him, every rational creature, is an end in himself.'¹⁵⁷

In the case of Merck & Co. it would mean that patients are both a means and an end. Therefore, there is no conflict of values: patients receiving donations of priceless Mectizan are treated as the means for doing good business in the long run; and these cured patients are also treated as the end, since their eyesight is cured. However, the fundamental question is whether this would be acceptable for Kant himself. To what extent is this still Kantian ethics? Or, in other words, what is left of Kant's moral imperative after such an interpretation?

Although it has to be admitted that not every company or corporation can act as Merck & Co. acted with its Mectizan Donation Program, it also has to be observed that Merck did not distribute all its medicine for free. And Mectizan was distributed for free as a sort of investment into the corporation's image-making. After all, it is a profit-seeking corporation. The above-mentioned Marriott Corporation, which hires welfare recipients, cannot be purely Kantian either, due to its corporate nature: business organizations could hardly be motivated to work for the benefit of the community out of pure moral duty, that is, the categorical imperative. The very motivational nature of business is profit, since in essence it is an economic activity, not a moral activity. Application of

the principle 'both/and' here undermines and distorts Kant's ethics: *both* profit/economic goals *and* moral imperative do not correspond to the character of deontological ethics.

Guseinov in his article *The Ends and Values: How is a Moral Act Possible?* argues that the ends can become the ends only when they are transferred into the language of means.¹⁵⁸ Otherwise the ends are not the ends, but fantasies or dreams. According to Guseinov, the ends depend on the means. The nature of the relationship between the means and the ends is such that we human beings can create the ends according to available means. A rabbit in a hat can be pulled out by its ears only if the magician has placed that rabbit there in advance. The end has to be achievable; therefore, the means have to be realistic. Good will in Kant's ethics is the Absolute Good in concrete, the unconditional end, the end in itself. Good will is the means only in its quality referring to the end. Good will is based on absolute value. In good will there is nothing else but value. Morality has no value, because morality is the unconditional value. When Guseinov reminds us that according to Kant it is impossible to have a purely moral act, Kant wanted to say that morality is something more than separate acts. Morality is not a characteristic of the subject's end-oriented actions, but it is the very subject itself – the person.

According to this interpretation of Kant, the philanthropic act of Merck & Co. was not the end in itself. And so, Kant's application to Business Ethics is artificial or even faulty. Business organizations follow a moral behaviour that is managerially constructed and economically evaluated, whereas for Kant a moral act is a pure duty. Thus, application of deontological ethics to Business Ethics requires philosophical carefulness.

Moreover, in Kantian deontological ethics there has to be conformability of the will to the highest good, whereas in Business Ethics the highest good is understood as social cohesion or balance between economy and society. This is obvious from the very process of the evolvement of Business Ethics: the aim was to give a humane face to business practices.

Merck & Co. is an example of such a humane business. But even this philanthropic corporation had rationalized its philanthropy and had an economic evaluation before it started its donation program. The Belgian ethicist Luk Bouckaert sees a danger in this:

If the economic rational argument were the source of ethical commitment, it would lead us into the complete instrumentalization of ethics, which according to Kant's categorical imperative is morally unacceptable. Instrumentalization of persons and moral values is only acceptable as a secondary motive but never as the prime

mover. Reversing the order (and giving priority to the instrumental side of ethics) is the essence of opportunistic behavior.¹⁵⁹

Applying Bouckaert's argument to the case of Merck & Co., the economic evaluation of the donation program of Mectizan for Third World people turned those people into instruments or means but not ends. On the other hand, recalling the above argument of Guseinov to the effect that the nature of the relationship between the means and the ends is such that we human beings can create the ends according to the available means, that a rabbit in a hat can be pulled out by its ears only if the magician has placed that rabbit there in advance, then Merck & Co. achieved their end to help the Third World people only by those economic means that were available to them. For that reason they had to have an economic evaluation of the donation program before the corporation began its philanthropic acts. If the end is achievable only when the means are realistic, then Merck & Co. achieved the moral end, even though it does not qualify in the strict Kantian sense, which can hardly exist in the world of capitalism.

In this sense, then, Vasiljevienė's attempt to bridge deontological and teleological ethics is sound. The will/intention (deontological) and the result (teleological) are synthesized with the connectives *both/and*: *both* profit *and* human life as well as *both* humans as the managerial means *and* humans as the moral ends. According to Vasiljevienė, such synthetic contemporary ethics is more effective and socially promising. Then, in terms of what is realistic and achievable, it makes sense to refer to Kant's famous quote '... man (and every rational being) is an end in himself, i.e., he is never to be used merely as a means for someone (even for God) without at the same time being himself an end, and that humanity in our person must itself be holy to us...'¹⁶⁰

The history of the evolution of Business Ethics as theory reveals that morality and the economic goals of capitalism merged in the milieu of Protestant religious culture. The further development of Business Ethics raised the benchmark for Corporate Social Responsibility. Thus, Business Ethics brought into its theory Kant's categorical imperative and debated whether philanthropic acts of corporations can humanize business practices in capitalism in accordance with the highest moral standards. The case study of Merck & Co. revealed that purely philanthropic acts according to Kantian standards are impossible in the world of business. Managerial means are realistic, whereas it may be questioned how realistic the categorical imperative is.

It was argued that we human beings can create the ends according to the available means: Merck & Co. achieved its end to help Third

World people only by those managerial means that were available to them. The latter conclusion is in congruity with the nature of Business Ethics theory, which historically is the product of concocted Protestant morality values conjoined with the goals of capitalism. Therefore, the synthetic approach of the principle *both/and* instead of the principle *either/or* should be used here: *both* profit *and* human life as well as *both* humans as the managerial means *and* humans as the moral ends.

That shows us, however, the impossibility of applying Kant's ethics to Business Ethics in any complete way: profit and humans as the managerial means are not Kantian values. Moral principle has to come out of pure and formal duty.¹⁶¹ There cannot be any empirical motivation or pleasure mixed in. Moreover, Kantian ethics are unconditional, which means that the applied principle of *both/and* may be constructive and pragmatic for us, but it is foreign to the nature of the categorical imperative: 'act only according to that maxim whereby you can at the same time will that it should become a universal law.'¹⁶²

True, we and the businessmen may always contend that it is our will to see this formula of '*both* humans as the managerial means *and* humans as the moral ends' as a universal law; however, this synthetic construction does not spring from a pure and formal duty to will that, but rather out of pragmatic and economic interests. And the case study of Merck & Co. reveals that its Mectizan Donation Program and philanthropy were based on utilitarian ethics, not Kant's deontological ethics.

1.2.3 Utilitarian Ethics and Business Ethics

The utilitarian perspective is applied to the theory of Business Ethics more naturally than other ethics. The aim that focuses on business efficiency and positive financial consequences in the world of business is sound in the discourse of Business Ethics. It is also congruent with the American business tradition – Benjamin Franklin's utilitarian Protestantism and Henry Ford's concept of efficient work ethics, where results and economic benefits are of the highest concern.

Ethics as a utilitarian managerial tool matches the historical origin of Business Ethics' development in general – economic efficiency, social moral order, and religious personal salvation were the key leitmotifs in American culture. Contemporary Business Ethics, with its American history, continues that utilitarian tradition. Ethics in today's business is applied for competitive purposes, following the discourse of Business Ethics that regards an ethical organizational life as more competitive than an unethical one.¹⁶³ Therefore, it is argued that organizations, firms

and companies have to find their motivation for the practice of ethical business. The implementation of ethical conduct by employees and managers as well as ethical relationships among the stakeholders is justified in terms of the benefits this brings to the organization. Thus ethics becomes a competitive tool in the arena of the capitalist market.¹⁶⁴

Business Ethics theory as applicable to practice requires a managerial approach that is concerned with positive consequences for business: virtues and values that do not work in business practice have to be replaced by ones that function and maximize efficiency. For that purpose virtues and values in the world of business are regarded as objects for management. On the one hand, that purpose might be very narrow – performance maximization for profit. On the other, when the managerial purpose to maximize efficiency includes Corporate Social Responsibility and concern about social welfare, the task for value management is much broader.¹⁶⁵ As was argued earlier, Business Ethics evolved out of a necessity to improve the quality of societal life and to solve problems posed by unethical conduct. The very purpose of applying ethics to business was based on this broader social orientation in the utilitarian tradition, following the principle of the greatest happiness as inseparable from the principle of the greatest economic benefit. Money is a measure of happiness, as Bentham believed that a rich man is happier than a poor man.¹⁶⁶

Linda K. Trevino and Katherine Nelson introduce utilitarianism by saying that:

Utilitarianism is probably the best known consequentialist theory. According to the principle of utility, an ethical decision should maximize benefits to society and minimize harms. What matters is the net balance of good consequences over bad. ... The “best” ethical decision would be the one that yielded the greatest net benefits for society, and the “worst” decision would be the one that yielded the greatest net harms for society.¹⁶⁷

The theoretical basis of consequentialism is found in Jeremy Bentham’s and John Stuart Mill’s social and moral philosophy. The former believed that with his new scientific utilitarian approach he could tell how to act the right way in calculating the pleasures and pains of individuals while giving each individual the same weight in the calculation. His term ‘value of pleasure’ means that seven measurement principles have to be applied in order to evaluate the value of pleasure: its 1) intensity; 2) duration; 3) certainty or uncertainty; 4) propinquity or remoteness; 5) fecundity; 6) purity; and 7) extent, that is, the number of persons to whom it applies.¹⁶⁸ Pleasure and pain, according to Bentham, appear in

different shapes: it could be profit as a distant pleasure and it could be a social benefit.¹⁶⁹ In essence, utilitarianism is based on its consequential calculation of benefit and harm, of good and evil, of pleasure and pain. According to Ian Shapiro, calculation in Bentham's utilitarian philosophy embraces everything from fundamental institutional settings to optimal punishment for violation of law.¹⁷⁰

John Stuart Mill continued this line of thought: he also advocated the idea that utilitarianism means evaluated contributions and utility of actions, laws, policies and institutions in terms of good or bad consequences. He also advocated the standard of morality based on calculated consequences. The best consequences accrue for social welfare by following the principle of the Greatest Happiness, which, according to J. S. Mill, should be pursued to the greatest extent and applied to the whole sentient creation:

According to the Greatest Happiness Principle, as above explained, the ultimate end, with reference to and for the sake of which all other things are desirable (whether we are considering our own good or that of other people), is an existence exempt as far as possible from pain, and as rich as possible in enjoyments, both in point of quantity and quality; the test of quality, and the rule for measuring it against quantity, being the preference felt by those who in their opportunities of experience, to which must be added their habits of self-consciousness and self-observation, are best furnished with the means of comparison. This, being, according to the utilitarian opinion, the end of human action, is necessarily also the standard of morality; which may accordingly be defined, the rules and precepts for human conduct, by the observance of which an existence such as has been described might be, to the greatest extent possible, secured to all mankind; and not to them only, but, so far as the nature of things admits, to the whole sentient creation.¹⁷¹

It is certainly not just a theoretical, but also a practical ambition to provide utilitarian principles to all mankind. The Greatest Principle of Happiness, according to Mill, is provided as the final end of human action. It is a utilitarian project for the individual and the whole sentient creation.

In contemporary Business Ethics this project is being realized through Corporate Social Responsibility, which, in putting a bridle on wild and untamed business practices that work only for profit, avoids harmful consequences for the surrounding community. The application of consequential ethics to Business Ethics means that business people have to

work according to the Greatest Happiness Principle by caring for mankind, not just themselves.

Therefore, the very human action here is directed to the common good. Human action is the primary object of praxiology. The perspective of praxiology casts additional light on utilitarianism. According to Wojciech W. Gasparski, utilitarianism is ethics in a wide sense when it speaks about happiness. However, when we are talking about the subject's goals and calculation of the costs, then this technical method is an object of praxiology.¹⁷² In other words, 'praxiology being a science of means, not of ends,'¹⁷³ analyses the means of human action. Values and morality in general are also human means for happiness. Human action guided by the right values will lead to efficient and practical realization of them. This is very applicable to business – to apply the right values as moral means for its efficiency and effectiveness goals. According to Gasparski, 'it is why praxiology and ethics support each other in the context of business, whatever the business is, and in general context of human action.'¹⁷⁴

Corporate Social Responsibility is one of the themes of Business Ethics that demands responsibility and the right values from the entire business organization. A business institution has to use the right moral and managerial means in order to be a socially responsible business. Such a business is beneficial to both business and society. From a utilitarian perspective, Corporate Social Responsibility bridges business interests and the public good.

1.2.3.1 Utilitarian perspective of Corporate Social Responsibility

Corporate Social Responsibility is one of the key themes in Business Ethics, dealing with the consequences that follow from business practices. A corporation that has no social responsibility generates different consequences from one that has social responsibility. Thus Corporate Social Responsibility is in its essence utilitarian. Here we are talking about corporate responsibility 'with a greater stress upon the obligations a company has to the community, particularly with respect to charitable activities and environmental stewardship; and it also implies the community expectations from business in terms of making environment and community a better place to live'.¹⁷⁵ And those obligations that a corporation has to its community were born during the period of changing social values in the 1960s, along with the evolution of Business Ethics.

Public concern has made business executives realize that 'corporations relate to society through more than just marketplace transactions and serve a wider range of values than the traditional economic values that are prevalent in the marketplace. Corporations are more than economic

institutions: they have a responsibility to help society to solve pressing social problems, many of which corporations helped to cause, by devoting resources to the solution of these problems.¹⁷⁶

Corporate Social Responsibility standards and *Triple E*,¹⁷⁷ along with the concept of Sustainable Development,¹⁷⁸ are intended for social benefit, and no serious business enterprise can avoid these issues. Suffice it to glance at the codes of conduct of such corporations as Shell Group in order to understand the significance of interrelation between environment and business. For instance, Shell Chemicals report that Sustainable Development is being integrated into day-to-day work activities in the following ways:

- an SD challenge is made in every capital investment review;
- the 'cost of carbon' is reflected in the base economics of all investment proposals;
- life-cycle and sustainability tools are used in strategic decision-making;
- social performance plans, social performance reviews and community engagement processes have been implemented at all major operating sites.¹⁷⁹

As we can see, Sustainable Development cannot be separated from either *Triple E* or Corporate Social Responsibility. They are interrelated and should be understood, if not as synonyms, then as complementary terms. Corporative commitment to the needs of community is a matter of Business Ethics in particular and of ethics in general. As Rogene A. Buchholz and Sandra Rosenthal put it, 'the concept of social responsibility is, fundamentally, an ethical concept. It involves changing notions of human welfare, and emphasizes a concern with the social dimensions of business activity that have to do with improving the quality of life.'¹⁸⁰

Life quality improvement resonates directly with the moral philosophy and utilitarian ethics of Jeremy Bentham and John Stuart Mill. Looking at Business Ethics from the point of view of Corporate Social Responsibility, we see its congruity with utilitarian ethics – to apply such standards of morality as would bring the greatest social benefit. Talking in the language of today's Corporate Social Responsibility, corporations make their socially responsible investments in order to deliver the greatest social benefit or human welfare. There are even socially responsible investment ratings and concrete corporations, such as Johnson & Johnson, that are listed on the DJSI World Index.¹⁸¹

Thus, socially responsible investment could mean practical and virtuous action. Borrowing the praxiological approach to Business Ethics

of Wojciech W. Gasparski, it could be regarded as the virtue of resourcefulness, which 'belongs to an efficacious action oriented toward a just purpose and just intermediate goals and objectives (means), therefore towards fair method of conduct'.¹⁸² In other words, the life quality improvement that Jeremy Bentham and John Stuart Mill were concerned with in their utilitarian ethics is conceptually and methodologically ingrained in Corporate Social Responsibility. The means that are consciously chosen by a business organization for socially responsible action leads to life improvement and social good.

That is why Gasparski, analysing Business Ethics from the perspective of praxiology, quotes Ludwig von Mises: 'Means are valued derivatively according to their serviceableness in contributing to the attainment of ultimate ends. Their valuation is derived from the valuation of the respective ends.'¹⁸³ In the case of Corporate Social Responsibility, actions of responsible business are valued derivatively according to their serviceableness in contributing to the attainment of utilitarian social benefit. In other words, the dimension of economic actions is directly linked with the dimension of ethics. Corporate Social Responsibility embodies a synthesis of ethics oriented toward utilitarian positive consequences and economic effectiveness and efficiency. As Gasparski observed, 'the noblest intention in the ethical sense is unfeasible without minimal efficacy, therefore the action ought to be effective and efficient.'¹⁸⁴

On the other hand, in the literature on Business Ethics and on Corporate Social Responsibility in particular, we can find a conceptual resistance to the discussed standards. Wayne Norman and Chris MacDonald argue that it is possible to measure financial profit and financial benefits, but it is impossible to measure social and ethical ones. The entire idea of *the triple bottom line* is misleading.¹⁸⁵ David Henderson argues similarly that Corporate Social Responsibility is too vague as a concept as well as a requirement, and that it does not represent a global consensus and is inadequate for business practices.¹⁸⁶ He also contends that Corporate Social Responsibility is a misguided movement, because the seed corn for future advances of business is profit.¹⁸⁷

The triple bottom line does not look like a misleading concept or/and movement from a praxiological perspective of *the triple E*.

Triple E consists of Effectiveness, Efficiency, and Ethics:

Effectiveness is a measure of the degree to which a state intended as a purpose is achieved;

Efficiency is a relation between an effect of a given action and expenditure of its performance;

Ethicality is a dimension of the degree of social consent for performing the action in question in a given culture, the degree founded on values esteemed in the culture and on related norms of conduct.¹⁸⁸

Human action in the world of business cannot be measured only by the first two Es or only by one bottom line of money. This limits business to an economic dimension. However, the task of Business Ethics is different. According to Wojciech W. Gasparski:

The Business Ethics task is to point out that among people the society is composed of those who not only believe in amoral business, but also many of those – business people included – who acknowledge the necessity of considering ethical frames of business activities. It is very important societal fact that must not be ignored otherwise it would be a serious fault in the art of the professional conduct in the *businesslike* business.¹⁸⁹

The triple E, which synthesizes the economical dimension of human action and the ethical dimension, substantiates Business Ethics as comprised of business practice and of the moral meanings of such practice.

If we take a close look at definitions of the purpose of business, we will see that they directly or indirectly include the utilitarian facet of social responsibility. None of them excludes the third E or the triple bottom line in general. For instance:

Indirect social responsibility of business:

1. According to Milton Friedman, the paramount value of business is profit and its own self-interest, but it is also beneficial to society.¹⁹⁰
2. According to Christine Swanton, business is aimed at its own interest, but ‘this does not deny that generosity and kindness are not virtues at all in the business role.’¹⁹¹
3. According to Paul F. Camenisch, the proper place of profit lies in the interest of the corporation, while ‘acknowledging its subordination to larger societal purposes beyond the corporation’.¹⁹²

Direct social responsibility of business:

1. According to Robert Solomon, profit in business is only a means,¹⁹³ ‘the good life is the goal of business.’¹⁹⁴

2. According to Rogene Buchholz and Sandra Rosenthal, 'corporations are more than economic institutions: they have a responsibility to help society to solve pressing social problems, many of which corporations helped to cause, by devoting resources to the solution of these problems.'¹⁹⁵
3. According to Richard T. De George, business is a means to create the good society.¹⁹⁶
4. According to Ronald F. Duska, the purpose of business is the betterment of society. Profit is only a motivation for the attainment of such purpose.¹⁹⁷

All these conceptions of the purpose of business, distinct as they are, have one facet in common – they do not regard business activity as taking place in a vacuum. There is no isolation from society, and social benefits are considered. A business organization, according to these authors, provides benefits in one way or another not just to itself but to society as well.

Milton Friedman sees social benefits as an automatic outcome of a self-interested business activity;

Christine Swanton believes that the virtues of generosity and kindness are congruent with the nature of self-interested business organization;

Robert Solomon believes in profit that comes from business as a means to a good life for all;

Rogene Buchholz and Sandra Rosenthal regard the social responsibility of business organizations as an inherited burden, since it is business that caused harm with its activities.

De George contends that, if business were amoral, it would not function. To him amoral business is a myth, regardless of the unethical cases. As numerous as they may be, they are exceptions to the rule. De George is convinced that 'morality is the oil as well as the glue of society, and, therefore, of business.'¹⁹⁸ Business itself is a means to create the good society.¹⁹⁹

Ronald F. Duska also claims that the purpose of business is the betterment of society.²⁰⁰ Profit is only a means, because, if it were an end, we would have to ask, What is it for? Duska acknowledges that the motive for a businessman is profit. However, according to him, the motive should not be confused with the purpose. Both De George and Duska share a utilitarian perspective – business brings benefit and social good. From a utilitarian perspective, business activity gains moral value because the effects of the activity are positive and valued. According to De George, 'actions by themselves have no intrinsic value. They are simply means

to attain that which has value. ... According to utilitarianism, we should evaluate an action by looking at its consequences, weighing the good effects against the bad effects on all the people affected by it. If the good outweighs the bad, it tends to be a good action; if the bad outweighs the good, it tends to be a bad action.²⁰¹ Needless to say, business that is for the betterment of society or as a means for creation of a better society produces good effects. To what extent it is related to an American mindset and Protestant work ethic, I will discuss later (see Section 2.2.1.4).

Today responsible business responds to the public interest by adopting the standards of *the Triple E*, Sustainable Development, and Corporate Social Responsibility at large. In other words, there has to be an integration of moral principles with economic principles. As Ronald J. M. Jeurissen put it, 'it is only due to the integration with the moral community that business can exist.'²⁰² Or, as Brenda E. Joyner and Dinah Payne put it: 'A fundamental truth is that business cannot exist without society and that society cannot go forward without business. Thus, business must acknowledge society's existence and society's growing demand for more ethically responsible business practice.'²⁰³

The utilitarian perspective is very important not only for the external policy of a business enterprise, but for internal policy as well. The attitudes and values that the employees and managers share determine the quality of their relationship and set certain standards for the workplace environment. This involves Stakeholder Theory and Human Resource Management.

1.2.3.2 Utilitarian perspective of Human Resource Management and Stakeholder Theory

In the literature of Business Ethics we find arguments for competitiveness using humanization of work environment as a managerial tool. For that purpose the moral beliefs of the employees have to be studied in order to know which of them cause negative impacts on efficiency and, therefore, have to be changed. Those moral beliefs that do not produce desirable social consequences have to be changed consciously and purposefully, since they interfere with efficiency and cause conflicts and problems. This utilitarian approach is understood as an effective implementation of advanced management techniques by following the managerial benchmark for humanization of the workplace,²⁰⁴ which can be fully understood only in the light of Stakeholder Theory and Human Resource Management.

Stakeholder Theory is a theory of organizational management and ethics.²⁰⁵ The relationships among primary stakeholders – financiers,

customers, suppliers, employees and communities²⁰⁶ – have to be managed in order to control business practices. There have to be clear standards of behaviour concerning all primary stakeholders. Those standards are applied to the workplace. Advanced managerial techniques are implemented to humanize work conditions. Such an effort stems from understanding that a corporation and its managers are responsible for the effects of their actions on others. ‘This principle is consciously drawn from the modern moral theory of utilitarianism. Utilitarian theories hold that moral worth of actions or practices is determined solely by their consequences.’²⁰⁷

Human Resource Management is that area in Business Ethics which regulates and coordinates humans in a business organization according to utilitarian motives. Human Resource Management refers to all those activities associated with the management of employment relationships in the firm.²⁰⁸ Joshua D. Margolis, Adam M. Grant and Andrew L. Molinsky argue that in Human Resource Management it is important to acknowledge a trade-off between harming one party and advancing the interests of another. ‘Managers make promotion decisions that reward selected employees with raises, status, and responsibility, leaving other employees wondering about their future and their potential.’²⁰⁹ Marcel van Marrewijk and Joanna Timmers contend that, considering the fact that employees express both self-preservation and acts of communion, managers have to make an alignment between the individual and the organizational collective.

As we may see, Human Resource Management²¹⁰ is directly related to morally sensitive questions at the workplace as well as managerial decisions that generate negative or positive consequences in employment relationships. Thus, Human Resource Management has to deal with those moral beliefs and values that are prevalent in a particular organization and its business practices. For this reason it is important to see a causal link between values, attitudes, beliefs and functionalism, the link that Vasiljeviene and Pučėtaitė pointed out. When employees share conflicting attitudes either among themselves or between themselves and their company’s policy, they generate a destructive environment. Such an environment sparks conflicts and destabilizes organizational life. For that reason Vasiljeviene and Pučėtaitė argue that certain values, attitudes and beliefs deterministically bring organizational dysfunctioning. And, vice versa, certain values, attitudes and beliefs deterministically bring organizational functioning and improve performance. In other words, within the confines of a business organization, values, beliefs, and attitudes are not a matter of taste or personal

whim; rather, they should be managed for performance maximization purposes. Needless to say, performance maximization without humanization of a workplace would bring us back to Henry Ford's work ethic, which justified people working at monotonous jobs for industrial purposes and treated the individual as most efficient when he or she is repetitive.²¹¹

Values, beliefs and attitudes of the employees are their perceptions of the work environment and business process. Jacob K. Eskildsen, Anders H. Westlund and Kai Kristensen call such perceptions intangible assets. They measured employee motivation, employee/job satisfaction, faithfulness and commitment. The findings they regard as a contribution to the field of intangible assets.²¹² In other words, these co-authors do not only treat humans as assets, but even measure their perceptions as assets. Consequently, performance maximization depends not only on tangible human resources, but also on how their intangible assets are managed during the business process. In other words, values, beliefs and attitudes are the assets of employees, which are functional or dysfunctional, motivate employees or demotivate them, bring job satisfaction or dissatisfaction, inspire faithfulness or disloyalty.

Vasiljeviene argues that empirical real life experience in a business enterprise tells us what the functional values, attitudes and beliefs of the employees *must* be. Values, attitudes and beliefs have to be selected according to utilitarian principles, not forgetting that in utilitarianism human value is of primary importance.²¹³ Only in this sense can utilitarian principles be applied to Human Resource Management humanizing a workplace. What moral *ought* may work in a business organization and what moral *ought* Human Resource Management should produce, we learn from consequences, which inform the organization whether the selected moral values worked in the real business world, whether they helped to humanize the work environment, and whether they improved performance and helped to make a profit.

It is not enough to select efficient moral values. Human resources must be managed in such a way that the subjects of a business organization would *comply* with the most efficient rules, values and norms. Employees need conceptual understanding of compliance with selected rules and values in order to make them work.²¹⁴ If it is thought that employees' compliance is beneficial to their particular boss, but not to the entire organization as it strives to achieve its business goals, then a psychological barrier may interfere. This is an important facet of how human resources are managed for utilitarian purposes. But there is no such barrier if the employees comply willingly with the values of their

organization and believe in personal identity within the confines of the organization. According to Marcel van Marrewijk and Joanna Timmers, the managers need to align their employees with the corporative values. They argue that 'a successful organization–employee alignment results in commitment, dedication and loyalty. These values directly relate to productivity ...'²¹⁵

These co-authors contend that Human Capital Management encloses and exceeds Human Resource Management. The former places the individual employee at the central place of the organization and leaves room for individuality, which motivates the individual to be dedicated towards the individual. 'This makes it possible for HCM to use the complete potential of the human capital.'²¹⁶ In other words, the complete potential of human capital is for utilitarian efficiency: 'dedication has a direct and very strong effect on the development of productivity.'²¹⁷ Marcel van Marrewijk and Joanna Timmers stress the importance of alignment between the individual and the organizational collective and its standards, values and identity. The individual employee who is managerially aligned with the corporate identity and values develops his or her human capital more efficiently.²¹⁸

In this light it is easier to understand why Vasiljeviene, contrary to the warning of David Hume,²¹⁹ infers *ought* (*values-ideals-ought*) from *is* (*facts-reality-is*).²²⁰ To put it succinctly, when a company or a firm is dysfunctional and its performance is low, when the real business life indicates negative consequences due to dysfunctional values, attitudes and beliefs, managers should know that those values, attitudes and beliefs *ought* to be substituted with alternatives. In the language of Marrewijk and Timmers, a different managerial alignment is needed. Otherwise, destructive values would generate a destructive environment, which then would determine low performance, whereas constructive values would generate a constructive medium, which then would determine more efficiency as well as competitiveness in the market along with the desired moral behaviour.²²¹

Thus, according to this utilitarian approach to Human Resource Management issues, values, attitudes and beliefs have to be managed together with the employees as human resources in order to humanize their workplace. When an organizational life is full of conflicting values, attitudes and beliefs, employees and stakeholders are in conflict as well. This only creates a destructive and dysfunctional medium. Consequently, functionalism, determinism, utilitarian ethics and Human Resource Management become inseparable.²²²

A code of conduct provides an important guide for the employees and their managers when values, attitudes and beliefs of a corporation become a moral as well as a managerial issue. Shell Group has developed an extensive code of conduct that declares common values as well as rules to comply with them. The code even tells you how *to live* according to Shell's general business principles.²²³ After all, the function of the code of conduct is a significant part of Human Resource Management. When Human Resource Management is founded on a code of conduct that serves as a practical guide in conflict areas, dynamic transitions and stressful situations, according to the objective values and objective functions of the stakeholders,²²⁴ then the moral means for workplace humanization and performance maximization are not vague, but clearly defined.

In this light we may better understand the very definition of Business Ethics: Business Ethics as theory comprises principles and standards that guide behaviour in the world of business.²²⁵ These principles and standards are empirically tested: if the consequences in a business market are negative, then different principles and standards have to be applied. Therefore, Human Resource Management is not interested in producing moral behaviour for the sake of morality *per se*, but for its organizational functional purpose – to manage an alignment between the individual and organizational collective and its standards. And in this sense we find congruity between the disciplines of Business Ethics, utilitarian ethics and Human Resource Management.

The latter thesis is also seen in professional sports, where Human Resource Management is directed at teamwork and compliance of employees/players in the name of championship, that is, the optimal result for the entire franchise.

The case of NBA: Phil Jackson's Coaching

The US NBA league basketball coach, Phil Jackson, is eleven times champion of NBA. He turned the Chicago Bulls club and the Los Angeles Lakers into a dynasty. All-time superstars Michael Jordan, Scotty Pippen, Shaquille O'Neal and Kobe Bryant were taught teamwork spirit for a utilitarian purpose – the ring of the champion of NBA.

The players are employees of a club, as they all have contracts and obligations. These players/employees are young, have limited life experience and very limited education, and are fond of American black street culture, but they are all very rich. Phil Jackson achieved a record number of NBA championships as a coach guiding such young players

to their dreams. Phil Jackson 'understood that winning meant giving up something small for yourself so that the team could gain. Finally, he was astute enough to understand that in order to win, you needed a strategy both on the court and off.'²²⁶

Here it is crucial to notice that Jackson's 'strategy both on the court and off' is based on exceptionally creative Human Resource Management (resources made of millionaires, rare talent and ambition) according to the circumstances, using wisdom, intuition and Zen teachings.

Phil Jackson's managerial wisdom is about harmonization of the conflicting personalities of the players/employees, the ability to feel their egocentric perspectives and from 'inside' coaching intuition to provide inspirational talks for individual and collective growth, maturity and unselfishness in order to achieve collective perfection. For instance, when two superstars engage in egocentric play, the results suffer, collective effort is wasted, games lost. Los Angeles Lakers had to learn how to manage Kobe Bryant's and Shaquille O'Neal's egocentric personalities in order to achieve an ultimate result for the team.

Phil Jackson with his Zen Buddhism philosophy managed to harmonize irreconcilable personalities of the players/stars/employees, whose teamwork would bring great victories in decisive moments of the stressful final games. Here we have congruity not only between utilitarianism and Human Resource Management, but also between a spiritual approach to employees and their utilitarian performance.

The coaching technique of Phil Jackson has brought incredible results – no coach in the NBA league has ever become eleven times champion. Coaches who are alive now will have little chance of breaking this record on the basis of their current achievements. Apparently, organizational success can be measured not only by profit, but also by titles. In this case organizational success depends on congruity between utilitarian goals and Human Resource Management on the basis of a spiritual approach and Phil Jackson's personal coaching wisdom.

This coaching wisdom is expressed by Phil Jackson himself in his writing, where Zen teachings play a key note. At first he quotes a Zen saying:

When a fish swims in the ocean, there is no limit to the water, no matter how far it swims.

When a bird flies in the sky, there is no limit to the air, no matter how far it flies.

However, no fish or bird has ever left its element since the beginning.²²⁷

Then, Phil Jackson, whom I would like to call The Coach, comments, interprets, meditates this Zen teaching:

This ancient Zen teaching holds great wisdom for anyone envisioning how to get the most out of a group. Just as fish don't fly and elephants don't play rock and roll, you can't expect a team to perform in a way that's out of tune with its basic abilities. Though the eagle may soar and fly close to the heavens, its view of the earth is broad and unclouded. In other words, you can dream all you want, but, bottom line you've got to work with what you've got. Otherwise, you're wasting your time. The team won't buy your plan and everyone – most of all you – will end up frustrated and disappointed. But when your vision is based on a clear-sighted, realistic assessment of your resources, alchemy often mysteriously occurs and a team transforms into a force greater than the sum of its individual talents. Inevitably, paradoxically, the acceptance of boundaries and limits is the gateway to freedom.²²⁸

As these verses of wisdom show, for this Coach Human Resource Management is first of all realization of the limits of the resources of a given team. In other words, before you find out how to get the most out of a group, firstly you have to find out the group's limitations, its nature. Needless to say, the depth of such approach to coaching requires the moral support and trust of the other stakeholders. In Phil Jackson's case he had that from the stakeholders of the club of the Chicago Bulls, and has it today from the stakeholders of the Los Angeles Lakers. But, in companies of different business profiles, the role of spiritual coaching leader may not be possible.

* * *

Stakeholder Theory, however, may warn us that the primary stakeholders – financiers, customers, suppliers, employees and communities – have different organizational achievements and possibilities and stand on a different step of a hierarchical ladder. Keeping in mind that business enterprises are meritocratic and foster meritocracy, which creates inequality among the members of an organization, it is important for a corporation or company to have common values. These tie individuals of different merits into one coherent collective. Values, then, are functional. But this is the ideal. Stakeholders who are meritocratic²²⁹ cannot be equal, and will most likely share the same ideals and busi-

ness principles only to a limited extent. But, if the case of Phil Jackson's coaching can be taken as an example of how one leader can reconcile, at least for a few seasons, all differences among meritocratic stakeholders of his organization for the sake of victory, achievement and self-realization, then stakeholder inequality is not a major obstacle.

1.3

Institutionalization of a Code of Ethics and the Politics of the Protestant Work Ethic

In Business Ethics texts we learn that common values not only unite the stakeholders and facilitate Human Resource Management, but also unify the collective of an organization. A code of conduct provides a guide for accepted standards and business principles efficiently when it is institutionalized. An institutionalized code of conduct – as is seen in the Shell Group’s case – provides a moral guideline on how *to live* according to Shell’s general business principles.²³⁰ Viewed from a sociological perspective as well as from the perspective of political philosophy, an institutionalized moral guideline on how *to live* according to business principles might be interpreted as life politics (Anthony Giddens) and ideology (Louis Dumont) (see Section 2.1.1 and 2.1.2). But for now I would like to refrain from an incorporation of these terms into this analysis on institutionalization of ethics, since the terms of life politics and ideology need a special introduction. In this section it is sufficient to show the relationship between the Protestant work ethic and the institutionalization of codes of ethics, which is the result of evolutionary development of Business Ethics.

Although corporate codes are supposed to refer to the moral principles of fairness and justice from which a code flows,²³¹ an institutionalized code of ethics may reveal double moral meanings in the policy of a business organization. *Shell Code of Conduct: How to Live by the Shell General Business Principles*²³² is a good example of it. The Code says:

What could happen to individuals who violate the Code?

Violation of the provisions of the Code of Conduct, or of any laws or regulations governing our operations, may have severe consequences

for the individuals concerned and also for Shell. A failure to follow the Code that involves a criminal act could result in prosecution after referral to the appropriate authorities. Employees who violate the Code or any laws or regulations may also be subject to internal disciplinary action, including termination of employment.²³³

This Code does not only warn of what could happen to individuals who violate it, but it also sets a program for *living*,²³⁴ as stated in the Code's title: namely, 'how to live by the Shell General Business Principles'. Needless to say, any program that sets principles on *how to live* is a political program. If a *moral institution shifts from Aristotle's autonomous individual as the owner of virtuous life to the moral institution of a corporation*, then institutionalization of its code of ethics is a political matter. When a corporation or a firm institutionalizes principles, values and standards according to which virtuous behaviour is defined and morally evaluated, it also at the same time establishes certain politics for virtuous behaviour. Disobedience to it is a challenge to the entire program of '*how to live*'.

Consequently, a code of conduct becomes a means for Human Resource Management to subordinate the individual to corporate life. A code of ethics is itself a means to manage the individual within the confines of a larger moral system of a business organization. But this might also be done in the yet much larger context of Corporate Social Responsibility. First of all, if it is conceptually agreed that business is for the social Good, then a code of ethics for use inside the organization is on a micro level compared with a much larger goal. If Corporate Social Responsibility is accepted conceptually for utilitarian purposes, then it helps to provide a moral justification for institutionalization of a code of ethics (see Section 1.2.3.1). It is then a logical thing to do: if we agree that business is for the social Good, then the ethics of a business organization must be in agreement with that purpose. Institutionalization of ethics establishes the moral position of a business organization for its noble purpose. Business Ethics as a moral guide for business, then, helps to achieve this goal.

However, even then a singular individual works within the preset moral framework of his or her business organization. When corporate life is inseparable from institutionalized conduct, the individual himself or herself is institutionalized and is dependent on certain corporate politics. Needless to say, the individual may voluntarily and consciously comply with the managerial alignment of the individual's

and collective's values, beliefs and attitudes. That the singular individual may share corporate culture and politics is a natural part of a particular American community that has a tradition of common beliefs. Nevertheless, the individual's moral value is not independent of the institutionalized ethics of a concrete business organization.

According to Steven Brenner, institutionalization of ethics might be explicit or implicit. A business organization provides both forms of institutionalization of ethics: implicit institutionalization is often not explicitly created, but inherent in an organization's culture, systems and processes; explicit institutionalization means a code of ethics, policy manuals, ethics committees, and so on.²³⁵ In other words, the individual might be institutionalized implicitly on the basis of a corporate culture that he or she encounters at a workplace. According to Anita Jose and Mary S. Thibodeaux, recent research indicates that 'implicit methods of institutionalizing ethics are more important than explicit means. Managers overwhelmingly emphasized the importance of corporate culture, ethical leadership, and open communication channels in any effort to institutionalize ethics.'²³⁶

However, explicit institutionalization of ethics is prevalent in the literature of Business Ethics. The proliferation of corporate codes of ethics in business institutions reflects acceptance of explicit means of institutionalization.

Institutionalization of ethics is sound and humane when the code of ethics, and business itself as an activity, is regarded not as an end in itself but as a means for a better society (see the arguments of Ronald F. Duska, Robert C. Solomon and Richard T. de George in Section 1.2.3.1). Otherwise the primary business purpose would be accumulation of wealth without specifying what this accumulation is for. Then institutionalization of ethics for the purely materialistic purpose of profit would undermine moral values. But, if Business Ethics can provide a philosophical foundation for business to provide a good life as an end and help to create a good society, then institutionalized ethics in business has a different status. Then business has the noble task of contributing to society and serving society as a means, and the ethical dimension dominates the economic one. But is it so?

A code of ethics is 'a written, distinct, and formal document which consists of moral standards used to guide employee and corporate behaviour'.²³⁷ If taken seriously, institutionalization of ethics in a business organization via a code of ethics has to involve the individual in its structure.

The implementation process of a code of ethics is complex and managerially structured by:

- the timing of the code's distribution;
- senior management support;
- the sign-off process;
- training;
- reinforcement, including speeches, e-mails, newsletters;
- testing;
- performance reviews in relation to the code.²³⁸

As Mark S. Schwartz explains in his article *Effective Corporate Codes of Ethics: Perceptions of Code Users*, the employees have to be constantly educated about the purpose and meaning of the code. Otherwise, the document is just a document. According to Mark. S. Schwartz, employees have to learn that the code of ethics is good for:

- protecting the company's reputation or image;
- improving the bottom line for the company;
- establishing behavioural expectations for employees;
- enhancing public relations;
- demonstrating corporate citizenship;
- protecting employees;
- complying with legal requirements.²³⁹

This, needless to say, is part of a vision that a business organization expresses by implementing values, beliefs and attitudes in its code of ethics. Looked at from a critical philosophical and sociological perspective in agreement with an interdisciplinary approach, it is also a moment when the individual employee's moral value becomes inseparable from an organization's moral vision: 'a constellation of emotions and ideas about moral order, the essential qualities of moral action, and the moral potentialities and limitations of human beings'.²⁴⁰ From the perspective of this book, the moral vision here is an American one in terms of its Protestant work ethic tradition. Ultimately, institutionalization of ethics in a business organization also means that the individual employee cannot have independent values or attitudes from those of his or her organization. Otherwise there would be a conflict.

It is a cultural American belief that the Protestant work ethic provides a moral guideline for self-actualization according to professional calling. This belief is not limited to the 18th or 19th century. It is believed

in today just as it was believed in yesterday. This belief is shared on various websites. For instance, Jonathan Klemens in his essay *The Protestant Work Ethic – Just Another ‘Urban Legend’?* writes:

Even though we often give lip-service to the “work ethic”, it really does exist and it is stronger than one might expect. Frank Lloyd Wright, the famous 20th Century architect, stated, “I know the price of success: dedication, hard work, and an unremitting devotion to the things you want to see happen”. The “work ethic” is personified by those who have found work that provides both a service to society and personal satisfaction. It is their passion – their life “calling”. One’s calling can follow any career path – writer, accountant, missionary, teacher, auto mechanic, carpenter, cook, social worker, attorney, or brain surgeon. It takes commitment and hard work, but you enjoy it and it feels like the right fit for you. You may actually become so intensively involved and committed that your “calling” becomes “one” with the company or organization’s mission.²⁴¹

That moral vision is closely knit into the American cultural fabric in such a way that business organizations engulf their members and the singular individual. Culture imposes a particular mindset, the mindset of the American Protestant work ethic, on the individual who works in a business organization. The individual as a part of a whole organization is institutionalized culturally, not only behaviouristically according to the rules of a code of conduct. As Marcel van Marrewijk and Joanna Timmers argue, organizations include and transcend employees. According to them, ‘both extremes, the atomistic and the collectivist views, are beside the point: in reality neither “parts” nor “wholes” exist, only whole/parts or *holons*. So, both organization and individual employees are entities and the same time there is a hierarchical relationship between them, because organizations include and transcend employees.’²⁴²

Thus, the individual employee, being one of the primary stakeholders, even when participating in his or her business activities in a full-blooded manner, participates there under the moral framework of an institutionalized code of ethics and is a part within the hierarchically superior structure of an organization. As John Hendry put it, ‘[T]he power of the corporation over its employees is one thing that has not changed in the flexible economy. In most cases, the threat to the individual of being fired is still far greater than the threat to the company of someone resigning.’²⁴³

In this light, management technique using institutionalization of ethics is not so unequivocally moral. While it is true that humanization of the workplace is an important goal for an ethical business organization, incorporation of the individual into a larger corporate system by institutionalizing his or her values, beliefs and attitudes sheds different moral shades on the role of a code of ethics. Although the role of an institutionalized code of ethics, seen from an American cultural perspective, seems to be in agreement with the history of evolvement of Business Ethics, nevertheless, from the perspective of political philosophy, it is not necessarily in agreement with liberal individualism, where individual liberty is the fundamental value.²⁴⁴

What are those 'different moral shades' in this context? How should one understand this?

I would like to answer from the perspective of Michel Foucault. As a Foucault follower would argue, institutionalized ethics and comparatively codified virtuous behaviour indicates a decreased margin of liberty.²⁴⁵ It is ideological and political. In this sense, institutionalized ethics appears as an ideological and political tool. If modernity is a history of the fading away of Greek philosophical practices of the self and these practices are replaced by organizational codified behaviour that is required from the individual employee, then institutionalization of ethics is not without interconnections of ethics, life politics and ideology.

One may object to this by saying that non-institutionalized values, principles and standards create chaos in an organization, whereas institutionalized ethics help Human Resource Management in its effort to humanize work conditions for functional reasons (see Section 1.2.3.2). Functionalism and institutionalized ethics serve humane purposes in a business organization for the Greatest Happiness and common welfare.

This form of humanism today is at the top of the list of the previous systems of humanism, each of which in its time had a philosophical justification for the Greatest Happiness, whatever it was in each philosophical and political system. Michel Foucault warned us that:

In the seventeenth century, there was a humanism that presented itself as a critique of Christianity or of religion in general; there was a Christian humanism opposed to an ascetic and much more theocentric humanism. In the nineteenth century, there was a suspicious humanism, hostile and critical toward science, and another that, to the contrary, placed its hope in that same science. Marxism has been a humanism; so have existentialism and personalism; there was a

time when people supported the humanistic values represented by National Socialism, and when the Stalinists themselves said they were humanists.

From this, we must not conclude that everything that has ever been linked with humanism is to be rejected, but that the humanistic thematic is in itself too supple, too diverse, too inconsistent to serve as an axis for reflection.²⁴⁶

Thus, when one keeps in mind that Shell Group claims its main institutionalized value to be 'Helping People to Build a Better World', one may also see that, regardless of its corporate commitment to building a humane world, Shell's main value expresses a new form of *corporate humanism*. Then, paraphrasing Vytautas Kavolis, Shell Group, as the owner of values, organizes social components of a system of moralization, which turns this corporation into a moralizing institution as well as a moralizing culture of *corporate humanism*. And this is the result of the evolutionary process of the evolvement of Business Ethics.

Part II

The Individual's Moral Value in Business Ethics

2.1

Life Politics and Ideology

In the following section I will introduce the concept of life politics from the perspective of Anthony Giddens and the concept of ideology from the perspective of Louis Dumont. These concepts will be used in order to analyse the individual's moral value in Business Ethics in the light of corporate ideology and life politics.

Anthony Giddens is important for his theory of self-identity. According to Giddens, self-identity is a matter of both self-reflection and life politics, which is institutionalized by law and various administrative regulations. By the same token, I will attempt to analyse the extent to which the individual is free for self-identity under the theory of Business Ethics when the latter is perceived as life politics. Therefore, the following text will present the main concept of life politics from the perspective of Giddens; then this concept will be applied to various issues in Business Ethics, the latter considered not as a mere managerial tool for economic efficiency, but as life politics that conceptualizes a life course and its decisions.

Louis Dumont understands ideology as a set of values that are common in a society. It is important in this book for enabling a critical philosophical reflection on a set of values that are common in Business Ethics. Moreover, for Dumont ideology has to be comprehended in terms of the relationship of the individual to the social whole, where common social values function. Today, when Business Ethics provides a global corporate culture, the individual's relationship to the social whole is enormously important in order to examine the *foundation of the individual's moral value*.

2.1.1 Life politics from Anthony Giddens' perspective

Anthony Giddens makes a connection between self-identity and life politics. In his book *Modernity and Self-Identity* the author believes that

self-identity is not inherited or fixed, but rather is a personal reflexive project. The word 'interpretation' here is key: the individual creates his or her self-identity by interpreting personal experiences. No one but the individual creates his or her personally authentic self-identity, as it is he or she who creates a narrative of personal life experiences. Various bits and pieces of personal experience, put together by the individual into one coherent picture, become the self-identity. But this does not mean that a narration of the self is achieved easily, without the existential puzzle of the question 'Who am I?' As Zygmunt Bauman pointed out, identity is a life experiment, not a prefixed jigsaw puzzle, when you know the picture in advance.²⁴⁷ In life there is always a piece that just does not fit into the picture of your jigsaw puzzle.

Considering that self-identity is no longer inherited or given by tradition, it follows that the freedom of modernity for self-interpretation becomes the source for life politics: the modern individual emancipates himself or herself from a traditionally prescribed identity and perceives the self as a reflexive project for self-actualization. Thus Anthony Giddens defines life politics in two main ways. The former is as follows:

Life politics concerns political issues which flow from processes of self-actualization in post-traditional contexts, where globalizing influences intrude deeply into the reflexive project of the self, and conversely where processes of self-realization influence global strategies.²⁴⁸

The second says: 'Life politics, to repeat, is a politics of life decisions. What are these decisions and how should we seek to conceptualize them?'²⁴⁹

The latter can be properly understood following a key clarification by Giddens: 'personal is political.'²⁵⁰ Personal is political, because self-identity is not only a private issue, but a public one as well. The public conceptualizes certain decisions. However, in *Modernity and Self-Identity*, Anthony Giddens does not draw a clear line between a private self-identity and a public one. 'Personal is political' means a fusion of the private and the public identities, albeit not without great tensions. Giddens emphasizes the moral disquiet of the individual when searching for his or her true self-identity. That moral and psychological disquiet is the undercurrent of his book *Modernity and Self-Identity*. On the one hand, Giddens' individual is capable of being true to the self, finding a moral thread of self-actualization in authenticity,²⁵¹ which becomes the cornerstone of the individual's authentic self-project. That project needs institutionalization; otherwise in practice the individual will never have social and political conditions for self-realization. In this sense the 'politics' of 'life politics' for Giddens also

means processes of decision-making on the administrative level where values clash.²⁵²

According to Giddens, the individual has to be creative in his or her personal and social life when creating a coherent narrative. The individual becomes the author of a narrative that comes out as the result of self-interpretation. Hence, Giddens believes in a stable self-identity as an autobiographically reflexive narrative that can be communicated to other people,²⁵³ so that, if one is not satisfied with the self, one may go for the *second chances* that post-traditional society provides.²⁵⁴ Thus, life politics is a gateway to the world of *second chances*, which has to be understood in the context of emancipation: for instance, Affirmative Action in the US provided for African Americans a second chance for social self-realization, integration and racial representation. We may say that the 'first chance' that African Americans had before Affirmative Action started evidently did not provide enough social opportunities, as discrimination was a part of US history and culture. An emancipation process was needed.

Giddens makes a very clear link between emancipatory politics and life politics:

<i>Emancipatory politics</i>	<i>Life politics</i>
1. The freeing of social life from the fixities of tradition and custom	1. Political decisions flowing from freedom of choice and generative power (power as transformative capacity)
2. The reduction or elimination of exploitation, inequality or oppression. Concerned with the divisive distribution of power/resources.	2. The creation of morally justifiable forms of life that will promote self-actualization in the context of global interdependence.
3. Obeys imperatives suggested by the ethics of justice, equality, and participation.	3. Develops ethics concerning the issue 'how should we live?' in a post-traditional order and against the backdrop of existential questions. ²⁵⁵

Political *second chances* are impossible without emancipation. Thus, keeping in mind the fact that Business Ethics theory evolved from emancipatory movements, it inevitably inherited their emancipatory character, which at the same time provided certain life politics. For this reason it is suitable to apply Giddens' term of life politics to Business Ethics in an attempt to reveal its ideological aspects as well as its moral culture.

The underlying idea of Giddens' life politics is to provide necessary conditions for the individual's freedom to choose a life course along with *second chances*. Hence, a definition by J. P. Ross:

Life politics would thus be individual and social decisions and negotiations about life course, life chances, relationships, self-realization, happiness and misery, well-being.²⁵⁶

Tommi Hoikkala in the article *Life Politics and/or Solidarity* searches for a variation of the meaning of Giddens' concept of life politics. Drifting away from the self-centred reflexive self project of Giddens, Hoikkala emphasizes life politics as common decisions. According to the argument, life politics consists of common decisions, which affect social groups and society. Hoikkala sees individual choices being possible through social bonds. Such bonds and groups influence the very course of people's lives, their possibilities and alternatives. This author, by referring to the Nordic welfare state, sees the primary object of life politics in a community. Being critical of individualization, Hoikkala proposes yet another description of life politics: 'the choices of individuals which produce social commitments and new features in the community are areas belonging to life politics.'²⁵⁷

In this sense life politics is even more important, since a corporation is a community with its communal/organizational life. There the individual makes his or her social commitments.

The concept of life politics will be applied to corporate life.

2.1.2 Ideology from Louis Dumont's perspective

Ideology for Louis Dumont means a social set of representations, the set of ideas and values that are common in a society.²⁵⁸ In his *Essays on Individualism* the French social anthropologist analyses ideology in connection with individualism. When Dumont says that individualism has different forms and it transforms, he means that the value of the individual also transforms. When the individual is of paramount value, then he talks about Individualism. Otherwise he talks about holism. Thus, individualism and holism are ideological systems that treat the individual differently. The distinction of *outworldly individual* (*individus-hors-du-monde*) and *inworldly individual* (*individus-dans-le-monde*) is important for the purposes of this book. The *outworldly individual* is a wise and self-sufficient individual with a superior ideal.²⁵⁹ An *inworldly individual* is one who lacks the attribute of self-sufficiency, who does not

have a socially or morally superior ideal.²⁶⁰ L. Dumont concludes that, when individualism stems out of a traditionally holistic type of society, it appears as a contraposition to the world. The *outworldly individual*, like Socrates, is self-sufficient. 'It is a thorough dichotomy between wisdom and the world, between the wise man and the unenlightened men who remain in the throes of worldly life.'²⁶¹ Thus, a man of wisdom is more valued because of his particular social practice. This is natural in the work of Dumont, since for the social anthropologist value is social, which means that the individual's value is also social.²⁶²

However, in this book (specifically in Chapter 2.3) I will apply the terms of Louis Dumont, modified according to the subject: when analysing corporate ideology it is more meaningful to use the term *the out-corporate individual* (who, with a superior ideal, transgresses the ideology of a corporation) and *the in-corporate individual* (who does not have a superior ideal and does not transgress the ideology of a corporation). More precisely, if for Dumont *the outworldly individual*, like Socrates, is self-sufficient and represents 'a thorough dichotomy between wisdom and the world, between the wise man and the unenlightened men who remain in the throes of worldly life',²⁶³ so I will argue in the last chapter of this book that *the out-corporate individual*, like *an external whistle-blower*, is morally self-sufficient and represents a thoroughgoing dichotomy between the individual and the corporation, between morally concerned employees and unethical businessmen who remain in the throes of moral corruption in the corporate world.

The second difference is that for Louis Dumont *the outworldly individual* renounces the world by the virtue of wisdom and a superior ideal, whereas *the out-corporate individual* renounces only the world of a particular business enterprise. Such an individual does not even renounce the entire business world or the economic capitalist system, but only a particular business institution due to its unethical practice. That does not mean that *the in-corporate individual* is one who accepts unethical practice. *The in-corporate individual* might be an employee or an owner of a business organization that practises legal and moral business according to contemporary standards of Human Resource Management and Social Corporate Responsibility. But such an individual remains *in-corporate*, because he or she remains within the confines of an organization and does not transgress its holistic corporate moral culture.

Therefore, the essential linking similarity between the terms *the out-corporate individual* and *the outworldly individual* is rooted in Louis Dumont's conclusion that individualism stems out of a traditionally holistic type of society and appears as a contraposition to the world. In

the case of this book, the individual, as a member of a business institution, may stem from a holistic type of corporate collective and appear as a contraposition to the corporate world. Due to this contraposition, *the out-corporate individual* transgresses corporate ideology, whereas *the in-corporate individual*, who is not in contraposition, does not transgress it. This will be analysed in Chapter 2.3.

Therefore, ideology here has to be understood in relation to Dumont's concepts of *the inworldly* and *the outworldly individual*: their values, which are common in their society, represent the existent ideology, which is the fundamental principle of civilization.²⁶⁴ This is an anthropological perspective that studies the origin of Western Civilization's ideology in Ancient Greece and afterwards concludes that individuality is the essence of modern ideology. Dumont in his *Essays on Individualism* shows that modern ideology inherited the outworldly/inworldly individual's dichotomy when, with Christianity, an *outworldly individual's* ideology was transformed into an *inworldly individual's* ideology.²⁶⁵

According to Leonidas Donskis, Dumont treats individualism from a holistic perspective. Individualism is the axis of modern ideology, regardless of the empirical fact that the individual in the 20th century was subordinated to collectivism. But, since nationalism is inseparably connected with the value of individualism, that subordination does not contradict the essential axis of modern ideology.²⁶⁶

On the basis of this notion of modern ideology, Dumont argued that even the German totalitarianism of the Second World War was based on individualism. This position is strongly criticized by Leonidas Donskis and Vytautas Kavolis. According to Donskis, application of modern ideology to the theme of totalitarianism made Dumont reach an impasse.²⁶⁷ Donskis argues that in the context of totalitarianism Dumont lost the sharpness of his insights. In aid of this, Donskis appeals to Kavolis' claim that Dumont is the least convincing when he derives totalitarianism from individualism. Kavolis contends that totalitarianism has to be understood in terms of repeated holism, which is directed against the threat of a growing individualism.²⁶⁸

In this instance of totalitarianism, analysing the individual's relation to German collectivity and pan-Germanism, Dumont used the word 'subordination': '...totalitarianism is a disease of modern society that results from the attempt in a society where individualism is deeply rooted and predominant, to subordinate it to the primacy of the society as a whole.'²⁶⁹ I will use the word 'subordination' in this book omitting the political aspect of totalitarianism, mainly because the theory of Business Ethics attempts to humanize capitalism and opposes discrimination against employees.²⁷⁰ Business Ethics defines their rights

and responsibilities. An individual employee is always free to leave his or her corporation or firm, and that is according to the principles of democracy and respect for individual liberties.

Instead I will focus on the meaning of subordination in the sense of the primacy of corporate ideology over the individual. The dichotomy of the two is usually erased in the literature of Business Ethics because of managerial alignment of values between the individual and an organization, and with the institutionalization of a code such as 'how to live' the individual loses his or her distinction. The distinctiveness of the individual is engulfed by the corporate collective, which establishes the individual as *the in-corporate individual*, whose individuality is dependent on holistic organizational values and moral principles. Although *the in-corporate individual* has rights – the right to a safe and healthy work environment; the right to job security and due process in firing and promoting; the right to privacy; the right to compensation for injury; the right to be free from harassment; the right to pension protection²⁷¹ – nevertheless, these rights are possible only under the condition of employment. As Ronald F. Duska says, 'clearly, one cannot be an employee unless one is employed, so it seems somewhat odd to talk about the right to work as an employee's right.'²⁷² In other words, corporate primacy over the individual remains regardless of the singular employee's rights, since they exist within corporate confines and moral framework.

In a real organizational life the individual, regardless of all his or her rights, cannot escape subordination to corporate culture and to a corporation's collectivity as a whole, since he or she also has concrete duties and obligations to work for the interest of the employer. For Herbert Marcuse it means corporate totalitarianism,²⁷³ but such a discussion I will leave for future work. At this point the task is to analyse the ideology of Business Ethics in terms of the individual's subordination to the collectivity principle.

This we may see from Human Resource Management theory:

HRM also indicates a value laden focus shift: from the idea of balancing individual and organizational interests to a clear priority for improving organizational performance. Regarding individual interests not as a value in itself but a restriction which has to be met when pursuing organizational goals.²⁷⁴

In this case even participation in decision-making processes does not help the individual to rise above the collectivity principle, as the individual is not a value in his or her own right. Autonomous individuality is an

appearance. In reality, Human Resource/Asset Management de-individualizes the individual unless we are talking about such franchises of professional sports as NBA clubs where individualism is promoted or such corporations as Google where individual style is part of corporate culture. Otherwise, the individual's relationship to the corporate social whole is managed, not left to individual responsibility. Rather, the organizational structure is managerially designed in such a way that a business organization is responsible for the individual employee's faults.²⁷⁵ The individual is subordinated to a structure and his or her behaviour is structured. Needless to say, subordination to a structure requires an ideological justification for business purposes, which I will explain in the following sections.

Not coincidentally, in the literature of Business Ethics the noun 'a subordinate' is used in a rather colloquial manner. Marcel van Marrewijk and Joanna Timmers use this noun as self-evident in their discussion on Human Capital Management, when they state that a manager 'is in a position to build a relationship of trust with his or her subordinates'.²⁷⁶ The entire corporate culture operates through managerial construction of our needs by vested interests and 'obedience to the company is more important than loyalty to church, family, or community'.²⁷⁷

It is within corporate interests to be the dominant institution for humankind and to have an institutionalized ethics that helps to achieve that goal. As Robert Phillips noticed, it is sufficient to look at the grandeur of the buildings in various centuries and we will see which institution dominated. In the Middle Ages it was the Church, during the Enlightenment it was Parliament, today it is the Google (corporation).²⁷⁸ If it is true that in the future 'businesses will play a dominant role in bringing forth the human spirit, an aspect that is hitherto perceived to be in the purview of other human activity systems like the Church or family',²⁷⁹ then we face a new dominant institution. This institution also has its economic ideology, just as the institution of the Church has a religious ideology. Both of them claim to be advancing the human spirit; only the motivation and the means for it are different. But both can be regarded as *greedy institutions*, since they need members to meet special conditions of ethical behaviour.

Lewis Coser's concept of a *greedy institution* clarifies the latter argument.²⁸⁰ Although Coser analysed religious and political sects as greedy institutions, it would not be a misnomer to apply his concept to a business organization.²⁸¹ If a religious or political sect is greedy because of a specific set of structural devices that promote increased devotion to the sect, then a business organization also has its own specific set of structural devices for that purpose. Humans as assets are managed in a business organization by applying structural conditions in order to usurp

individual employees, just as in a sect, where the options for the members are narrowed down. The wording 'how to live' that we find, for instance, in *Shell Code of Conduct: How to Live by the Shell General Business Principles*²⁸² is a good example of clearly defined principles that narrow down options. As was mentioned, the very responsibility for the individual's quality performance is bestowed upon the organizational structure.²⁸³

However, there also exist decentralized organizations. A decentralized organization leaves an open door for informality, fun and creativity. Nike, Southwest Airlines and Microsoft are a few companies that share a system of decentralized organization.²⁸⁴ Google corporate playful and dynamic culture perhaps the best example, suffice to mention its work time and free time interchangeability, individualized office culture and sophistication of inside communication. Under the umbrella of such liberal organizational culture there is room for fun and individual expressions. This can be supported by a Dionysian work ethics that promotes play at work. It represents a new shift in corporate cultures and management techniques. Humour, jokes, friendliness and games at some workplaces are a part of organizational work time. Play technologies can be part of a managerial strategy to encourage well-being as well as self-expression of the employees. 'Very rational, Apollonian approaches to efficiency and productivity, management itself has entered into a kind of Dionysian mode, a spirit of playful transgression and destruction of boundaries, a new bond between economic grammars of production and consumption, and cultural grammars of the modern self.'²⁸⁵

But *Shell Code of Conduct: How to Live by the Shell General Business Principles* bespeaks a controlling organizational system. It formulates specific conditions and envisions clear moral standards for 'how to live'. Consequently, the individual is technologically guided; in terms of behaviourism, the desired behaviour is deterministically constructed. According to Vasiljeviene, such managerial structures are effective and bring the individual 'to an expected effect and desired consequences'.²⁸⁶

In this sense corporations and their cultures exercise control over the individual. Control over the individual is ideological, as control is based on certain ideas and values in order to substantiate the individual's subordination to collectivity.²⁸⁷ Dumont's term 'ideology' will be applied in the sense that – as Kavolis has pointed out – 'the controlling principle of this ideology is the conception of the relationship of the individual to the social whole, a relationship which for him is always in a stabilized structure.'²⁸⁸ Thus, the definition of ideology – ideology as 'the set of ideas and values that are common in a society' – will help to describe corporate culture and practices.

Keeping in mind that for Ashly Pinnington, Rob Macklin and Tom Campbell 'business ethics is not a compartmentalized add-on to business, but a dimension of business and specifically one that is inescapably present in all management decisions,'²⁸⁹ the link between ideological corporate business and ideological Business Ethics will surface. A 'compartmentalized' approach to Business Ethics, merely from a managerial perspective, would deny the possibility for an integral philosophical reflection applying the interdisciplinary method. The interdisciplinary method of the book opens new social and political as well as cultural perspectives that cast new light on the individual's moral value in Business Ethics.

2.2

Corporate Life Politics and Ideology

In the following section I will analyse corporate life politics and ideology as it appears in controlled corporate life. Corporate life politics and ideology will be analysed on the basis of both Business Ethics literature and Shell corporation documents according to the third goal of the book: to analyse whether *the foundation of the individual's moral value* depends on the life politics and ideology of a business organization.

2.2.1 Corporate life politics and ideology: A case study of Shell Group

I see at least one similarity between Giddens' reflexive individual, who questions personal identity in relation to society, and an individual corporation, which questions its corporate identity in relation to society. Just as Giddens focused on the individual and his or her reflexive self project via self-interpretation and social emancipation, so the theory of Business Ethics also focuses on a particular corporation's reflexive management and socially integrated emancipation applying Corporate Social Responsibility values. The theory of Business Ethics studies a corporation as capable of self-interpretation and reinterpretation.

As we argued in Section 1.2.2, a corporation might be called a moral agent,²⁹⁰ or corporate personhood,²⁹¹ or moral community.²⁹² In the literature of Business Ethics we can find organizations that are treated as subjects, and this is called corporate citizenship.²⁹³ According to Dirk Matten, Andrew Crane and Wendy Chapple, citizenship in Business Ethics means 'that corporations take over those functions, which are clearly governmental function in the framework of liberal citizenship.'²⁹⁴ All these terms are complementary; other new terms could be suitable as well. For instance, a business organization might be called a *community*

of stakeholders. This term does not include the word 'moral', because not all stakeholders are moral. Communities of stakeholders can follow immoral principles, violate laws, implement double standards, create hostile work environments and promote inhuman work conditions. If all business activities were morally perfect, we would not have a discipline called Business Ethics.

Shell Group, as a community of stakeholders, or as a corporate personhood, or as a moral agent, managed to create *second chances* for moral emancipation, to transform from low morality to high business standards just like Giddens' individual. Shell Group is such a case.²⁹⁵ In the discourse of Business Ethics this corporation is presented as a corporation that transformed itself from a corporation of low repute into one representative of business standards although that might be just new rhetoric of Shell, which we do not have to believe.

Supposedly, in the 1990s Shell Group changed from a corporation boycotted by the Greens into a socially responsible oil business organization. Shell's top management publicly admitted its social irresponsibility and moved toward the so-called 'new Shell'. Shell was remade inside as it created a new organizational culture. For that reason hundreds of meetings were held in early 1996. Shell redefined its reputation by founding 'value creation' teams. 'Shell claimed its core purpose to be "Helping People to Build a Better World".²⁹⁶ This can be termed as life politics of *second chances*. After renewed self-interpretation, a new corporate self was created.

In his article *Transformation at Shell: Commerce and Citizenship* Philip H. Mirvis describes a *holistic* approach to changing the ways Shell Group does business. Shell Group made a seismic shift in its organizational culture. And that shift was institutionalized.

Emphasizing social accountability and ethical business principles, the Shell team issued its report in 1998 entitled 'Profits and Principles – does there have to be a choice?' The company '... Established social accounting principles and gained independent verification of some key statistics. To add accountability to this scheme, Shell began to have its operating company chief executives prepare and "sign off" letters affirming that their company had 1) operated within applicable laws and in accord with ethical guidelines, 2) followed health, safety, and environmental policies, and 3) conformed to Shell's Business Principles.'²⁹⁷ External auditors were called in to verify these procedures. Then a second report 'People, Planet & Profits – an act of commitment' was issued in 1999. 'Under the mantle of Sustainable Development, it presented, cogent, and concise accounting of Shell's interfaces with society, measured in terms of economic, social, and environmental performance.'²⁹⁸

As can be seen from the description of Shell's accountability, it is a highly reflexive corporation, at least in its rhetoric and fashionable image building. The height of Corporate Social Responsibility's benchmark is congruent with the ambitious vision of 'Helping People to Build a Better World'.

However, there is no critical philosophical reflection on what is 'a better world'. The question *What is the point of an oil and gas company being ethical?* challenges the conceptual compatibility of business and ethics. Perhaps an oil and gas corporation cannot help people to build a better world, no matter how high the benchmark of its Sustainable Development. The Greens may always contend that true Sustainable Development is without oil; that is, 'a better world' is *green*. They may also affirm that the world is better off with cars run by solar energy.

Environmentalists may see Shell as 'helping' to warm the climate and thus 'helping' to build a worse world in the long run. Perhaps 'the new Shell', that is, 'the ethical Shell', is new and ethical only on a corporate level of reflection. From the viewpoint of critical philosophical reflection, the new ethical Shell might be regarded as the result of an economized life politics and consumer ideology under the corporate advertisement of Sustainable Development.

According to the Shell Chemicals declaration on Sustainable Development in its report *Delivering on Our Commitment to Sustainable Development*, there are seven Sustainable Development principles:

1. Generate robust profitability;
2. Deliver value to customers;
3. Protect the environment;
4. Manage resources;
5. Respect and safeguard people;
6. Benefit communities;
7. Work with stakeholders.

These principles, according to Shell Chemicals, are to help to integrate the economic, social and environmental dimensions of their business.²⁹⁹

At large, these principles and integrity of Shell Chemicals are supposed to be for humanization of capitalism. This is the answer to the question aired earlier, *What is the point of an oil and gas company being ethical?* However, the humanization of capitalism on the conceptual basis of compatibility between business and ethics is a managerial tool for profit. For Peter Ulrich it is functional Business Ethics for economic purposes.

This can be supported by the words of Jeroen van der Veer, the President of Royal Dutch Petroleum Company and Vice-Chairman of the Committee of Managing Director of the Royal Dutch/Shell Group:

The economic dimension of performance is straightforward – of course we have to keep making a profit, ethically, or we will go out of business, and let down our investors, our employees, our partners, and our customers.³⁰⁰

The words of the President of Royal Dutch Petroleum disclose the condition for being ethical: profit that is not ethical would force the corporation out of the market. In other words, ethical business is for profit. It is a highly corporate economic affair, which, keeping in mind the context of the evolution of Business Ethics out of political upheavals and environmental awareness in the 1970s and 1980s, cannot be separated from the public interest. Society would not respect corporate activities that did not reach the benchmark for Sustainable Development and were ignorant of the humanization of capitalism. Public interest compelled the emergence of critical discourse and various movements in the US before social change was achieved. At first there were applications to court and individual cases of unethical behaviour brought to public notice; then the government was forced to alter US legislation. This was the origin of the Hazardous Substances Labeling Act in 1966; the National Environmental Protection Act in 1969; the Equal Pay Act in 1963; and the Civil Rights Act in 1964.³⁰¹ By the same token, Shell Group, which is not American, but due to the global standards of Business Ethics is forced to make business and ethics compatible for its public interests; that is why the corporate culture of Shell Group recognizes Sustainable Development.

In this context, in her article *The General Public as the Locus of Ethics in Modern Society* Adela Cortina argues:

modern business activity, taken as a whole, contains moral aspects to which economic agents should cater to if they wish to carry out the tasks assigned to them. In this context, an indispensable role is played by both a critical public opinion and businessmen themselves, who not only take such proposals of public opinion seriously, but are also ready to confront themselves in a critical sense as concerns their own business activities.³⁰²

If this paradigmatic transformation of Shell represents humanization of capitalism, then the value of 'Helping People to Build a Better World' springs directly from the economic understanding of what a better world is: ultimately, this corporation is concerned with its own business

activities. Shell Group does not provide a critical reflection of corporate interests in the way, for instance, John Dewey did. He questioned the extent to which corporative affairs influence our beliefs and conduct and we become corporate human beings on the basis of economic success:

I am not an economist, and the facts in any case are too well known to need detailed rehearsal. For my purpose is only to indicate the bearing of the development of these corporations upon the change of social life from an individual to a corporate affair. Reaction to the change is psychological, professional, and political; they affect the working ideas, beliefs and conduct of all of us.³⁰³

Dewey's observation that social life had changed from an individual to a corporate affair is important, because today corporate affairs are inseparable from Business Ethics. The latter supports corporate competitiveness by providing ethics as a managerial tool for performance maximization. While it is true that Business Ethics literature is sometimes critical and philosophically reflective of corporate ethics, in practice, as John Kaler believes, Business Ethics limits itself by 'providing practical assistance to managers' and by making 'implementation of its proposals dependent upon management approval'.³⁰⁴ If John Kaler is also right in contending that Business Ethics is aligned with managerial interests, and the sole objective of the discipline is to give practical assistance to managers, then we have to agree that Business Ethics should go beyond managerial concerns. This is the wish expressed by Kaler in the article *Positioning Business Ethics in Relation to Management and Political Philosophy*.

It is evident that managerial rationality for economic purposes is dominant in the discipline of Business Ethics. For this reason Peter Ulrich proposes a different role for Business Ethics. He criticizes value maximization in business,³⁰⁵ since in that case Business Ethics remains at the level of pure economics.³⁰⁶ Ulrich views functional Business Ethics as limited, and finds the source of it in Protestantism. Business Ethics, he proposes, has to be a critique of pure economic thinking. It should integrate ethics and politics into economic thinking and goals. But this is difficult to achieve when deontological ethics is linked with teleological ethics. Deontological duty ethics, in his opinion, cannot be reduced to teleological benefit on an economic level.³⁰⁷ He is critical of pure economics and its servant Business Ethics.

The argument that an ethical business is more competitive than an unethical one is unacceptable for this theoretician, because this means that the discipline of Business Ethics remains a mere instrument for business maximization. Conceptually, this discipline remains on an economic level. This is why he calls such ethics functional business ethics,

the roots of which are in the Protestant ethos. Recalling Max Weber, Peter Ulrich contends that the Protestant religion raised the market too high to the realms of morality.³⁰⁸ He suggests that Business Ethics should become a critique of pure economic thinking. He professes an *Integrative Economic Ethics*.³⁰⁹ In his own words, we learn that Peter Ulrich's intention is to have a different approach to the discipline in question:

I invented the expression – in order to label that somewhat different idea about business ethics that we cultivate with our team. But in the meantime the much more important answer is: It's fun and means fulfilment to work at one of the focal intellectual points of our time in a small, committed team of kindred spirits! Talking about Integrative Economic or Business Ethics: In our understanding it is, simply said, a business ethics which sees ethical demands facing the economic logic (in theory and practice) neither just as an external corrective nor as an instrument (moral economics), but first of all traces the normative momentum in the economic categories and thinking patterns themselves. It matters to open these normative grounds to ethically critical reflection and argumentation. This way the symptomatic two-worlds-concept of 'value free' economic rationality on the one hand and 'irrational' morality on the other hand is at issue.³¹⁰

Peter Ulrich accepts Aristotle's integral triad of ethics, politics and economics. On this basis he would like to build Business Ethics as a critical reflection of socio-economic rationality.³¹¹ In other words, a synthesis of ethics, politics and economics is needed.

However, in the literature of Business Ethics not every ethicist argues like Ulrich. American authors such as Robert C. Solomon tend to apply Aristotle's ethics in a rather distorted version under the influence of the Protestant work ethic and American culture.

2.2.1.1 An ideological application of Aristotle's³¹² Virtue Ethics and Kant's³¹³ Ethics to corporate life

In the following section I will analyse why Aristotle's virtue ethics and Kant's ethics are applied ideologically to corporate life. It will clarify the connection between Chapter 1.2 and current analyses of corporate ideology. Particularly, there will be a clearer link between this current analysis and the earlier Sections 1.2.1 and 1.2.2.

2.2.1.1.1 An ideological application of Aristotle's Virtue Ethics to corporate life

Aristotle's synthesis of politics, ethics and economy, which Peter Ulrich accedes to, is also what caught Hannah Arendt's attention. She endorses

such a synthesis as well, though in a different type of academic literature and for different purposes. In her political philosophy Arendt is critical of economic ideology based on utilitarian principles, because of the dominating consumerism it produced in our lives. Arendt regards the ideal of consumer society as a ghost that causes uneasiness. According to her, the goal of *vita activa* was perceived as accumulation of wealth and affinity in accord with the utilitarian formula: the greatest happiness for the greatest number. For Arendt, the consumption economy based on the ethics of utility maximization is a dream of plebeians, the paradise of fools.³¹⁴ Thus, seeing a linkage between consumerism and utilitarian capitalist ethos, she also, just like Peter Ulrich, looks back to Ancient Greece.

Hannah Arendt favours Ancient Greece, the distinction between household matters, economic life and political life of free citizens. According to her, Plato and Aristotle made this distinction clearly: ‘... the distinction between the spheres of household and political life was never doubted. Without mastering the necessities of life in the household, neither life nor the “good life” is possible, but politics is never for the sake of life.’³¹⁵ Necessity is a pre-*polis* phenomenon characteristic of household organization. *Eudaimonia* is achieved by being free from economic necessity. It is a condition of the virtuous life. This thought we find in Aristotle’s *Nicomachean Ethics*. *Eudaimonistic* contemplation is possible when one is free from household matters and has leisure time and is independent, unlike a slave, who depends on his master, and, therefore, is unable to lead a virtuous life:

...leisure, as much freedom from fatigue as a human being can have, and whatever else falls to the lot of a supremely happy man; it follows that the activity of our intelligence constitutes the complete happiness of man, provided that it encompasses a complete span of life; for nothing connected with happiness must be incomplete.³¹⁶

It is no coincidence that in *Politics* Aristotle says ‘there’s no leisure for slaves,’³¹⁷ since leisure is for contemplative activity, searching for the divine element in us: ‘The activity of the divinity which surpasses all others in bliss must be a contemplative activity, and the human activity which is most closely akin to it is, therefore, most conducive to happiness.’³¹⁸

In other words, it is a wise man’s activity to seek self-actualization. It is doubtful whether Business Ethics – subordinated to economic necessity – is equal to *Nicomachean Ethics*.

However, Robert C. Solomon argues that corporate life and Aristotle’s happiness are congruent. According to him, the individual becomes whole and integral only by being a virtuous person in a corporate life;

not, however, as an autonomous individual, but as part of corporate community, which to Solomon is analogous to the Ancient Greek *polis*.

What is worth defending in business is the sense of virtue that stresses cooperative joint effort and concern for consumers and colleagues alike. Aristotle's ethics is an ethics of virtue, an ethics in which personal and (corporate) integrity occupy the place of central concern and focus. But virtue and integrity are not to be found in a vacuum.... A virtue has a place in a social context, in a human practice, and accordingly it is essentially part of a fabric that goes beyond the individual and binds him or her to a larger human network. Integrity – literally “wholeness” – also has to be understood (in part) in the context of a community, and in business life the corporation. It consists not just of individual autonomy and togetherness, but of such company virtues as loyalty and congeniality, cooperation and trustworthiness.³¹⁹

First of all, we cannot ignore cultural American heritage in the mindset of Solomon: the argument that a virtuous person in a corporate life is not an autonomous individual, but a part of corporate community, and there – in the context of the community – the individual gains wholeness, has to be linked with the observation made by Alexis De Tocqueville, who celebrated the virtues of small-town life in America, the small-town community life of strong Protestantism, its moral culture, its close-knit families.³²⁰

Secondly, we cannot ignore a historian and cultural critic of American society, Gertrude Himmelfarb, who called our attention to the confusion that resulted from the frequent use of ‘community’ as a synonym for ‘civil society’.

From being a subset of civil society, “communities” (in the plural) have been elevated into “community” (in the singular). Yet the two concepts, civil society and community, have had very different histories and, until recently, very different connotations. Civil society has the function of mediating between the individual and the state, restraining the excessive individualism of the one and the overweening designs of the other, socializing the individual by imbuing him with a sense of duties and responsibilities as well as rights and privileges. Community has had a more collectivist, organic, integral character, recalling a tribal or feudal society (or a mythicized tribal or feudal society, in which individuals are socialized by being fused together in a single entity, a “solidarity”).³²¹

Solomon affirms the individual's integrity and wholeness in the community in the sense that Himmelfarb defined. Solomon argues for Aristotle's virtue of the individual within the corporate community, forgetting that

corporate American community is not Aristotle's *polis*. In the American tradition a virtuous person is one who leads a virtuous lifestyle or *Lebensführung* in agreement with American Protestant values of family togetherness and community togetherness. According to Himmelfarb, the effects of the countercultural revolution that took place in the 1960s negatively affected the backbone of social morality, which was based on community collectivist character and religious values. The remedy is to strengthen families and communities following the principles of the Founding Fathers of America and preachers such as John Wesley, who laid the moral foundations for separate American communities.

Thus, the individual's virtuous behaviour here is socially constituted and socially situated in agreement with the Protestant American community's character. In this context it is possible to discern why Solomon noted that our virtues are defined by a larger community and there is no antagonism between individual self-interest and the public good.³²² Application of this perspective to a corporate life of the individual creates a theoretical foundation for an integral harmony of wholeness between the individual and his or her moral community of a business enterprise. But, as was argued earlier, a business enterprise is motivated to define virtuous behaviour in accordance with its economic interests and profit. Human Resource Management, which manages values, beliefs and attitudes for business maximization (see Section 1.2.3.2), shapes the moral character of the individual by the standards of contemporary capitalist ethos, not by the pre-capitalist ethos of Ancient Greece.

Aristotle spoke of a *polis* that fosters a high-minded character that is above economic matters, above maintenance of the life process (see Section 1.2.1). For the Ancient Greeks, however, as Hannah Arendt argues, the decisive characteristic of *aretē* was to eternalize individual life by leading a political life beyond economic matters. It is impossible to be forgotten after a virtuous life and a noble political participation in a *polis*.

The root of the ancient estimation of politics is the conviction that man *qua* man, each individual in his unique distinctiveness, appears and confirms himself in speech and action, and that these activities, despite their material futility, possess an enduring quality of their own because they create their own remembrance.³²³

Moreover, a *polis* was the area for freedom. One of the main differences between *polis* and *oikos* lies in the different quality of life of a *polis*' citizen and of an *oikos*' artisan.³²⁴ According to Arendt, what we find in Greek political consciousness is a clear distinction between an activity that is for the purpose of survival and maintenance of the life

process and that of political life, which had to be elevated above the laws of necessity as well as above what was good enough for slaves.³²⁵

For Frederick Copleston it is also rather obvious that 'the fact that Aristotle considered it essential for the citizen to sit in the Assembly and in the Law Courts, led him to exclude the class of mechanics and artisans from citizenship, for they had not got the necessary leisure. Another reason is that manual toil deliberates the soul and makes it unfit for true virtue.'³²⁶

In this light the application of Aristotle's virtue theory to a corporate business does not work and presents conceptual problems. But such an application creates an ideological conception of virtuous behaviour in a contemporary business organization on the basis of Aristotle's virtue ethics. Thus, this attempt to apply Aristotle's virtue ethics to Business Ethics, as well as the attempt to make an analogy between a business corporation and a Greek *polis*, is artificial and is possible only when overlooking major differences:

- Contemporary business enterprise does not foster some functions of a *polis*, such as taxation, law courts, education.
- Self-actualization for Aristotle is possible only if one is free from the laws of necessity. The economic conditions must be satisfied, and they serve only as a tool. The philosophical divine element is discovered in contemplation, which is the noblest activity of a wise man. The life of *theōria* that is available to us because of our theoretical mind (*nous*) is divine and superior to human earthly life matters. Corporate community does not teach us to transgress the economic dimension and earthly life matters.
- The end of a business enterprise is economic efficiency, not virtuous life, which is a means, whereas in Aristotle's *polis* the end has to be virtuous life, not economic efficiency, which is a means.

Frequent applications of a distorted concept of Aristotle's virtue ethics in the literature of Business Ethics establish a new version of it. If the concept of the intermediate or moderation, which means that 'we must respond to a particular situation in the right time, in the right way, in the right amount, and for the right reason',³²⁷ is at the heart of virtue theory, then, keeping in mind the essential difference between Aristotle's virtue ethics and a business organization as to what is the intermediate, it can be inferred that virtue theory in Business Ethics is *sui generis*.

Robert C. Solomon's attempt to provide the foundation of the individual's moral value within the framework of corporate community is

congruent with the American Protestant tradition, in which corporate community promotes an ideology of virtuous *Lebensführung* (the term used in Max Weber's sense) for the purpose of social and moral control. In other words, if I may dare to compare Shell's moral wording of the Founding Fathers of America, we may say that the latter regarded community morals and social order also as a way of 'Helping People to Create a Better World': living virtuously and working diligently in the *Promised Land*³²⁸ given by God was a mission to create 'a better world' for the local communities. From this American cultural perspective it is easier to disclose the true meaning of Robert C. Solomon's attempt to provide the foundation of the individual's moral value within the framework of corporate community, when he offers to the individual corporate *wholeness*. However, this perspective is camouflaged by cultural tradition and artificial application of Aristotle's virtue to Business Ethics.

Aristotle would most likely welcome contemporary managerial ethics as an art (in the Greek sense of *techné*) to organize household matters on the level of the economy. Household management in Aristotle's Greek means *oikonomia*, the word from which we derive our concept and term of both economy and economics.³²⁹ But it is doubtful whether Aristotle would reduce the meaning of his *eudaimonistic* ethics down to the economic/household level. He would certainly not welcome the individual employee, whose primary life value is profit. As Luk Bouckaert observed, 'Aristotle aims at defining money making as a pure instrumental value and rejects money making as the final objective for good economics.'³³⁰

The individual who was truly valued by Aristotle was the citizen, an aristocrat who is above household matters, who is not typified and institutionalized on the level of economy. The Philosopher even disapproved of activities designed purely to make money. This means that individuals involved in such activities are institutionalized on the level of the economy and have different functions and social roles than a citizen, 'who is entitled to share in deliberative or judicial office'.³³¹ True, Aristotle admits that under an oligarchic constitution a rich mechanic may be a citizen too, but he may not be one under an aristocratic constitution. Discussing the best form of a *polis*, Aristotle is clearly in favour of the institutionalization of citizenship on the basis of the excellence of citizenship that is achievable when the individual is free from the necessary tasks of life on the level of economy. Aristotle says:

The best form of city will not make the mechanic a citizen. Where mechanics are admitted to citizenship we shall have to say that the citizen excellence of which we have spoken cannot be attained

by every citizen, by all who are simply free men, but can only be achieved by those who are free from the necessary tasks of life. Those who do the necessary tasks may be divided into two classes, slaves, who do them for individuals, and mechanics and laborers, who do them for the community.³³²

This is congruent with the ethical thought of Ancient Greece in general. It is congruent with:

Protagoras' concept of the man as the measure of all things;

Plato's concept of the superior Socratic knowledge of eternal Forms;³³³

Epicurus' concept of individual hedonistic art as well as the Stoic self-centred virtue of *apatheia*.³³⁴

Finally, it is congruent with Aristotle's concept of the search for the divine element during a philosophical contemplation.³³⁵

Ethics on an economic level would lose the meaning designed for self-perfection. For the Ancient Greeks, ethics, first of all, meant a measure of the individual's ability to master the self. A mastered self had to indicate to what extent a human being was responsible for his individual actions.³³⁶ It meant the quality of the individual's personality.

For Aristotle, and for Ancient Greek philosophers in general, the highest moral institution was a singular individual; and their ethics was applied to self-consciousness and rational will. As was argued earlier, according to Guseinov, the criterion is within the individual; virtue shines from within, since Aristotle repeatedly affirms that a virtuous act is an act of a virtuous person.³³⁷ Not coincidentally, Guseinov contends that, in the Ancient Greek tradition of moral philosophy, morality is the institution of the autonomous individual who is a public and social being. True, morality is not only subjective, but also socially objective – the individual good is the good of a *polis*. They cannot be separated. But the question that matters to Guseinov is the following: what are the boundaries for the individual's responsible activity to which he could bestow excellence and a virtuous life and turn that towards the personal Good? Guseinov's answer is that such an activity, in which a human being has at his or her disposition full ownership, unites excellence with happiness, and that is the individual's virtuous life.

This is Aristotle's ethics.

And this ethics is self-sufficient, perceived as the midpoint of all human efforts.³³⁸

Business Ethics provides arguments for the benefits of institutionalized ethics on the culturally inherited basis of the Protestant work ethic for efficiency. Hence the self-sufficiency of Aristotle's ethics disappears. Rather, it is applied ideologically in order to justify the foundation of the individual's moral value within the framework of corporate community.

In the next section it is important to show that not only Aristotle's virtue ethics is ideologically applied to corporate life, but Kant's ethics as well.

2.2.1.1.2 An ideological application of Kant's Ethics to corporate life

As was argued earlier, an attempt to apply Kant's deontological ethics to corporate life is artificial. It distorts Kant's ethics. The case study of Merck & Co. revealed that this corporation was philanthropic following utilitarian ethics, not the morality of categorical imperative. This is especially true considering the fact that Merck & Co. regards its patients as a means for profit. It is a matter of managerial strategy which comes first – profit or patient, business or human values. For Merck & Co. patient and human value come first, because that ethical/managerial strategy is more profitable. 'George W. Merck, our founder's son, believed that placing patients before profits is not only good medicine, but also good business,'³³⁹ we read on Merck's website.

But Merck acted rationally. Not only rationally, but also opportunistically. For that reason, when in the literature of Business Ethics this corporation is studied in order to apply Kant's ethics we have an ideological application for a better image of Merck.

For Luk Bouckaert, Business Ethics is too instrumental and too opportunistic to be ethical. He even analyses the possibility of transforming today's managerial Business Ethics into spiritual Business Ethics. Rational managerial strategy uses Corporate Social Responsibility for profit purposes, not for its intrinsic value. 'CSR is not able to overcome *by its own logic* the problem of opportunism in business and politics.'³⁴⁰ Merck & Co. is an example of its opportunistic social responsibility – economic evaluation of a River Blindness cure preceded the philanthropic distribution of Mectizan. However, the image is created of a philanthropic corporation, and in the literature of Business Ethics we find Merck & Co. cited as a case that substantiates application of Kant's deontological ethics to corporate life. Needless to say, such an application is ideological. This ideology promotes Corporate Social Responsibility as an intrinsic value, but in reality it does not overcome the problem of opportunism.

Linda K. Trevino and Katherine A. Nelson do not say that the case of Merck & Co. is ideological or opportunistic. They do not conclude that Kant's ethics was used in an artificial way. However, their textbook *Managing Business Ethics: Straight Talk How to Do It Right* is representative. On the other hand, they do not support an artificial and opportunistic application of Kant's ethics to corporate life; rather, they bring into the daylight the economic quandary that the Merck corporation was in before its philanthropic distribution of Mectizan.

Nor does Norman E. Bowie deny the possibility of integrating Kant's ethics into corporate life. As I discussed earlier, his article *A Kantian Approach to Business Ethics*³⁴¹ notes that there are few textbooks on Business Ethics that systematically apply Kantian theory to business, and he sees a need for this to be done. If I may, I'd like to quote once again what Bowie considers Kantian management.

Open book management was developed by Jack Stack at the Springfield Manufacturing Company. Under open book management, all employees are given all the financial information about the company on a regular frequent basis. With complete information and the proper incentive, employees behave responsibly without the necessity of layers of supervision.³⁴²

Bowie contends that this means Kantian respect for persons. It even promotes moral development.³⁴³ However, such instrumentalization of Kant's ethic for managerial purposes sheds a different light on the theory of Business Ethics – the application of deontological ethics is on the basis of economic interest, not on the basis of pure moral duty. The flip side of open book management, which Bowie considers to be an example of Kantian respect for persons, is that it was created for sheer managerial efficiency and effectiveness. John Case, the senior writer at Inc. magazine, when he coined the phrase 'open book management' in 1995 wrote that 'it helps companies compete in today's mercurial marketplace by getting everybody on the payroll thinking and acting like a businessperson, an owner, rather than like a traditional hired hand.'³⁴⁴

For such reasons Bouckaert sees a need for a spiritual foundation of Business Ethics.³⁴⁵ The current situation indicates what he calls an *ethics management paradox*:

We introduce economic incentives like benefits, such as premiums or tax relief for those who respect the new regulations, but by doing this, we substitute moral feelings for economic calculations. Preaching moral concepts such as trust, responsibility or democracy on the basis of calculative

self-interest or as conditions of systemic functionality is not wrong but ambiguous. It opens the door for suspicion and distrust because calculations and systemic conditions can easily be manipulated.³⁴⁶

Kant's application to Business Ethics for economic purposes is rational and, therefore, too instrumental and too opportunistic. According to Bouckaert:

If the economic rational argument would be the source of ethical commitment, it would lead us into the complete instrumentalization of ethics, which is according to Kant's categorical imperative morally unacceptable. Instrumentalization of persons and moral values is only acceptable as a secondary motive but never as the prime mover. Reversing the order (and giving priority to the instrumental side of ethics) is the essence of opportunistic behavior. The danger of the economic rational argument, used in the theory of efficient contracting but also in game theory, transaction cost theory, human resource management and a lot of business ethics, lies precisely in its power to cure the symptoms of opportunism while reinforcing its roots. The ultimate result will be that opportunism will reappear in a more sophisticated form, disguised as ethics, operating *sub specie boni*.³⁴⁷

After such an argumentation it is not surprising that Bouckaert asks how Business Ethics can be made ethical. It is a paradigmatic question, if Business Ethics has indeed become a sophisticated and disguised form of opportunism. Seeing how instrumental Aristotle's virtue ethics and Kant's ethics are for more efficient business, Bouckaert's warning is timely: 'when the fox preaches, guard your geese.'³⁴⁸

2.2.1.2 An ideological institutionalization of the Protestant work ethic and the individual's moral value from a sociological/cultural perspective

After the above analysis of an ideological application of classical ethics to corporate life, it is also important to show the connection between an ideological institutionalization of the Protestant work ethic and the individual's moral value. These ideological aspects will lead to a further discussion on the individual's subordination to the corporate collective on the basis of the institutionalized work ethic, which has been a long tradition in American culture.

When French sociologist Alexis De Tocqueville made his observation that in the state of Massachusetts in the 18th century it was prohibited by law to travel on Sundays, he also observed that this was a Protestant American way of social control.³⁴⁹ It was the control of the individual in

the name of Protestant virtuous life within a larger community network. Moreover, that control on the basis of Protestant virtues and work ethos was institutionalized. In this sense, the idea of Solomon's virtuous *wholeness* was already present then, and it was already institutionalized, just as virtuous conduct is institutionalized by corporative conduct codes.

From a sociological perspective, institutionalization means typification of characters and habituated social roles. Peter L. Berger and Thomas Luckmann in their book *The Social Construction of Reality* also contend that interaction of persons and groups is based on social roles, which are habituated into reciprocal roles. Members of society are the actors in relation to each other. P. L. Berger and Th. Luckmann view those interactions as institutionalized. Social types are embedded in the institutional fabric of society. The individual, who has a particular role in a society, is woven into this institutional fabric, which is constructed to comprise social reality for the individual.³⁵⁰ The authors link institutionalization with typification of habitualized actions:

Institutionalization occurs whenever there is a reciprocal typification of habitualized actions by types of actors. Put differently, any such typification is an institution. What must be stressed it is the reciprocity of institutional typifications and the typicality of not only the actions but also the actors in institutions. The typifications of habitualized actions that constitute institutions are always shared ones. They are *available* to all the members of the particular social group in question, and the institution itself typifies individual actors as well as individual actions.³⁵¹

It has to be added that typification and institutionalized typicality constrain the free space of individuals and subordinate them to the general interests of the collective. Typification via habitualized behaviour is a substantial part of implementing the individual's subordination to the social whole. Although one may counter-argue that the individual is not a robot, but can change his or her habits and resist institutionalized habitualization processes, we also have to admit that the individual who is part of a corporate culture and its moral culture, who functions as an employee in the sphere of business, has to submit to 'a socially effective design that insures responsible-ethically required-conduct in relations between individuals and groups.'³⁵² As Luk Bourckaert observes:

although each habit or rule can change and may be considered as contingent, the whole body of obligations has a necessity, which

substitutes the necessity of the instinctive order. In a society of rational actors this sense of the collective is rationalized in terms of mutual advantage or other principles.³⁵³

In other words, if the individual transgresses his or her society of rational actors and challenges the rationalized collective and the very system of institutionalized morality, then, from a socio-economic perspective, such an individual is classified as asocial or inefficient. In this light it is clearer to what extent the Protestant work ethic was institutionalized in the 18th-century America.

The roots of solidarity of the American community that we find in the American Protestant mindset today inspires ethicists to regard corporations as moral communities³⁵⁴ quite naturally. In other words, institutionalization of the individual's moral value according to his or her virtuous *wholeness* in the corporative community stems from the 18th century ideological Protestant American mindset.

Christopher Lasch expressed his belief in Protestant American 'contribution to the sum of human comfort and progress'.³⁵⁵ However, according to Lasch, the pursuit of wealth in the 20th century lost moral meaning. Nevertheless, considering that a business organization in Business Ethics is reflected as a moral community with its roots in Protestant American tradition, I may argue that Solomon's position in Business Ethics promotes previous communal stability and virtue institutionalization. And, if Lasch is correct in stating that in the 20th century the moral meaning in business was lost, then today's Business Ethics might be considered as ethics that brings back the lost moral meaning to business organizations and institutionalizes virtue in corporate communities for that purpose.

On the other hand, it is more relevant to talk not about 'lost moral meaning' but about a continuous tradition of the symbiotic nature of business and religion. If in contemporary Business Ethics religion is overlooked, that does not mean that the Protestant work ethic's values are not religiously shared by today's managers of ethically advanced corporations. Institutionalization of a code of ethics in business organizations and alignment of values between employees and organization deliver typification of habitualized actions. When this typification of habitualized actions within a moral framework of the inherited Protestant work ethic's tradition is assimilated by the individual, then the symbiotic nature of business and religion continues to work for this individual.

From a sociological point of view, this is how the individual is embedded in the ideological institutional fabric of society, this time in the

fabric of the society with the institutionalized Protestant work ethic. The individual, who has a particular role in a business organization as an employee, is woven into this institutional fabric. The moral value of the individual becomes incomprehensible without an ideological institutionalization of the fabric of the Protestant work ethic.

The case of the Protestant minister Norman Vincent Peale illustrates the striking similarity between his teachings of ethical business and those of Benjamin Franklin. Moreover, this case illustrates that the Protestant work ethic is culturally assimilated by American businessmen.

Norman Vincent Peale, who represents a person who legitimized religion as a means for business purposes, preached that businessmen should use God and religion for successful business.³⁵⁶ That was in the 20th century, but does he differ from Benjamin Franklin, who preached utilitarian Protestantism in the 18th century? Both of them viewed religion as a tool for business. The main point is that a religious person doing business transactions would be ethical.

The last goal, then, is for business institutions to typify the individual's and group's behaviour according to this logic. The deterministic link shown by Max Weber between the Protestant work ethic and social benefits corresponds to what American businessmen believe. Sarah Forbes Orwig gives a sociological explanation when she says that 'Peale's message was popular because his audience was receptive to it. While his contemporaries may have criticized the simplicity of his message, it can't be forgotten that his message had a certain appeal to large numbers of people.'³⁵⁷

The prominent minister Norman Vincent Peale is known for emphasis on material goal-setting. In portraying religious practice as a useful tool toward success in life, religion is seen as something that offers a return on an investment. He, just like Benjamin Franklin, promoted entrepreneurial daring, maintaining symbioses between faith and business. As Max Weber pointed out, 'all of Franklin's moral admonishments are applied in a utilitarian fashion: honesty is useful because it leads to the availability of credit. Punctuality, industry, and frugality are also useful, and are therefore virtues.'³⁵⁸ Today the literature of Business Ethics provides arguments for business enterprises to institutionalize virtues and values for utilitarian purposes as well. In other words, the institutionalization of the Protestant work ethic does not have to be maintained by ministers or representatives of the Church. However, they have laid the foundation for contemporary American Business Ethics. This I can summarize in one sentence by Sarah Forbes

Orwig: 'Protestants have – figuratively and literally – written the book on ethical business practice.'³⁵⁹

Thus, the dimensions of American culture and religion reveal that the foundation of the individual's moral value is dependent on an ideological institutionalization of the Protestant work ethic.

However, the history of the United States of America reveals to us a story of great resistance to institutionalized ethics. One class of people, known as the Flower Children, in the 1960s demonstrated that they were not interested in business or in the Protestant work ethic. Moreover, they had created their own alternative ethic of leisure.

2.2.1.3 Anti-institutional ethics of the Flower Children

As Steven Brenner argues, institutionalization may be explicit or implicit.³⁶⁰ Employees are institutionalized by their business organization implicitly when they submit to its culture alone. Explicit institutionalization requires the employees to comply with a code of ethics and standardized moral principles. The Flower Children resisted either form of institutionalization. Anti-pragmatic and anti-business-oriented, the hippies believed in an individual path, while a social institution was regarded as enslavement of the individual. Ken Kesey's novel *One Flew over the Cuckoo's Nest* is a representative work of fiction that expresses the value of the individual in the face of a disciplinary organization.³⁶¹

From a sociological point of view, individualism itself cannot be found outside a complex organization in which the individual's relationship with the others, groups, and the social system takes place.³⁶² The Flower Children represent the expression of individual liberty while living in a social system that was dominated by a business-oriented society and the capitalist ethos. The means of leisure values that the Flower Children or the hippies (I use these terms as synonyms) chose for individual liberty signifies unwillingness to institutionalize private moral beliefs in a business organization. It was a resistance to the typification of character according to the moral vision of the Protestant work ethic's tradition. Instead, the Flower Children, on the basis of the beatniks' own concepts of individual liberty, lived according to their own anti-institutional ethics.

James Buchanan complained about the Flower Children when they returned to work: their efficiency was lower. Their efficiency was low because of a different moral and cultural background. This complaint is paradigmatic: Buchanan, as a proponent of the Protestant work ethic and work in general,³⁶³ could not accept a different moral attitude

towards work efficiency. As I have cited earlier, Buchanan proposed to enhance productivity by working more. 'What happens when we work harder, when we supply more hours to work per week to the market?' asks the economist. 'The answer is obvious: we increase the size of the market, the network of economic interchange.'³⁶⁴

In other words, it is difficult to manage humans as resources and institutionalize their values, beliefs and attitudes according to the economic efficiency orientation, if those human resources are from a different cultural and moral context. There was no congruence between the Protestant work ethic and the moral vision of the Flower Children. It had to be restored. James Buchanan's complaint is especially understandable, bearing in mind that the Beat Generation and the Hippies/Flower Children had created an entire culture that did not value the work ethic in principle. Instead they proposed spontaneity, sex and alcohol according to the principle of living *here-and-now*. The very conception of the American dream is radically different in the minds of the Founding Fathers, who regarded America as the Promised Land, and those of the Beat Generation, who, under the influence of the Transcendentalist movement (Ralph Waldo Emerson,³⁶⁵ Henry David Thoreau³⁶⁶ and Walt Whitman³⁶⁷), had a different concept of the *American dream*. For instance, Allen Ginsberg's *Howl*³⁶⁸ ridiculed the traditional *American dream* and the Protestant work ethic. Ginsberg's life in an underworld of drugs and prostitutes, but with conceptual room for Buddhism, was a moral challenge to the traditional American mindset.³⁶⁹ Jack Kerouac promoted life here-and-now, wrote of his life as of a constant being *on the road*, and thought of life as a jazz improvisation. His other writings are also treated as road writings that promoted an American experience without economic interest or pragmatism.³⁷⁰

An immediate institutionalization of the individuals who came to business from a different cultural background was impossible. Their moral character was shaped by an alternative life politics and ideology of the countercultural revolution that took place in the US in the 1960s. But, when that revolution came to an end, a gradation of social layers took place. The Flower Children realized that they had to work in order to survive.³⁷¹ Although we may doubt this argument: if Hippies survived for one decade, they could have survived for two. For instance Jack Kerouac was getting honorariums for writing, which is work under different ethics.

According to Valsiljevienė, the institutionalization of ethics institutionalizes the congruence of the individual's interests with those of his or her organization. The goal and responsibility of management lies in a rational organization of business. Business has to be organized in

such a way that the individual's interests will be in alignment with the goals and interests of the organization. Rational Human Resource Management creates a congruence between individual and social interests; thus an ethical ideal that comes from Ancient times becomes realistic in Business Ethics. 'Today this type of congruence is purposefully organized and regulated by invoking an effective system of institutionalization of ethics.'³⁷²

Moreover, Human Resource Management formalizes and institutionalizes individuals as resources. They, as corporate resources, are defined as assets and are grouped into their management systems.³⁷³ The individual's behaviour is technologically constructed and determined,³⁷⁴ and subordinated to an organizational structure,³⁷⁵ which forces the individual to submit to the framework of functional habituation. As Peter L. Berger and Thomas Luckmann explain, here we are actually talking about an interaction of persons and groups that is based on social roles, which are habituated into reciprocal roles. Members of a business organization in this case are the actors in relation to each other. These interactions are institutionalized. Social types of the employees are embedded in the institutional fabric of society. Berger and Luckmann could easily say that the individual, who has a particular role not just in society in general but in a business enterprise in particular, is woven into a specific institutional fabric, which is constructed to comprise reality for the individual.

Therefore, in Human Resources Management the concept of congruence plays an important role. Incongruence between an organization's values and the values of the employees may contain important cultural clashes and tensions, as was the case between the Protestant tradition and the adherents of the socially unrestrained and anti-pragmatic life politics of the Beatniks. The Flower Children, who had practised the culture of anti-Protestant work ethic, could not in principle be morally congruent with a rational business enterprise. As I quoted at the beginning of the book, not coincidentally, James Buchanan made a distinction between work time value and leisure: 'leisure is different from other valued ends of resources because it is, and must be, a non market good and, hence, beyond the set of goods that are produced with the network of economic interdependence that determines the range of specialization.'³⁷⁶

Needless to say, the specialization of the Flower Children, who adopted the doctrine of being *on the road* that was formulated in Kerouac's writing, was of its own kind. It had its own life politics and ideology, which provided a different *foundation of the individual's moral value* from the one we find in the tradition of the American Protestant work ethic.

2.2.1.4 The Protestant American mindset and the moral justification of business purpose: The perspectives of Richard T. De George and Ronald F. Duska³⁷⁷

An analysis of the way business purpose is envisioned in the literature of Business Ethics sheds a new light on the relation between the Protestant work ethic and contemporary American Business Ethics as well as corporate life politics and ideology.³⁷⁸ We find the relation between them in the very Protestant mindset that was prevalent 200 years ago in America and today. Although the purpose of business today in the literature of Business Ethics is explained in secular terms, omitting God and the moral vision of America as the Promised Land, nevertheless, the Protestant mindset and cultural–intellectual framework for reasoning remain the same.

Just as in the 18th century the Founding Fathers believed in the utilitarian purpose of business for the social Good, the same line of thought is shared by the American scholar of Business Ethics Richard T. De George, who also believes in that purpose of business. According to him:

Business is an activity in which human beings associate with one another to exchange goods and services for their mutual advantage. It is not an end in itself. It is a means by which people endeavor to attain a good life for themselves and their loved ones. Business is a central activity of society, and a type of human association. Too often it is seen in terms of dollars and cents rather than in terms of people. Although a firm may be established for profit, the profit earned is simply a means to an end and not an end in itself. When this fact is obscured and profit becomes an end, then people are poorly served because they are forgotten and ignored in the the business process.³⁷⁹

Such a view provides a philosophical foundation for the moral value of businessmen. After all, they work for the improvement and sustainment of the lives of others. Consequently business people and their business organizations have a moral, not only an economic, value – they promote human survival and human living conditions. As Gerhard Zecha argues, ‘a value becomes a moral value when human action is involved. Aggressive or violent behavior is a moral disvalue, because it threatens life. Caring and loving behavior is a positive moral value, because it is supportive to both the receiver’s and the giver’s life.’³⁸⁰ Such argumentation leads to a logical conclusion that a business organization gains

its moral value by being a caring giver to its society and by promoting its life. Naturally, therefore, Zecha contends that 'every code of business ethics should make explicit those values that play a significant role in a particular kind of company' and every code of business ethics needs a hierarchy of values: 'life values should take precedence over business values. No code of ethics should contain a requirement of risking one's own life in pursuing one or several business values.'³⁸¹ De George would argue that Zecha takes a utilitarian position, because he weighs the good and bad effects or consequences (see Section 1.2.3.1).

The belief of De George that business is for a better society is in congruity with the American Protestant mindset. As was mentioned in the first section, Thomas F. McMahon finds the origins of American Business Ethics in the 18th century, namely in the American Protestant tradition.³⁸² Back then business was treated as a religious attitude, and from Benjamin Franklin's perspective wealth was seen as a divine favour. Business and the very building of America for a better life were seen as beneficial entrepreneurship for the entire society. In other words, the belief of De George is congruent with the utilitarian Protestant work ethic that treats business endeavours in the light of moral value. In this tradition the moral value of business comes first, not the economic value. Moral individuals create a stable economy and a powerful nation. For this reason the Founding Father George Washington warned his countrymen that 'of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports';³⁸³ the Founding Father Thomas Jefferson, a nonbeliever, who went to church regardless of his atheistic position, said that 'no nation has ever existed or been governed without religion.'³⁸⁴ And Benjamin Franklin asked in his speech at the Constitutional Convention in 1787: 'if a sparrow cannot fall to the ground without His [God's – the author's note] notice, is it probable that an empire can rise without His aid?'³⁸⁵

In other words, if God participates in the economic and political rise of an empire, then economy and politics are intrinsically good. Hence a business person is first of all a moral person, because he or she supports life. Thus, when De George says that 'although a firm may be established for profit, the profit earned is simply a means to an end and not an end in itself,' he echoes the Protestant work ethic that viewed work and profit as a sign of calling, redemption and salvation for the entire nation of the Promised Land.

Benjamin Franklin was an advocate of earthly moneymaking as a vocational calling and treated business as a means for a stronger nation,

because, as Max Weber put it, it was recognized that the capitalist economic order ‘needs this devotion to a “calling” of moneymaking. This devotion could be seen as a type of behavior, in respect to external consumer goods, closely tied to this economic structure and the conditions of the capitalist order’s victory in the earlier economic struggle of existence....’³⁸⁶ But the motivation for moneymaking in ‘the earlier economic struggle of existence’ of Franklin’s time and moneymaking today in the ‘Affluent Society’ is the same. In principle, De George, just like Franklin, advocates a calling of moneymaking for the same stronger nation and the same social benefit. Both believed that profit is a means, not an end, in congruity with the larger theology of Protestantism, in which earthly achievements are signs of a well performed professional calling/*Beruf* bestowed by God.

Thus, when De George says that ‘we must have moral persons if we are to have moral businesses,’³⁸⁷ this resonates directly with the Protestant American mindset.

One of the central theses in De George’s Business Ethics is the compatibility of morality and business. According to him, business is inherently moral – numerous cases of fraud or of inflated business accounts are outweighed by the economic fact that business would not function if buyers, sellers, producers, managers, workers, and consumers acted immorally. In this case ‘business would soon grind to a halt.’³⁸⁸ Thus, De George concludes that ‘morality is the oil as well as the glue of society, and, therefore, of business.’³⁸⁹

If some believe that Business Ethics is a misnomer and hold to the cliché that ‘the business of business is business,’ then, contrary to this view, amoral business is a misnomer for De George. Morality and economics, or business and ethics, are two congruent things. Business cannot function without morality – that’s a clear thesis of his.

Amoral business is even a myth for him. His central term in his *magnum opus* of *Business Ethics* proclaims the *Myth of Amoral Business*, the myth that obscures the moral obligations of corporations, since ‘corporations have moral obligations, and they can and should be held morally accountable for fulfilling them.’³⁹⁰ This obligation is the condition for business to function. To paraphrase, the condition of business is its moral obligations. Consequently, business is unthinkable without morality.

Without knowing the purpose of a business organization one cannot know its true life politics and ideology. Following the line of thought of De George, the purpose of a business organization is to contribute to society. It is even a moral obligation. In other words, this is how

the conflict between economic goals and moral duties disappears on a conceptual level.

Ronald F. Duska holds similar views. He claims that in the literature of Business Ethics we find a confusion of business purpose and motive. He criticizes someone like Milton Friedman for confusing the two and being an advocate of business for profit. Profit for Ronald F. Duska is a motive to do business, but its purpose is to contribute to the betterment of society. He argues as follows:

I want to argue that the maximization view, be it the maximization of profit or shareholder wealth, is wrongheaded and that it gains its credibility only by confusing and/or conflating two quite different things: motives (or subjective reasons) for actions with (objective) purpose for the action. (That's why the tool is working, but that's not what it was invented for.)³⁹¹

Ronald F. Duska opposes those who view business as a purely self-interested activity. For him profits are only the motive for businessmen to do business. However, business functions not only for their self-interest, but also for a social benefit. Business is instituted to be beneficial to society. According to Duska, starting with Adam Smith's theory of the invisible hand, we know that a profit-motivated system brings benefits to society. For this reason maximization of profits cannot be a paramount concern in Business Ethics. Moreover, the very accumulation of wealth in society needs a purpose. 'Wealth for what?' – asks Duska. 'Goods for what?'³⁹²

The answer is that we can decide for ourselves what it is for. The *telos* of a free-market society is not predetermined by nature. It is a matter of social consensus. Thus, Duska contends as follows regarding the role of ethics in business:

Free-market capitalist society has determined that business is a bottom-line profit machine....However, since the *telos* of a specific social institution is not predetermined by nature, but is determined by society, it can change its direction. If it is to get in concert with ethics, it must re-examine its goals and the fairness of its mode of distribution.³⁹³

Consequently, if the purpose of business is moral in itself, then a business organization turns out to be an institution for the individual's economic and moral value according to the contribution to his or her society's Good. As Gerchard Zecha contends, 'if a thing or property of a thing, event or action serves human survival, we can speak of a

positive value, if it threatens or extinguishes life it is a negative value or disvalue.³⁹⁴ If this is what CEOs and stakeholders ought to keep in their capitalist minds while running their businesses, then they may acquire a sense of new priesthood. Following the arguments of Solomon, De George and Duska, business people and their companies play a fundamental role in creating prosperity. Logically thinking, then, business has to be a moral activity. This leads us to the question of whether business people are performing economic priesthood.

The answering of this question is helped by differentiating the purpose of business in general and the purpose of an individual business organization. The role and function of an individual business organization may not contribute to the overall prosperity or the prosperity of the worst off. Then the economic priesthood of business people becomes an illusion. Christine Swanton makes an important observation on this issue:

For example, one might say that business roles are good because the institution or practice of business as a whole increases prosperity, and is therefore worthwhile. It does not follow from this that the target or aim of a business role virtue is to promote the overall prosperity of society as a whole or the prosperity of the worst off. For the nature of a role virtue is determined by the purpose or function of individual business organizations, and it is not necessarily the case that the purpose of function of individual business organization is to increase the overall prosperity of society, or the prosperity of the worst off.³⁹⁵

Duska would most likely endorse this differentiation. True, from the perspective of Adam Smith, which Duska analyses, one could reply to Swanton by saying that, even when the target of a business role virtue is not to promote or contribute to overall prosperity, the principle of the invisible hand works anyway. Duska quotes the famous passage where Adam Smith argues that individual intentions or knowledge regarding the public interest for the greatest value are not necessary at all. It is sufficient to promote self-interest. The invisible hand does the job of promoting an end which was not the individual's intention.³⁹⁶ In this sense Swanton's question 'can a human being who is good qua business person be good qua human being?',³⁹⁷ or Swanton's concern over whether different roles and functions of individual business promote overall prosperity, loses significance. The opposition between utilitarian social goals and egoistic human nature and self-interested human role virtue disappears. However, when Duska says that there are times

when self-interest does not lead to the good of the whole, he echoes the concern of Swanton – can individual good business be congruent with the overall Good of society? Duska finds the solution in managerial responsibility: ‘the responsibility of the manager or agent of the business is not simply to pursue profits, but to pursue them regulated by the demands of the public interest.’³⁹⁸ According to him, when a role or function of an individual business harms society, it prohibits such business, for instance, the legal production and selling of cocaine.

The fact that society does regulate business, and the fact that there is a growing need for ethics consultations in business organizations of various roles and functions, indicates that business people are not inherently good, not to mention their status as a new priesthood. Adam Smith himself did not believe that the invisible hand automatically regulates the market. Rather, as Manfred J. Holler observes, ‘the invisible hand needs the help of a regulating authority to do its job. Adam Smith did not in general assume that markets regulate themselves.’³⁹⁹

Public interest in Corporate Social Responsibility has forced corporations to transform themselves from untamed self-interest to responsible business organizations. The entire discourse of Corporate Social Responsibility and Sustainable Development in Business Ethics has itself become a regulatory authority. A growing need for ethics counsellors indicates that contemporary corporate life politics and ideology consists of the standards and principles of responsible management oriented towards society. The case of Shell Group, which illustrated its need for a transformation and its *second chance* in the face of public interest, reveals to us a conceptual acceptance of De George’s and Duska’s argumentation that business is for the betterment of society. But that is not only corporate life politics and ideology; it is also the life politics and ideology of Business Ethics. From the perspective of American culture and its Protestant tradition, business and ethics cannot be incompatible. Self-interest and economic greed, in the tradition of the work ethic, was philosophically and theologically justified in terms of personal salvation. Social control and an ascetic lifestyle in 18th century America, as discussed earlier, was a moral vision of the Founding Fathers, to be used as a means for the creation of a great nation and the prosperity of the Promised Land. Thus, the end that is justified in Business Ethics and the end that is justified in the Protestant work ethic is the same. The means are the same too. According to Donald E. Frey, even Puritanism held wealth for the common good and individual business efforts to be compatible. He says that ‘wealth and differences in wealth were accepted as legitimate, consistent with the economic individualism of

Puritanism. But wealth in service to the common good was what mattered morally.⁴⁰⁰

Moreover, the roles and functions of those who teach ethics for business purposes as well as social benefit purposes today turn out to be strikingly similar to the teaching of Protestant denominations. When Peter Cartwright, a pioneer Methodist evangelist, brought Protestantism to the new settlements to the West, his emphasis was on civic virtue and the importance of education, which Methodists regarded as essential ingredients of communal stability.⁴⁰¹ Moral teaching for a methodical lifestyle was directly linked with communal prosperity and economic benefit. Today ethics counselling in individual business organizations fulfils the same purposes, and the counsellors are expected to be just like evangelists. Alex C. Michalos in his article *Ethics Counselors as a New Priesthood* argues the following:

[But] I think ethics counselors are under a special obligation to practice and to appear to practice what they preach as clerics are for that matter. Even though ethics counselors do not wear the special collars and other symbols of their trade, they are expected to behave as one would behave if one actually believed and tried to live by the moral codes they represent and verbally endorse.⁴⁰²

John Hendry would reply to this that the new priesthood of ethics counsellors and the willingness of managers to run business in a socially responsible way are nothing else but a response to the authority of the market. It is a requirement of today's market to have moral codes and principles for business organizations. The history of the evolvement of Business Ethics shows how moral standards and principles have become a must in corporate life (see Section 1.1.1). However, Hendry would argue that social prosperity as an end, which is the purpose of business on a managerial level, is not considered: 'managers are held responsible only for the means by which corporate goals are to be achieved, not for the goals themselves.... The means become ends in themselves.'⁴⁰³

Hendry contends that morality is a function of power, which means that Business Ethics in business is a useful tool or instrument for corporate power. Shell Group's code, which sets principles for its employees on how to live, is a good example of how useful Business Ethics is in supporting corporate power. For this reason Hendry argues that capitalism has created bimoral business organizations, where moral obligations are inseparable from market self-interest: 'it no longer makes sense

in today's world to separate out the realms of traditional morality and markets.⁴⁰⁴

Bimoral business organizations have an interest in accepting contemporary Business Ethics. The moral reflections that are applied to business, including those on the purpose of business, feed corporate interest. Boris G. Kapustin observes that a moral reflection comes from a particular interest. He refers to Jürgen Habermas' work *A Reply to My Critics*, where he argues that a moral perspective does not come out of nowhere.⁴⁰⁵ Rather, it comes from particular interests that form under specific social conditions. According to Boris G. Kapustin, we have to acknowledge that the theory of morality cannot show us how the moral consciousness itself functions.⁴⁰⁶

Therefore, if the moral consciousness of a business organization, as of a moral community, functions under the authority of the market and market self-interest plays the key role in influencing the perspective of corporate moral reflection, then it is important to analyse the connection between corporate life politics, its ideology, and contemporary form of capitalism – consumption. Only in the light of consumption may we fully comprehend the character of corporate culture and its influence on the moral value of the individual.

2.2.1.5 The connection between consumption and corporate life politics and ideology

Anthony Giddens in *Modernity and Self-Identity* argues that the capitalist order corrupted life politics by establishing standardized consumption patterns. He quotes Zygmunt Bauman to reveal the individual as being submerged under consumption patterns and capitalist order along with the values of economized life politics larger than the value of the particular individual, the value of self-definition and authentic life.

Individual needs of personal autonomy, self-definition, authentic life or personal perfection are all translated into the need to possess, and consume, market offered goods. This translation, however, pertains to the appearance of use value of such goods, rather than to the use value itself; as such, it is intrinsically inadequate and ultimately self-defeating, leading to momentary assuagement and lasting frustration of needs... The gap between human needs and individual desires is produced by market domination; this gap is, at the same time, a condition of its reproduction. The market feeds the unhappiness it generates: the fears, anxieties and the suffering of personal

inadequacy it induces release the consumer behaviour indispensable to its continuation.⁴⁰⁷

After this quotation, Anthony Giddens continues the line on his own:

Commodification is in some ways even more insidious than this characterization suggests. For the project of the self as such may become heavily commodified. Not just life styles, but self-actualization is packaged and distributed according to market criteria... The commodifying of consumption, it should be made clear, like other phenomena discussed earlier, is not just a matter of the reordering of existing behaviour patterns or spheres of life. Rather, consumption under the domination of mass markets is essentially a novel phenomenon, which participates directly in process of the continuous reshaping of the conditions of day-to-day life.⁴⁰⁸

Surely, Anthony Giddens, by quoting Zygmunt Bauman and making his own statement on the project of the self – the project that is dominated by commodification – points to the danger of capitalist life politics. By calling commodification insidious, he resonates with Jean Baudrillard's concept of consumption as a code: a morally and economically, culturally and politically structured code.⁴⁰⁹ In Baudrillard's view, the ideology of consumption leads people to a false belief that they are happy and liberated. Most importantly, consumption means not only consumption of goods and services, but also consumption of relationships. According to Zygmunt Bauman, for *homo oeconomicus* and *homo consumens* there are no human bonds.⁴¹⁰ Under the conditions of globalization the entire global society recruits its members for the role of consumption.⁴¹¹ Having in mind that our social life and social interaction are based on understanding how 'to sustain the coordination between the structures of the situation and one's own behavior',⁴¹² and having in mind that the situation of *homo oeconomicus* and *homo consumens* is 'autotelic', 'end in itself', having no other purpose but its own perpetuation and intensification,⁴¹³ we guide our lives through the *autotelic code*. Our behaviour is culturally,⁴¹⁴ economically and politically regulated. This regulation takes place according to the meanings of the consumption *autotelic code*. This code is communal; it embraces not only material consumption, but interactive computer games, clubs of fans, projects of community life improvement, celebrations.⁴¹⁵

The concept of the code⁴¹⁶ is congruent with the definition of ideology that is used in this book: ideology is a social set of representations, the set of ideas and values that are common in a society.⁴¹⁷ Ideological code cannot be separated from economic, cultural and political representations and their values, especially when they are common in a society.

We may argue that the behaviour of individuals is programmed by descriptive mechanisms and social codes.⁴¹⁸ This refers directly to Jean Baudrillard's theory of *Simulacra and Simulation*, studying the interaction between reality, symbols and society.⁴¹⁹ According to this theory the individual is programmed unconsciously and is embraced by social structure: the structure that is based on a myth, but guides our conduct in the real world.⁴²⁰ In this case, we may suggest using Gilles Deleuze's term *dividual*, who accepts presupposed identity as self-evident and does not see an alternative way of life.

According to Deleuze:

the disciplinary societies have two poles: the signature that designates the *individual*, and the number or administrative numeration that indicates his or her position within a *mass*... In the societies of control, on the other hand, what is important is no longer either a signature or a number, but a code... We no longer find ourselves dealing with the mass/individual pair. Individuals have become "dividuals", and masses, samples, data, markets, or "banks".⁴²¹

The individual as *dividual* actually means de-individualized person. In the milieu of consumer society the *dividual*, then, does not choose authentic identity, but rather indulges in false needs. Herbert Marcuse called such an individual *One Dimensional Man*.⁴²² This *one-dimensional* man believes in the false needs of consumption, because he is preconditioned by false capitalist as well as democratic ideology. But this is controlled by external forces, which are out of the individual's reach.⁴²³ This position is conceptually redolent of John Dewey's belief that 'personal motives hardly count as productive causes in comparison with impersonal forces'.⁴²⁴

Corporate objectives of the Royal Dutch Shell Group are oriented to the development of consumer needs to consume more energy. The interests of this corporate Group are not just an impersonal force, but a concrete corporate force that preconditions *one-dimensional man*. In the Shell website we read: 'The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development

of other sources of energy to meet evolving customer needs and the world's growing demand for energy.⁴²⁵

The words 'evolving customer needs' for Herbert Marcuse would likely mean evolving customer needs that are false or artificially created according to the logic of consumption. The needs are preconditioned in the interest of corporations.

However, in Business Ethics literature we find that ethics in business is a tool for competitiveness⁴²⁶ as well as for functionalism, not for economized ideology or life politics. When Shell Group in its objectives declares that its corporation engages in efficient and responsible business, it denotes that responsibility, as ethically required conduct, is used to make business and ethics compatible or, at least, reconciled. Compatibility of business and ethics or reconciliation of the two is the concept, on the managerial level, of how to unite business and morals for more efficient organizational performance, but this is not a critical reflection of ethics in business practice. It is not self-evident that, when business and ethics, management strategies and moral principles are declared as compatible or as reconciled, this union signifies the end of ethical thinking. Practice and theory do not necessarily coincide, but even when they do, due to managerial effort to make ethics work, still, regardless of more efficient and more responsible business practices, we may always ask – what is this functional ethics in business for? What ideology or life politics does it serve?

My belief is that, once the conceptual bridge of reconciliation of business and ethics is crossed, once the managerial ideal is achieved in practice according to today's standards found in Corporate Social Responsibility and Human Resource Management, it becomes clear that the standards are relative, as they are subject to change tomorrow. If we want the theory of Business Ethics to develop further, then it has to reflect itself. Business Ethics needs its own self-consciousness. Managerial Business Ethics, the primary goal of which is to apply the theory of ethics to business practice, does not transcend its own limitations or question the capitalist ethos that provides conditions for business practice.

As stated above, it is not self-evident that compatibility or reconciliation between business and ethics, management strategies and moral principles signifies the end of ethical thinking. It is not self-evident as soon as we accept the premise that capitalism is a dynamic and developing system. Contemporary capitalist economics and its moral order are transformable. Just as today's business standards differ from those of yesterday, the standards and moral reflections of tomorrow's business

will differ from those of today. The theoretical end of capitalist Business Ethics is unachievable.

The idea of the compatibility of business and ethics stems from Protestantism, but the financial crisis that started with Lehman Brothers – very much a moral crisis – revealed the extent to which ‘compatibility’ of business and ethics in US corporate life was an illusion, so that hubristic and dysfunctional management of a gigantic bank was able to destroy the savings of others. But at the time Business Ethics discourse did not even predict these events. It was not capable of prediction, since ethical cases in Business Ethics lag behind events. In this sense, compatibility of business and ethics is declared in theory, so that future case studies of unethical business can be taken as exceptions to the rule. But when the bail-out money of taxpayers is used to save the titanic American insurance group AIG, and when that money is used to pay the bonuses of AIG managers, then it seems that, in good American fashion, the government bailed out billionaires in order to save the billionaires first and thereby keep the entire economy from going under. Nothing revolutionary. Can American Business Ethics as a theory have some revolutionary suggestions? If Business Ethics is only able to study cases such as AIG or Lehman Brothers in hindsight, then this discipline will continue to feed on the leftovers. More importantly, such Business Ethics remains without self-reflection, functioning for the purposes of corporate life politics. But, considering the context of involvement of Business Ethics on American soil, perhaps this limitation of the discipline is inherent in its nature.

For this reason, Peter Ulrich criticized Business Ethics as being functional and as an outcome of Protestantism. In this light we may see that, on the economic level, Business Ethics as functional ethics and as a managerial tool for competitiveness is an attractive theory for business practice. At this level of economized ethics, looking at the issue from the managerial perspective of Business Ethics, it cannot really be questioned that humane corporations that follow Corporate Social Responsibility incorporating the ideal of Sustainable Development are creating a ‘better world’ and that ethical principles serve as a managerial tool for the humanization of the economy.

However, what is overlooked from the managerial perspective on Business Ethics is that the principles and standards of Business Ethics in practice are founded on the consumption culture, the consumption economy, and economized life politics and ideology. Then *a singular individual employee, an asset of a business organization who cannot escape*⁴²⁷ *the consumption moral culture and economic order, becomes subordinated*⁴²⁸ *to the holistic*⁴²⁹ *corporate life politics and ideology.*

Consequently, the individual is not the final judge and is not the final moral authority for his or her decisions. From a critical philosophical perspective, all this is very far away from the classical conception of individualism that we find, for instance, in John Stuart Mill's work *On Liberty*. There he expressed the belief that the individual is the final judge and the final moral authority. 'All errors which he is likely to commit against advice and warning are far outweighed by the evil of allowing others constrain him to what they deem his good.'⁴³⁰ But here we see that the individual as the final moral authority is an illusion. The individual is entangled in capitalist consumption, within the confines of a business organization reduced to an asset, and subordinated to the holism of economized life politics and ideology.

This is also very far away from the individualism that we find in the classical philosophy of Nietzsche and Søren Kierkegaard. The concepts of Nietzsche's Overman and Kierkegaard's Knight of Faith⁴³¹ were the highlights of individual distinctiveness and unique value. According to Kierkegaard, Abraham's experience of the ordeal of killing his son Isaac is of existential value, as he had to endure an absurd ordeal – to remain faithful to God and to sacrifice his beloved son to God.⁴³² Nietzsche also stressed the individual's distinction from the crowd and the market. The individual is in opposition to these. Moreover, the Overman is superior to others. He is above the principle of equality. In the end, the Overman has the highest individual value, as he 'is the meaning of the earth.'⁴³³ In other words, Nietzsche and Kierkegaard would be appalled by the individual who is subordinated to economized life politics and ideology.

These thinkers would hardly agree that a 21st century individual develops the qualities of the Overman or of the Knight of Faith by following institutionalized values, by being defined as a corporate human asset, and by being a part of the global consumption system.

But in the 21st century the individual is part of a network of capitalist ethos not only locally, but also globally. Consequently, in the literature of Business Ethics we find that the individual has been elevated to the status of a Global Business Citizen.⁴³⁴

2.2.2 Global Business Citizenship as life politics and ideology

The Corporate Citizen and Global Business Citizen 'evolved from the original corporate social responsibility (CSR) construct',⁴³⁵ In the context of American culture, we may see this as a continuation of Protestant work culture. Just as the individual was controlled by Protestant culture in the US in the eighteenth and nineteenth centuries for political

and economic purposes according to the Salvation plan of America as the Promised Land (see Section 1.1.2), so, by the same token, Global Business Citizenship also promotes the control of the individual.

Corporate Citizenship (CC) and Global Business Citizenship (GBC) are well characterized in Natasha Vijay Munshi's article *Conversations on Business Citizenship*:

The two main proponents of GBC (Wood and Logsdon) argue that CC mainly addresses citizenship in local communities but does not transcend its local application to a global level.⁴³⁶

Citizenship of any kind is a political matter. It institutionalizes the individual's life and makes it political. Therefore, the individual cannot be *outworldly* with the superior ideal, as he or she is subordinated to global economic processes that stem from impersonal forces. There can be no partial devotion to corporate citizenship, no partial global orientation. There is no such thing as part-time Corporate Citizenship. It denotes full subordination to corporative life. This type of citizenship, which is managerially constructed in accordance with corporative values, Stakeholder Theory, and the principles of Human Resource Management, permeates the singular individuality.

The individual of corporate citizenship has to be understood primarily as *the in-corporate individual*. Moreover, in Business Ethics the idiosyncratic value of a self-sufficient *individual*, who in the Ancient Greek tradition of ethics meant a man of wisdom, a man who could transcend his social-economic setting, is not considered in mainstream literature.⁴³⁷ The corporation managerially constructs its own self-sufficiency by institutionalizing values, instead of enabling the individual to be the highest moral institution and to have full ownership of personal moral value, being independent of the limitations of *homo oeconomicus*. But this is what enabled us to discern the institutional greed that we have discussed earlier in terms of Coser's sociology.

Institutional corporate greed subordinates the individual to corporate principles of collectivism, not individualism in the sense of Louis Dumont, for whom the term means the individual as a paramount value.

As John Dewey observed at the beginning of the 20th century:

Collectivism is more neutral, but it, too, is a party-word rather than a descriptive term. Perhaps the constantly increasing role of corporations in our economic life gives a clue to a fitting name. The word may be used in a wider sense than is conveyed by its technical legal

meaning. We may then say that the United States has steadily moved from an earlier pioneer individualism to a condition of dominant corporateness.⁴³⁸

If a citizen is a person who owes his allegiance to a government and is entitled to its protection,⁴³⁹ then a Corporate Citizen, especially a Global Business Citizen, owes his or her allegiance to a global corporation, a global business. Allegiance to a corporation cannot be limited to an employee's working hours.⁴⁴⁰ In that case it would not be citizenship, full commitment.

Suffice it to keep in mind that such a full dedication of personal life to corporative life is the case in the Canon Corporation: the concept of *kyosei* is globally presented and shares holistic values. Its philosophy is formulated as follows:

The corporate philosophy of Canon is *kyosei*. A concise definition of this word would be 'Living and working together for the common good,' but our definition is broader: All people, regardless of race, religion or culture, harmoniously living and working together into the future.⁴⁴¹

The concept of living and working together subordinates the individual entirely. Corporative moral culture based on *kyosei* cannot be limited only to Japanese local culture specifics. This concept is embodied in the Caux Principles⁴⁴² that came from the initiative of Frederik Philips (former president of Philips Electronics) and Olivier Giscard D'Estaing (vice chairman of France's leading business school). The efforts of US and Japanese business people were combined to achieve global principles for multinational corporations shaping the individual as a global citizen.⁴⁴³ In other words, the *kyosei* concept cannot be separated from the concept of Global Business Citizenship.

Toyota is another corporation that believes in a common mindset and values. Under the rubric of *Meets and Exceeds Stakeholder Expectations*, Toyota has declared:

Must support the Toyota's #1 mindset. Community capacity building (embedding new knowledge or skills in a community for long term application) is central to the Toyota Community Spirit approach.⁴⁴⁴

Such holistic approaches represent the new trends in Business Ethics.

2.3

Whistle-blowing as the Foundation of a *Distinct Out-corporate Individual's* Moral Value from the Perspective of Political Philosophy

Holistic approaches represent the main shift from individual liberty to corporativeness. In this shift we find the new living conditions for the individual, which are provided by the corporate collective. In this context the question raised by Olli Loukola is fundamental: 'If individual liberty is the fundamental value, how far are we to go in defending and promoting it (or to put it in libertarian terms: to what extent are we to leave individuals free to practice their liberty?)?'⁴⁴⁵ In other words, to what extent are we to leave individuals free to practise their liberty regardless of the framework of corporate life politics and ideology? If individual liberty is the fundamental value on a macro level, then it has to be the same on a meso level as well. In this case, how far are we to go in defending and promoting individual liberty to transgress holistic corporate life politics and ideology? Can a whistle-blower be the singular individual employee, whose personal moral value is independent of corporate culture?

The theory of Business Ethics often regards a whistle-blower as standing in contraposition to a business organization, more than any other employee. Thus, if the terms *the out-corporate individual* and *the out-worldly individual* are rooted in Louis Dumont's conclusion that individualism stems from a traditionally holistic type of society and appears as a contraposition to the world, then a whistle-blower might also embody such a characteristic of individualism. After all, although the individual whistle-blower on a meso level does not stem from a holistic type of the entire world, he or she stems from a holistic corporate collective and,

disagreeing with unethical business, stands in a moral contraposition to corporate life politics and ideology.

However, it is beyond the aim, the goals and the scope of this book to answer the question 'How far are we to go in defending and promoting individual liberty to stand in contraposition to corporate life politics and ideology?' Instead, in this section I will analyse the whistle-blowing theory in an attempt to find an answer to the fourth goal of the book: to analyse *whether whistle-blowing is the foundation of a distinct out-corporate individual's moral value.*

It is not coincidental that in this section I will provide the perspective of political philosophy. Whistle-blowing carries a political dimension. The employee–employer relationship, which was originally based on a particular contract and code of conduct, changes dramatically when a whistle-blower makes a public announcement about unethical business. The individual whistle-blower, often at the expense of personal psychological stress,⁴⁴⁶ in such a case becomes distinct from the entire corporate collective. Then the relationship of the individual to his or her employer as well as to corporate culture becomes political, since he or she claims to be morally superior to the business institution, may perceive himself or herself as a secular saint,⁴⁴⁷ and transcends corporate confines, whereas typically organization transcends the individual employee. As was mentioned earlier, organizations include and transcend employees:

both extremes, the atomistic and the collectivist views, are beside the point: in reality neither “parts” nor “wholes” exist, only whole/parts or *holons*. So, both organization and individual employees are entities and the same time there is a hierarchical relationship between them, because organizations include and transcend employees.⁴⁴⁸

The perspective of political philosophy will help to analyse the political aspect of such transcendence. Also it will help to analyse the extent to which corporate interests play a role in promoting internal, but not external, whistle-blowing, and the extent to which whistle-blowing is a matter of social and political power.

Whistle-blowing has a special place in Business Ethics. The evolution of Business Ethics through the Civil Rights Movement and resistance to the discrimination that was widespread in the US before Affirmative Action in 1964 and 1965 indicates that this discipline is by its nature interwoven with raising issues on the basis of civil consciousness. Martin Luther King might rightly be called a whistle-blower on a macro level.⁴⁴⁹ If so, then whistle-blowing carries a political dimension. Moral reflections on whistle-blowing cannot do justice to the theme if political

perspective is omitted. Martin Luther King would not be a political figure if he had only raised the moral issue of discrimination in the US. Discrimination was, and still is, a political theme; Martin Luther King and his organized Civil Rights Movement changed the understanding of discrimination.

When, in the 1960s, students protested against the Vietnam War, and 12,000 protesters were stopped in 1968 during the Democratic Convention in Chicago, it was another case of macro political whistle-blowing. Although the students considered the war in Vietnam unjust and amoral, their protest was a political stance. Marches and demonstrations against the war were a leftist thing – a political orientation. Students for a Democratic Society raised racial and political issues, asking America to follow its democratic ideals.⁴⁵⁰ This was possible because of heightened civic consciousness and awareness of immorality issues.

This is what whistle-blowers do when they warn society or individual communities about wrongdoings in the world of business; only their issues are usually narrower than a war. Sometimes the disclosure of unethical behaviour or immoral decisions is limited to the corporate meso level; but sometimes, as in the case of Enron, it reaches global scale. This means that there is a lot of politics on the meso level, where employee–employer relationships are interwoven according to corporate life politics and ideology. Whistle-blowing becomes especially political if we keep in mind that the individual whistle-blower does not only inform others about injustice; in so doing, he or she also renounces certain business practices as incongruent with civic consciousness and Business Ethics in general. The individual whistle-blower, who is not merely *an internal whistle-blower* but also *an external whistle-blower*, and does not limit the disclosure of unethical conduct to within an organization,⁴⁵¹ announces to the external world that his or her business enterprise is not ethical. That implies that this enterprise should not have room in the market, unless it does something about it. In that case whistle-blowing can cause real material consequences for immorality.

This is why Elain Sternberg in her article *The Importance of Business Ethics* said: 'The lack of business ethics can cost dear. Failure to recognize and address ethical problems can lead to very substantial charges, both legal and monetary; being unethical can cost a business its very life.'⁴⁵² Hence, whistle-blowing gains power over an unethical corporation. For this reason, the theory of whistle-blowing that could solve the issue of the superior moral and political position of a whistle-blower is in the interest of a business institution.

This distinction between *an internal whistle-blower* and *an external whistle-blower* is especially important keeping in mind the new tendency in Business Ethics to use whistle-blowing for the purpose of business effectiveness and efficiency. An external whistle blowing act may influence ethical transformations within a company after lost reputation in the eyes of society. This may be too costly. Instead, as Wim Vandekerckhove suggests, whistle-blowing should be legitimized and institutionalized in order to avoid external whistle-blowers.⁴⁵³

According to Vandekerckhove, whistle-blowing has an instrumental value as a source of information. He believes that enhancing communication within a business organization about fraudulent acts improves the internal control system. It is a managerial method for business purposes.

Vandekerckhove contends that established policy for the employees to take 'ethical distance' would solve many ethical issues; however, he also foresees a flip side: not using institutionalized procedures for 'disclosing about a particular malpractice might automatically lead to being regarded as complicit'.⁴⁵⁴ Thus, whistle-blowing would flip into an obligation to take 'ethical distance'. In order to avoid this 'obligatory ethical distance', Vandekerckhove offers an *integrity construct*, which 'emphasizes difference between the individual and the organization, as it is organizational situations and practices the individual discerns and discloses about. The individual "raises concern" about organizational practices or situations and thereby emphasizes its difference from those situations and practices'.⁴⁵⁵

However, even this integral construct treats the individual as an internal whistle-blower, who does not transcend the confines of his or her organization, its life politics and ideology. This integral construct serves corporate interests to prevent a singular employee from becoming *a distinct out-corporate individual*. According to this theory, 'ethical distance' is promoted for effectiveness and efficiency, that is, for utilitarian purposes. As was argued earlier, we cannot overlook corporate interests in such moral reflections. As a matter of fact, the theory of integral construct for whistle-blowing is created in the interest of business institutions. But in this case, as John Hendry argues, bimoral business organizations have an interest in accepting Corporate Social Responsibility. The moral reflections that are applied to business, including those on the purpose of business, feed corporate interest.⁴⁵⁶ Moreover, as Boris G. Kapustin argues, a moral reflection comes from particular interests that form under specific social conditions.⁴⁵⁷

These specific conditions are rather obvious: competition among profit-seeking companies in a capitalist market where stability for private business is not guaranteed, but where consumption culture is prevalent. *An external whistle-blower* under such conditions is regarded as an undesirable revolutionary who may destabilize or even demolish the business. Thus, it is in the corporate interest to apply an integral construct for internal whistle-blowing in order to avoid an external whistle-blowing act. It is better to create conditions for '*internal ethical distance*' than to lose reputation in a harsh competitive market because of '*external ethical distance*'.

According to Leonidas Donskis, Louis Dumont emphasized the link between Lutheran ethics and German introvert individualism in order to contrast it to the radically opposed French extrovert individualism. Reformation immunized Germany against the Revolution. 'By implication, the Reformation for German individualism was the same as the Revolution for French individualism – hence as a sharp dividing line between them.'⁴⁵⁸ Applying this insight to whistle-blowing politics in a business enterprise, I can say that the theory of integral construct for *an internal whistle-blower* is also intended to immunize the individuals against a revolutionary external whistle-blower. The latter is not in the interest of business. Needless to say, the managerial strategy to manage human resources in such a way that issues of unethical conduct will be settled within the confines of a business organization is – in the words of Plato – a desirable good in itself and for its results. In *The Republic* Plato divides goods into three classes: first, goods desirable in themselves; secondly, goods desirable in themselves and for their results; thirdly, goods desirable for their results only.⁴⁵⁹ At first glance it may seem that Wim Vandekerckhove's theory of integral construct for whistle-blowing promotes the second type of goods: it is good in terms of consequences when unethical conduct or decisions are resolved within a business organization for efficient and effective functioning, and it is good in itself – ethical business in terms of ethical human action is good in itself.

However, when ethics in Business Ethics is separated from a political perspective, the danger is that management theory will influence ethical reflection. As Peter Ulrich observed, 'management theory still seems to be incapable of making a systematic distinction between business policy and normative management (which is to be legitimized in terms of communicative and ethical rationality) and strategic management in terms of different rationalities.'⁴⁶⁰

Managerial control of whistle-blowing and of its consequences cannot be thought of separately from the political interest of a business organization in maintaining its utilitarian effectiveness and efficiency. Thus, if the theory of whistle-blowing is limited by a managerial perspective, whistle-blowing theory serves functional purposes. Peter Ulrich rejects reduction of morality to interest. According to him, 'ethics may not be argued from the purely functional point of view of its usefulness – which would be a reduction of morality to interest. Rather, ethics deals essentially with normative demands made on us, which are valid because of their intrinsic human value and because of our reflection on this (deontological ethics).'⁴⁶¹ Looking at the theory of whistle-blowing from the perspective of political philosophy, we once again see the surfacing of economized life politics and ideology: institutionalization of whistle-blowing in the interest of a corporation exhibits pretensions to provide a social logic for the individual's life project even in the case of an individually acquired 'ethical distance'. The reflexive self-identity project of a whistle-blower becomes controlled via the managerial strategy of an integrity construct. In other words, the internal construct is constructed in order to eliminate an external whistle-blowing phenomenon. That subordinates the reflexive self-identity project of a singular employee to corporate life politics and ideology. In the end, the integral construct for internal whistle-blowing turns out to be a theory that provides *the foundation of the in-corporate individual's moral value* only within the confines of a business institution.

This corresponds to managerial preference for implicit, rather than explicit, methods. As Anita Jose and Mary S. Thibodeaux noted, 'implicit methods of institutionalizing ethics are more important than explicit means. Managers overwhelmingly emphasized the importance of corporate culture, ethical leadership, and open communication channels in any effort to institutionalize ethics.'⁴⁶²

Needless to say, this is political. Whistle-blowing is a political act. However, the political aspect is usually overlooked in Business Ethics. Legitimized internal whistle-blowing means cooperation-virtue, whereas unlegitimized external whistle-blowing means deconstruction of cooperation-virtue. Hence institutionalization of internal whistle-blowing is in the political interest of a business enterprise. As was mentioned earlier, according to Velasquez few ethicists look at Business Ethics from the perspective of political philosophy. As a result, Business Ethics theory does not have a developed topic on the issue of organizational politics and its power.⁴⁶³

Wim Vandekerckhove's theory of whistle-blowing is also political. It makes *an internal whistle-blower* morally legitimate, which prevents external whistle-blowing and eliminates *an external whistle-blower's* power over a corporation. In the end, this theory of legitimate internal whistle-blowing is in the political interest of a corporation, eliminating the question: Who is stronger: the singular individual with the power to blow an external whistle, or a corporation even when it conducts unethical business? This question leads us to the famous definition of justice that the sophist Thrasymachus provided from the political perspective.

Excursus to Classical Ethics – Polemic between Socrates and Thrasymachus

Plato in *The Republic's* Book I gives us a vivid and crucial scene of Thrasymachus' polemic with Socrates. The sophist Thrasymachus argues that 'justice is nothing else than the interest of the stronger.'⁴⁶⁴ As we all know, Socrates is not satisfied with this statement. According to his example, a physician is stronger than a patient, but by the very definition of the profession he is obliged to work in the interest of the weaker. 'For the true physician is also a ruler having the human body as a subject, and is not a mere money-maker; that has been admitted.'⁴⁶⁵ Moreover, according to Socrates, 'the rulers may be mistaken about their own interest...'⁴⁶⁶ In other words, the idea of Socrates is that one has to know what the very Form or Idea of Justice and Goodness is, then act. The main virtue is knowledge of what justice is *per se*, since nobody acts against his own wisdom.

Thrasymachus identifies the power issue. His definition of justice also includes a hierarchy: the stronger or the superior and the weaker or the inferior. Moreover, a set structure of hierarchy makes the government. Thrasymachus is clear on that:

And the different forms of government make laws democratical, aristocratical, tyrannical, with a view to their several interests; and these laws, which are made by them for their own interests, are the justice which they deliver to their subjects, and him who transgresses them they punish as a breaker of the law, and unjust. And that is what I mean when I say that in all states there is the same principle of justice, which is the interest of the government; and as the government must be supposed to have power, the only reasonable conclusion is, that everywhere there is one principle of justice, which is the interest of the stronger.⁴⁶⁷

The interests of those who have power inevitably imply the issue of a conflict. Conflicting powers create a hierarchy as the superior power takes over the weaker. Boris G. Kapustin observes that Thrasymachus made a mistake by linking the general definition of justice (the interest of the superior) with a current ruling power, and overlooking the dialectical possibility for the weaker to transform into the stronger. According to Kapustin, the sophist omitted the logic of resistance.

On the other hand, Socrates wants justice to be unlimited by a class or persons – justice has to prevail everywhere and always. But Thrasymachus is being specific: in his definition we find that justice is ascribed to those who are in a superior position. According to Kapustin, this definition of justice not only implies power relationships (between the stronger and the weaker), but is also derived directly from them. In essence, it is a political definition.⁴⁶⁸

Thus, for Thrasymachus, morality is dependent on politics. Politics comes first, then morals. For Socrates, on the contrary, the moral ideal comes first and embraces the political state. Kapustin argues that, though we are used to reading Plato as a political philosopher, he is actually a moral philosopher. His thinking, contrary to that of Thrasymachus, is moral, not political. Although Plato provided many political cases and wrote on political issues – he himself was *politikon zoon* of Athens – nevertheless, the material for his thought is moral.⁴⁶⁹

* * *

Whistle-blowing considered only from a moral perspective misses the political character of such an act.

The morally equally valuable division, provided by Richard T. De George, between *an internal whistle-blower* and *an external whistle-blower* loses equality from the viewpoint of political philosophy when the theory of Vandekerckhove is applied to corporate life. Moreover, if such an integral construct for whistle-blowing is institutionalized and legitimized via a code of conduct, then *an external whistle-blower* might be regarded as a violator of the corporate code of conduct. In such a case, Business Ethics serves as a corporate tool to establish the foundation of *the in-corporate individual's* moral value. Such an individual can be morally distinct, but only within his or her organization: Vandekerckhove's integrity construct, which 'emphasizes the difference between the individual and the organization, as it is organizational situations and practices the individual discerns and discloses about',⁴⁷⁰ leaves freedom for the individual's distinctiveness only within a business enterprise.

However, and this is very important to acknowledge, if a business organization maintains the benchmark of moral principles up to contemporary requirements for Corporate Social Responsibility, Sustainable Development, and Human Resource Management, then there is no need to strive for the distinctiveness of *the out-corporate individual* via external whistle-blowing. It cannot be overlooked that, according to Business Ethics, external whistle-blowing is morally permissible and even morally required under certain conditions. Otherwise the danger is that an 'informer' may turn out to be a person with low self-esteem, who 'tells on others' out of a personal desire to seem superior. It is not by coincidence that the English word 'informer' was substituted in Business Ethics terminology by 'whistle-blower' in order to avoid the negative connotations of the first word. Gene G. James notes that whistle-blowers differ from informers in that the latter usually have self-interested reasons for their disclosures,⁴⁷¹ whereas, according to De George, the former have to meet strict moral requirements to be correctly called external whistle-blowers.

De George provides rules to follow when internal, and especially external, whistle-blowing are morally permissible and morally required. He provides those rules for whistle-blowing in general, without specifying what applies to an internal and what applies to an external whistle-blower.

Morally Permissible:

1. 'The firm through its product or policy will do serious and considerable harm to the public, whether in the person of the user of its product, an innocent bystander, or the general public.'
2. 'Once employees identify a serious threat to the user of a product or to the general public, they should report it to their immediate superior and make their moral concern known. Unless they do so, the act of whistle blowing is not clearly justifiable.'
3. 'If one's immediate superior does nothing effective about the concern or complaint, the employee should exhaust the internal procedures and possibilities within the firm. This usually will involve taking the matter up the managerial ladder, and if necessary – and possible – to the board of directors.'⁴⁷²

Morally Required:

4. 'The whistle blower must have, or have accessible, documented evidence that would convince a reasonable, impartial observer that

one's view of the situation is correct, and that the company's product or practice poses a serious and likely danger to the public or to the user of the product.'

5. 'The employee must have good reasons to believe that by going public the necessary changes will be brought about. The chance of being successful must be worth the risk one takes and the danger to which one is exposed.'⁴⁷³

Thus, the individual as an *external whistle-blower* cannot be artificially created. The theory of Business Ethics sets rules for whistle-blowing in order to prevent it from becoming whimsical behaviour, which may cause serious consequences for the entire business enterprise. However, if the rules are met, an external whistle-blower can be regarded as a *distinct out-corporate individual*, since he or she is renouncing the corporate collective and the business practice within it. After all, as Peter B. Jubb explains, 'whistle blowing is characterized as a dissenting act of public accusation against an organization which necessitates being disloyal to that organization.'⁴⁷⁴ And, according to Richard T. De George, a whistle-blower is a reminder of an organization's moral failure:

The view that whistle blowing is always morally prohibited is the more widely held view. It is held not only by most managers but also by most employees. There is strong tradition within American mores against "ratting" or telling on others. ... The whistle blower is perceived as a traitor ... the whistle has implied that a fellow worker who did not blow the whistle is guilty of immorality, complicity in the wrongdoings of the company or cowardice. The whistle blower did what the others were obliged to do but failed to do. His or her presence is therefore a constant reminder of their moral failure.⁴⁷⁵

A whistle-blower demonstrates that his or her ideals are superior to those of the renounced business organization. True, here Louis Dumont's conception of *the outworldly individual* is not 100 per cent tantamount to the concept of a whistle-blower, because for Dumont *the outworldly individual* has the status of Socrates, a man of great wisdom. A whistle-blower may not be such a person. Moreover, for Dumont *the outworldly individual* renounces the world, whereas a whistle-blower renounces only the world of a particular organization. Afterwards he or she may work in another business institution. A whistle-blower does not renounce capitalism and its economic system. Therefore, as explained

above, it is more appropriate to use the term *the out-corporate* individual (see Section 2.1.2).

Whistle-blowers 'clearly exceed the minimum level that is required to sustain civil life',⁴⁷⁶ and at the same time they exceed the moral benchmark of corporate moral culture. However, it is only under those conditions that the theory of Business Ethics provides for ethical whistle-blowing. By exceeding the minimum level that is required to sustain civil life, the individual expresses superior moral convictions to those who are satisfied with the moral minimum within a business institution. However, an ethical business that applies an integral construct for internal whistle-blowing effectively and efficiently eliminates the need to exceed an existing moral benchmark – it is sufficiently high as it is.

But if such a benchmark is not the case, then by transcending the confines of a business organization, the individual is no longer subordinated to the organization. And this is an important political act, especially when it is performed in a corporation that has a code of 'how to live'.

Colin Grant also uses the verb 'to transcend' and calls on individual whistle-blowers to be saints:

... The serious whistle blower transcends the level of corporate tattle-tale and cannot be contained even by the characterization of tragic hero battling the system. Because they stand out from the rest of us by such conspicuous courage and self-sacrifice, even though it is a sacrifice that is often imposed also on their families, serious whistle blowers can only be appreciated in their full significance when they are viewed as the saints of secular culture.⁴⁷⁷

But, if whistle-blowers can be regarded as saints, this should not be in terms of religion. As Colin Grant himself points out, they are viewed as the saints of secular culture. By ceasing to exist as *the in-corporate individual employee*⁴⁷⁸ of a business organization, *an external whistle-blower* demonstrates his or her paramount value of justice, expressing superior ethical standards and ideals.

However, regardless of all the correct steps for external whistle-blowing, such a moral practice brings negative results for the individual. It is no coincidence that Colin Grant emphasizes the aspect of self-sacrifice on the scale of secular sainthood. In the theory of Business Ethics a whistle-blower might be treated as a moral hero or a saint, but in business practice such a person is usually treated as a traitor.

Such a reaction is also found in the US, and it is more or less a culturally shared experience. Not coincidentally, on 20 September 2007 a letter was sent to the US Congress requesting legal protection for whistle-blowers. 'A letter requesting Congressional action to protect all employee whistle-blowers was sent to Congressional leaders on Thursday, September 20, 2007. The letter was endorsed by more than twenty whistleblower advocate and civil liberties groups,' claims the Whistleblowing Center.⁴⁷⁹

Here is an excerpt from the letter:

We are writing to request your firm commitment to bring legislation to protect all whistleblowers to a vote during this Congressional term. The public record, which includes numerous Congressional hearings, overwhelmingly supports immediate Congressional action to ensure that all employees who risk their jobs and careers to report violations of federal law are adequately protected. Currently, a majority of whistleblowers in the United States lack any protection whatsoever.⁴⁸⁰

Such a discourse of whistle-blowing under the moral umbrella of Business Ethics substantiates the argument of this book that the individual whistle-blower is out-corporate to a business organization and stands outside legislation. But this has a price: practicing whistle-blowing, especially uninstitutionalized and unlegitimized external whistle-blowing, requires courage and self-sacrifice. Linda K. Trevino and Katherine A. Nelson believe that 'whistle blowing is so stressful that in one study, one third of the whistle blowers surveyed would advise other people not to blow the whistle at all. Senator Charles Grassley likened whistle blowers to "a skunk at a picnic".⁴⁸¹

From this perspective, the individual as a whistle-blower revolts against his or her moral community, and by so doing he or she deconstructs the nexus of its wholeness. The established status of this particular employee is suddenly transformed into the status of 'a skunk at a picnic' or 'the birds shitting into their own nest.'⁴⁸² The individual's old identity is superseded by a new one. A new self-identity project of Anthony Giddens surfaces. In this light it is worth recalling the sociological insight of Zygmunt Bauman: personal identity is not like a jigsaw puzzle. One does not know in advance what sort of identity one will develop. Life is an experiment.⁴⁸³ An external whistle-blowing certainly becomes a moral experiment that may affect the individual's life and identity as well as corporate life and identity.

When the individual accuses a corporate collective of wrongdoings and unethical business, he or she gains a paramount value in the theory of Business Ethics, but in the real life of a business organization, what I call *corporate ethics practice*, the whistle-blower's fate may become a lifelong experiment dealing with his or her new distinct identity as a whistle-blower. The theory of whistle-blowing that we find in Business Ethics differs from *corporate ethics practice*, which does not coincide with those moral principles and standards that Business Ethics provides.

Comparing *the in-corporate employee* with *the out-corporate employee*, this book cannot conclude that the former should be less morally valued in a business organization than the latter only because *the in-corporate individual as an internal whistle-blower* is more limited to the confines of an enterprise than *an external whistle-blower*. *An internal whistle-blower may not have the moral justification to blow a whistle externally*. A corporation may provide an effective and efficient integral construct for inside 'ethical distance'. But to what degree is 'ethical distance' free from the influence of the internal corporate culture, norms and politics? Is it possible to avoid the nexus of political aspects that are prevalent in the organizational life of doing business? A political dimension reveals a more realistic and human side of interests. Sociological research on this would provide valuable information. For now I can only speculate that, from the perspective of political philosophy, as Thrasymachus might argue, power relationships between employees and employers would distort objectivity and the ideal of 'ethical distance' – the interest of the superior corporation would influence understanding of 'ethical distance' and its moral reflection in real *corporate ethics practice*.

Once again, the warning of Boris G. Kapustin that a moral reflection comes from particular interests that form under specific social conditions comes to mind.⁴⁸⁴ Moreover, morality can gain power only when it fuses with authority.⁴⁸⁵ The public interest in having a moral consensus eliminates the dualism between those who have the authority to approve moral standards and those who have to follow them. However, according to Kapustin, a consensus of moral standards and values becomes hopeless as soon as we disagree on the definition of social happiness and social moral duty.⁴⁸⁶

As was argued in Section 2.2.1.5, the situation of *homo oeconomicus* and *homo consumens*, according to Zygmunt Bauman, is 'autotelic, an end in itself', having no other purpose but its own perpetuation and intensification.⁴⁸⁷ We guide our lives through the autotelic code. Our behaviour is culturally, economically and politically regulated. This

regulation takes place according to the meanings of the consumption *autotelic* code. Judged from this political perspective, institutionalized 'ethical distance' for internal whistle-blowing serves as a tool for keeping independent and free voice under corporate control within a larger context of autotelic capitalism.

John Hendry's insight that 'managers are held responsible only for the means by which corporate goals are to be achieved, not for the goals themselves' and that 'the means become ends in themselves'⁴⁸⁸ also contains the perspective of political management. In our case, if internal whistle-blowing serves as the managerial means for justice that in reality becomes a goal in itself to control the 'ethical distance' of the individual employees, then *an internal whistle-blower's* moral value depends on corporate institutionalization.

The political implications of corporate power over the individual lie in the likelihood that the next step in the development of whistle-blowing theory might be that the phenomenon of whistle-blowing would cease to be a matter of individual heroism. Institutionalization and legitimization of internal whistle-blowing eliminates the virtue of a whistle-blower's courage in bringing unethical cases of business practice to the public's attention. Consequently, it not only obliterates the opposition between a whistle-blower and an organization's collective, but also transforms a whistle-blower into a friend under the collective moral framework of a business enterprise.

Wim Vandekerckhove could counter-argue that in his theory of integral construct for inside whistle-blowing the individual maintains 'ethical distance' as well as distinctiveness in the entirety of an organization. However, from the perspective of political philosophy, when the power of the individual whistle-blower to speak moral truth is institutionalized, then 'ethical distance' as well as personal distinctiveness is dependent on the wholeness of a business institution.

For Olli Loukola, different values and goals in life are vital for the pluralism of values and goals. According to him, 'different people have different goals and no single particular code of values may be institutionalized or set as a general criterion for individual interactions.'⁴⁸⁹ Otherwise, the individual would lose autonomy. Loukola welcomes the tendency in libertarian theory to argue in favour of individual autonomy as 'autonomy must not be collectively determined and furthered.'⁴⁹⁰ But when in Business Ethics we find ideological analogies between a corporation and the Greek *polis*, when Aristotle's ethics for the autonomous individual is artificially applied to a corporate life, and when a whistle-blower's self-sacrifice for the

sake of moral truth and justice is eliminated, then these tendencies indicate political interests. Then these tendencies disclose that the individual's autonomy is collectively determined under a single corporate code of values: especially when the code is called 'How to live',⁴⁹¹ as in the case of the Shell Group. Thus, it is important for the ethicists of Business Ethics not to overlook political aspects when applying ethical standards to business practice.

Following the theory of whistle-blowing and the moral requirements for it, especially those of Richard T. De George, the book cannot conclude that *the in-corporate employee* should have the goal of becoming *the out-corporate individual*. Only when an employee witnesses immediate harm to society because of immoral activities of his or her business organization and has documented evidence, but inner channels fail, does *the in-corporate employee* have a moral duty to become *the out-corporate individual*.

Moreover, even if *the in-corporate individual* follows all the conditions for a whistle-blowing act that we find in De George's theory, but performs it only as *an internal whistle-blower* under the moral framework of the integral construct of inside whistle-blowing, then this excludes the aspect of self-sacrifice. Such a whistle-blower is neither a traitor nor a hero nor a saint. Such an individual employee only meets the requirements of organizationally approved 'ethical distance' under the policy of – in the words of Wim Vandekerckhove – 'responsibilization'.⁴⁹² The institutionalized *responsibilization process* justifies inside whistle-blowing and even promotes it.

Business Ethics provides substantial grounds to contend that whistle-blowing, especially the external variety, is the foundation of a *distinct out-corporate individual's* moral value. By whistle-blowing, *the out-corporate individual* gains the status of a morally advanced person independently of his or her organization and its institutionalized ethics. Such an individual is the only one who, while still a part of the whole, becomes hierarchically superior to the entire business organization. This creates the distinctiveness of *the out-corporate individual*.

The duration of this distinctiveness may last till *the out-corporate individual* makes a decision to be employed in a different business organization once again and to have a conceptual *second chance* to become *the in-corporate individual*. Then, as J. P. Roos pointed out, 'life politics would thus be individual and social decisions and negotiations about life course',⁴⁹³ since other business organizations might be cautious about employing a former *external whistle-blower*.

From the perspective of political philosophy, if for Hannah Arendt the last individual is an artist⁴⁹⁴ who transgresses the culture and the politics of mass society, then, paraphrasing this, it could be said that *the out-corporate individual as an external whistle-blower is the last individual in a business organization, whose moral value is not dependent on corporate culture and corporate ethics*. Such an individual certainly transgresses and transcends the life politics and the ideology of a particular business enterprise.

This transgression defends the fundamental value of the individual – liberty on a meso level. However, this discussion will go no further, since it is beyond the aim, the goals and the scope of this book to answer the question: ‘How far are we to go in defending and promoting individual liberty to transgress corporate life politics and ideology?’

The way we answer this question is inseparable from the way we will understand the individual’s possibilities for self-interpretation in an effort to create a personal narrative of the Self and self-identity on a meso level.

Summary

1. The evolution of Business Ethics is rooted in Protestant tradition. The Protestant way of linking business and values, bridging the gap between earthly profit and the divine status of business, is no less important in trying to understand Business Ethics history than the social and political processes of the 1960s that also shaped the evolution of Business Ethics.

2. Business Ethics, which traces its evolutionary development from the Protestant work ethic, is one of many systems of ethics that provide the foundation for the individual's moral value.

3. The attempt to apply Aristotle's virtue ethics to Business Ethics, as well as the attempt to make an analogy between a business corporation and the Ancient Greek *polis*, is artificial. The comparison between a contemporary corporation and an ancient *polis* is possible only if one overlooks major differences:

- Contemporary business enterprise does not foster some functions of a *polis*, such as taxation, law courts and education.
- For Aristotle the philosophical divine element is discovered in contemplation, which is the noblest activity of a wise man. The life of *theōria* that is available to us because of our theoretical mind (*nous*) is divine and superior to human earthly life matters. Corporate community does not teach us to transgress the economic dimension and earthly life matters.
- The end of a business enterprise is not a virtuous life but economic efficiency and profit, using virtue at work as a means to business, whereas in Aristotle's virtue ethics the end has to be not economic efficiency and profit, but a virtuous life, using economy as a means to eudaimonistic happiness.

- For Aristotle, and Ancient Greek philosophers in general, seeking eudaimonistic happiness, the highest moral institution was a singular individual. Aristotle's eudaimonistic ethics of virtue was applied to self-consciousness and rational will; but today, due to an institutionalized morality at the level of a business organization, the institution of morality shifts from Aristotle's autonomous individual as the owner of virtuous life to the corporation as a moral institution.
- Happiness is not for the greatest number of the Greek *polis* in Aristotle's thought, whereas a corporation, according to managerial Business Ethics, should aim at happiness for the greatest number of employees.

4. Business Ethics has broken away from Kant's deontological ethics. For Kant the moral principle has to come out of pure and formal duty, whereas for business organizations – as was evident in the case of Merck & Co. and Marriott & Co. – even philanthropic behaviour has utilitarian motives. A case study of corporate philanthropic acts reveals that these acts were preceded by economic cost–benefit evaluations, which in fact meets the characteristics of utilitarian ethics.

5. The synthesizing formula 'both/and' does not bridge the gap between deontological ethics and utilitarian ethics: the combination of *both* humans as the managerial means *and* humans as the moral ends confuses Kantian religious moral duty with the pragmatic and economic motives that we find in utilitarian Human Resource Management and in Business Ethics in general.

6. Classical utilitarian ethics is congruent with Business Ethics: the managerial nature of Business Ethics – revealed in the theory of Human Resource Management and Stakeholder Theory – is compatible with utilitarian concepts. Classical utilitarian ethics is also congruent with Corporate Social Responsibility, the essence of which is positive consequences for a business organization, society and environment. The life quality improvement that Jeremy Bentham and John Stuart Mill were concerned with in their utilitarian ethics is conceptually and methodologically ingrained in Corporate Social Responsibility.

7. The purpose of business for social benefit and betterment of life quality is congruent with the Protestant work ethic, which also asserted the utilitarian purpose of business. When in the literature of Business Ethics it is argued that business is unthinkable without morality, this resonates with the mindset of the American Protestant work ethic. The

thesis of Richard T. De George and Ronald F. Duska that the direct purpose of business is the betterment of society, not profit, coincides with the moral culture of American Protestantism. However, the literature of Business Ethics also provides alternative arguments that regard profit as the primary goal for business, whereas social welfare is a positive side effect of a free market.

8. A link between the individual's corporate *wholeness* and Aristotle's virtue ethics is made from an American perspective and stems from the American cultural mindset. Robert C. Solomon's argument that a virtuous person in a corporate life is not an autonomous individual, but part of the corporate community, and that it is there – in the context of the community – that the individual gains wholeness, has to be linked with the observations made by:

- Alexis de Tocqueville, who celebrated the virtues of American small-town community life imbued with strong Protestantism, its moral culture and its close-knit families;
- Gertrude Himmelfarb, who also observed that community in America has had a collectivist, organic and integral character.

The analogy between a *polis* and a corporate community in an American type of Business Ethics stems from this collectivist tradition.

9. An ideological institutionalization of the Protestant work ethic provides *the foundation of the individual's moral value* in the world of business. The connection between such a foundation of the individual's value and the individual's subordination to the corporate collective on the basis of the institutionalized work ethic has a deep tradition in American culture.

10. Within the confines of a business organization, *the foundation of the individual's moral value* depends on his or her status as human resource and corporate asset, of which the individual never has at his or her disposition full ownership.

11. The individual, as a member of a corporate group or moral community, is transfused with holistic managerial ethics. That type of ethics sets a moral framework of institutionalized ethics for the employees, and subordinates them to an economized life politics and ideology. Consequently, *the foundation of the individual's moral value* depends on the life politics and ideology of a business organization.

12. A whistle-blower has a unique moral value in Business Ethics. The individual whistle-blower creates his or her moral value as a singular

individual by transcending the life politics and ideology of an unethical business organization. Such an employee creates the additional moral value of a righteous and socially responsible person. The individual as a whistle-blower also creates personal self-identity independently of the personal asethood that he or she had within the confines of a business organization.

13. When the individual accuses a corporate collective of wrongdoing and unethical business, he or she becomes a paramount value in the theory of Business Ethics, but in the real *corporate ethics practice* the whistle-blower's fate may become a lifelong experiment dealing with the new authentic identity of a whistle-blower. The individual as *an external whistle-blower* becomes *the out-corporate individual* who renounces the corporate collective, its life politics and its ideology. Ceasing to exist as *the in-corporate individual*, such a person becomes a paramount value: in the theory of Business Ethics such an individual might be treated as a moral hero or a secular saint, which provides *the foundation of a distinct out-corporate individual's moral value*. However, in the real world others may treat him or her as a traitor.

14. *An internal whistle-blower* does not have a moral justification to blow the whistle externally if the corporation provides an effective and efficient integral construct for inside 'ethical distance'. Consequently, such a construct does not only obliterate the opposition between a whistle-blower and an organization's collective, but also transforms a whistle-blower into a friend under the collective moral framework of a business enterprise.

15. Following the theory of whistle-blowing and the moral requirements for it, especially those of Richard T. De George, this book cannot conclude that *the in-corporate employee* should have the goal of becoming *the out-corporate individual*. Only when an employee witnesses an immediate danger of harm to society because of the immoral activities of his or her business organization and has documented evidence, but inner channels fail, does *the in-corporate employee* have a moral duty to become *the out-corporate individual*.

16. Business Ethics provides a substantial conceptual ground to contend that external whistle-blowing is *the foundation of a distinct out-corporate individual's moral value*. *The out-corporate individual*, due to external whistle-blowing, gains the status of a moral person independently of his or her organization and its institutionalized ethics or corporate principles of 'how to live' (Royal Dutch Shell Group). Such a person is the only individual who, while remaining a part of the whole, becomes

hierarchically superior to the entire business organization. This creates the *distinctiveness* of *the out-corporate individual*.

17. The transgression of corporate life politics and ideology creates liberty at the meso level – a fundamental ground providing *the foundation for the out-corporate individual's moral value*. However, this discussion will go no further, since it would be beyond the aim, the goals and the scope of this book to ask, 'How far are we to go in defending and promoting individual liberty to transgress corporate life politics and ideology?'

Post Scriptum: The Non-efficient Citizen: Identity and Consumerist Morality

Elaborating upon the concept of panopticism, Michel Foucault analyses the phenomenon of examination. According to him, examination is essentially meant to control individuals rather than test their knowledge:

The examination, surrounded by all its documentary techniques, makes each individual a “case”: a case which at one and the same time constitutes an object for a branch of knowledge and a hold for a branch of power. The case is no longer, as in casuistry or jurisprudence, a set of circumstances defining an act and capable of modifying the application of a rule; it is the individual as he may be described, judged, measured, compared with others, in his very individuality; and it is also the individual who has to be trained or corrected, classified, normalized, excluded, etc.⁴⁹⁵

Foucault seeks to demythologize the social order of Western civilization, ostensibly socially progressive and morally positive. He does that by foregrounding how this social order is regulated by various disciplines. Discipline is a core concept in Foucault: not only are we disciplined, but our individuality is regulated and controlled. In what follows, I want to examine the dilemma when the individual exercises the moral right to choose individual identity but is dependent on a social order grounded in control. In other words, does the consumerist social order really allow the individual to select individual identity?

According to Foucault, the individual, whose life and activities are restricted by the social order, is constantly examined and classified;

this facilitates identification. This process, obviously political, is especially important in contemporary megapolises. The practical and political interest of every state is to control and discipline its citizens in order to secure the successful functioning of its political and economic systems. Moreover, control and discipline help preserve the consumerist order.

Contemporary Western civilization, capitalist and global, promotes the consumerist order – its ultimate basis – as universal and proper. Of course, capitalism rarely exists in its pure form; a capitalist society can contain a number of socialist elements, most frequently within health care and educational systems. This is more characteristic of Europe than the USA, where the individual is granted the right to choose from different health care and educational programmes. However, even the most socialist capitalism (the Scandinavian model) cannot escape consumerist ideology. Omnipresent advertising is every individual's constant companion and thus the most persuasive proof of the consumerist capitalist social order. Global advertising of global companies shows that we do believe in certain trademarks and find it hard to do without them, both in purely capitalist countries and in those that can be described as socialist-capitalist.

Citizens, both producers and consumers, or *prosumers*, have become objects of control – individuals who are examined not only according to Foucault's definition, but also by the entire economic structure. If there is no control, the prosumerist society will simply disintegrate.

It would be naïve to assume that prosumers can choose identity. It is ascribed to them by default. Today, one is even born with it. Such is the order of the capitalist system, when individuals are free to choose professions but not the status of the producer and the consumer. Indeed, if Europe or the USA saw the emergence within their boundaries of a state that refused to participate in this global system and instead effected a Rousseauesque return to nature, and if the ideology of this state were based on principles other than production and consumption, contemporary Western morality grounded in the maximization of economic growth would simply collapse. This would mean an 'advanced' country choosing 'backwardness'. What is seen as inevitable in Africa would, in Europe or the USA, be regarded as a choice and thus become a challenge to the ideology, ethics, politics, economics and culture of utilitarian efficiency. Even if this is a hypothetical assumption, global/public intellectuals have already persuasively exposed the fictitiousness of the existing order. Jean Baudrillard called the world permeated with advertising signs the world of simulacra; according to him,

there is no major difference between the impertinence of capitalist advertising and that of the propaganda of the October revolution.⁴⁹⁶ For Zygmunt Bauman, globalization entails what we are obliged to do if we want to be happy.⁴⁹⁷ Claude Lévi-Strauss distinguishes between 'savage thinking' and the thinking of savages, simultaneously reminding us of our own savageness.⁴⁹⁸ According to Hannah Arendt, the consumerist society is the plebeian ideal.⁴⁹⁹ Norwegian intellectual Thomas Hylland Eriksen claims that, in the consumerist society, it is high technologies that manipulate us into consuming immoderately, filling our free time by gobbling down information.⁵⁰⁰

Their opponents might suggest that the contemporary variety of ways to assert individual style and identity as well as the propagated freedom of self-expression suggest democratic tolerance as opposed to economic oppression and global manipulation. Thus, for instance, products intended for consumption are often personalized, acknowledging individual differences, personal demands and specific tastes. However, such arguments do not differentiate political tolerance from marketing strategies, which are inseparable from capitalist goals and the morality grounded in the striving for economic profit: in this context, only those who qualify as efficient parts of the system deserve acclaim. Others are relegated to the status of waste.

Remembering the 'flower children', alcoholic writers and rock'n'roll artists of the 1960s, and the great cultural, political and social freedom they achieved in the USA during that decade, one can see a stark contrast with the 1970s and 1980s, when an economically 'unproductive' class of 'asocial' individuals obediently returned to embrace market structures. This is empirical evidence that a cultural politics that encourages economic independence, rejection of the social order, defiance of circumstances, and hatred of pragmatism by the Beat generation cannot survive for longer than a decade. Excessive tolerance of the individual's right to choose identity could bring us back to the situation of the 1960s, when limitless social freedom turned out to have an adverse effect on production and consumption. The counterculture did not succeed in creating a self-sufficient 'Woodstock nation', grounded in the principles of free love and peace, drugs and rock'n'roll.

In American, unlike Chinese, capitalism, there is a linkage between political democracy as an ideology and economic democracy – in China there is no freedom of speech under compulsory Communism, but the individual is free to grow in the market according to personal self-interest. But, even in the US, political democracy often contradicts

economic democracy. If an individual is unable to produce and consume and thereby to contribute to economic growth, if she or he prefers the beatnik motto of 'here and now', this does not yet mean that this kind of an American is social waste *de jure*, since his or her right to choose identity is defended by democracy as a political system. However, the economic reality is that such identity is inevitably reduced to the failure to pass Foucault's 'examination' necessary to qualify as socially useful and economically efficient, and thus the individual has to be economically 'normalized'. Of course, the right of the individual to seek social support and state protection remains. Consequently, the individual is regarded as protected by the state policy, but this does not mean that inefficient citizens are desirable in welfare institutions. Inefficient citizens survive because of efficient citizens. In Scandinavian countries, inefficient citizens are not perceived as waste, losers or second-rate, but in Protestant American tradition the identity of the inefficient citizen is morally disparaged.

According to Zygmunt Bauman, while Marx described the abuse of the proletariat, today one can talk about the reduction of individuals to waste and garbage. Bauman's statement reveals the very nature of the consumerist epoch, when consumers have to consume for the sake of consuming and, consequently, continuously produce waste. After a purchased product has been consumed, an individual goes on consuming another one, which stimulates economic growth. It is necessary to produce as much as possible to ensure consumption. Consumerism enables the production of economic value. Grounded in this logic, the capitalist order implies that the ultimate objective of the individual is to be a prosumer. Otherwise, she or he is regarded as economic waste. Or, paraphrasing Immanuel Kant's moral imperative, act only according to that maxim whereby you can at the same time will that it should become a universal law of the prosumer.

Thus how should one define the identity that refuses to obey the imperative of economic morality by disregarding millions of choices offered by the capitalist market? Bauman calls such identity 'stigmatized' and offers numerous examples: single mothers, drug addicts, and various other social misfits. The previous quotation from Foucault uses the word 'case'. According to Foucault, individuals are 'cases' that need to be trained, corrected, normalized or rejected. To paraphrase Foucault, the capitalist order examines any given individual as a specific 'case' and then either corrects or rejects him or her.

A different perspective is feasible here, too. The terms 'learning society' and 'information society' have effectively permeated both

organizational management and real life politics so that essentially consumerist, contemporary society now has to rise to this new challenge. As a result, university education has become indispensable for everyone wishing to be regarded as a developed citizen. The consumer society is thus educated and informed; its individuals consume and produce high-quality products and are competent in evaluating their worth.

More and more university diplomas are being acquired all over Europe and the USA, but also in affluent Arab countries, China, and Japan. Higher education implies more career possibilities and attests to the success of our epoch. However, the paradigm of mass education and mass production/consumption implies the presupposition that those who do not rise to the challenge are less valuable – if valuable at all. There are winners and there are losers. If one forgets the poor who inhabit the slums of Africa and Brazil or the provincial regions of Russia, the winners might seem to be markedly more numerous than the losers. Provided that economics is consistently regulated according to capitalist principles and that education is acquired *en masse*, it seems that affluent society is open to anyone who makes an effort.

At this point, it is necessary to clarify the meaning of 'affluence'. First of all, economic affluence is circumstantial, especially when it comes to mass society. Affluence *per se* is an economic and social illusion, a political statement, beautified with the veil of well-being. This is because the affluent society owes its existence to the loans system.

The loans system is the essence of mass consumption. The world has many rich people living comfortable lives who do not need loans, but the majority have to seek bank loans. The credit system offers great possibilities for consumption. However, it is not equally accessible to all individuals; banks demand that the applicant be young and employed. If one is approaching retirement, this is reason enough to be rejected by the system, while jobless people have no value because of their joblessness.

In the consumer society, individual identity can be discussed in the context of the banking system and the transparency the latter commands: before a new credit card or loan is granted, personal accounts, income and balance are basically X-rayed. Moreover, bank managers research and identify the most profitable social groups and try to lure them into certain schemes, using advertising. Strategic schemes transform 'the best' bank clients into loyal users, both within a specific bank and within the whole economic system.

When a passive consumer is transformed into an active one, she or he can indeed see the benefit of participating in the affluent society: she or

he buys whatever is needed, is on time paying the interest on the loan, and can therefore apply for a larger loan on more advantageous conditions. The benefits are mutual as long as both the client and the bank are happy. In this case, affluence is not merely an economic and social illusion or a political statement. However, as soon as a client fails to pay the interest on time due to illness or the loss of employment, the illusion of affluence evaporates. As soon as a company goes bankrupt, its employees, burdened by debt, inevitably become 'mobile' job-seekers. Moreover, the bankruptcy of a single company can affect the entire community. And the story of the financial crisis tells us that the bankruptcy of Bernard Madoff may effect the economy. Corporate greed and the unbridled capitalist drive for more and more during economic growth explodes, affecting the global economy. But then the citizens, those efficient taxpayers, bail out corporations. In fact, 'efficient citizens' bail out corporate moral corruption. In American Business Ethics narrative, that would be gently diagnosed as a lack of Corporate Social Responsibility (CSR). In fact the popular CSR is just a simulacrum, an ideological disguise for corporate manipulations.

If a debtor fails to find a new job, she or he loses the bank's trust. The matrix of crediting ensnares individual lives; prosumers are from now on classified exclusively according to their credit rating, without considering their individual intentions or dispositions. Banks check the figures in their clients' accounts, as opposed to the conscience or experiences of those trapped by an economic crisis, which is quite frequently engineered by certain interest groups. The very matrix of crediting is artificially constructed. Banks, which otherwise generously grant loans, secure themselves the right to increase interest rates at their own discretion and thereby consciously render their clients insolvent because salaries do not grow as fast as interest rates. As a result, individuals are classified and normalized after each increase is announced: debtors are declared either solvent or insolvent.

It is within this context that the power of the omnipotent capitalist system is revealed. Credit users can easily lose a good reputation. In this case, an individual becomes, in Foucault's terms, a documented case. Although Foucault discusses examination as the exercise of control in the context of education, his insights also reveal the brutality of capitalism, which puts each individual CV under scrutiny. Everything is thoroughly examined: work experience, recommendations, age and other variables. An individual CV is an individual 'case'. Such cases are controlled.

Taking into consideration individual life conditions in the affluent society, the US example is particularly suggestive. Eight billion dollars worth of bank loans in 1946 jumped to 21 billion in 1950, and to 56 billion in 1960. In 1970, the number reached the 127 billion dollar mark and is still rising. The money that individuals, families and entire nations owe to banks allows the latter to actively consume in the economic but also in the political sense: high levels of consumption tend to be linked to a developed welfare state. However, consumerism grounded in indebtedness first and foremost means financial dependence as opposed to actively propagated democratic freedom.

Consumerist economic culture and politics stimulate an intense and unlimited desire to acquire new products, whatever these may be: advanced technologies, clothes or entertainment. For ancient Greek philosophers, the absence of limits meant evil, mistakes, disorder and chaos. *Eudaimonia* was to be acquired by controlling desires and habits and by finding the epicentre. Contemporary economic ideology, by contrast, encourages individuals to consume incessantly. Advertising represents the consumerist lifestyle as correct and ideal: it is pictured as both exclusive and moral.

The keyword here is 'more': more products, more production, more consumption, more loans, more efficiency, more globalization, more competent and qualified employees. Is affluence the ultimate goal of human beings? Is this where the essence of self-expression of human beings as a species, *homo sapiens*, lies?

In *Ethics*, Aristotle claims that the rule of a happy medium allows people to avoid the extremes of excess and deprivation. Following the *eudaimonia* principle, one can only be happy after one has managed to balance the two. Epicurus, who foregrounds hedonism, considers lack of moderation as evil; in order to be happy, a human being should strive for natural pleasures and tend to his or her essential needs, but should avoid anything unnatural and unnecessary, such as political power, fame or riches. For Pythagoras, even odd numbers, the so-called *apeiron*, suggest evil. Forbearance and moderation are the two virtues foregrounded in his ethics. Just as in health and cosmos, virtue implies harmony.

The contemporary world of advertising does not care about harmony. The affluent society does not seek balance between affluence and deprivation. Affluence is its ultimate goal. Harmony is understood as a balance between unlimited production and unlimited consumption. Nonetheless, in Scandinavia and Germany, for instance, consumption is deliberately restricted at weekends in an attempt to protect employees' right to recreation. This could be an example for Lithuania, which

should support small and medium businesses as opposed to trying to please such insatiable tycoons as VP Market, which make their employees work on holidays, including Christmas, Easter and the 'long weekends' in American efficiency style. If we want to harmonize our life, at least to some extent, it is essential to temper capitalism with socialist principles. This, however, is impossible in Lithuania, due to the corrupt relationship between big business and political structures. But is it not the same in the US – the country that is open for business 24 hours a day? Sometimes there is less difference between post-communist countries and the US than one may think at first.

Henry David Thoreau could be a perfect example of an intellectual who refused to consume. Even the pencils he used were of his own making, because he wanted to be independent of the system. He is considered to have been an American romantic, but is this a social perversion? What was the morality he so radically rejected? He writes in *Walden*:

I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived. I did not wish to live what was not life, living is so dear; nor did I wish to practice resignation, unless it was quite necessary. I wanted to live deep and suck out all the marrow of life, to live so sturdily and Spartan-like as to put to rout all that was not life, to cut a broad swath and shave close, to drive life into a corner, and reduce it to its lowest terms, and, if it proved to be mean, why then to get the whole and genuine meanness of it, and publish its meanness to the world; or if it were sublime, to know it by experience, and be able to give a true account of it in my next excursion.⁵⁰¹

Thoreau, not as an intellectual, but as an inefficient woodman in the context of a corporate life politics, is useless and good for nothing, as he has nothing to do with consumerism and economic growth. His morality is different from a capitalist morality linked to comfort and well-being. Namely, morality! From the viewpoint of consumerism, even Walden Pond exists for consumerism by tourists. In the corporate world there is no room for the practice of alternative morality.

Let's ask this question: Why has the very concept of well-being been usurped by the supporters of affluence and consumption? Is economic affluence so inevitably tied to what is referred to as well-being? David Hume did not see a relationship between what *ought to be* and what actually *is*, so why should we see the connection between *ought for*

economic affluence and for human well-being? We should reconsider our belief in well-being that is unimaginable without insatiable affluence.

Thoreau must have experienced just as much well-being as an active contemporary businessman, but understood it in a completely different way and in totally different terms. True, he was dependent on Concord town, and lived only a semi-isolated life for two years, two months and two days. But he had his own ethics of Walden Pond. In the age of industrialization, of which the 19th century was so proud, in essence he talked about the individual's right to choose his or her identity, lifestyle and morality. That is democracy. Democracy of Walden Pond. Thoreau, labelled as an American romantic, flouted the paradigm of utilitarian usefulness.

Hannah Arendt describes the consumerist society as a working-class society that grovels before the capitalist system. According to her, working and consuming are two phases of the same enforced and compulsory process. Enforced consumption is masked under the artificial smiles of advertising. Even cheap Chinese products are accepted into the paradise of affluence and abundance. Nowadays, it is basically impossible to purchase the newest, the best or the most advanced mobile phone, computer, car or TV set, as each day sees the appearance of still newer and better models. 'Technological advancement', the label of the 21st century, forces people to catch up with the newest technologies. Those who respond to advertising and succeed in constantly updating their domestic appliances feel psychologically strong and morally advanced. Their identity is up to date. The holders of such updated identities distinguish themselves by very particular behaviour and manners, which are not necessarily aristocratic.

Erich Fromm agreed with Sigmund Freud's statement that the focus on possessing is pathological and neurotic. According to Fromm, an entire society can be pathological if its ultimate value is to possess. The argument that consumerism is necessary to secure the very economy of affluence is not necessarily correct. Fromm, as the author of *To Have and to Be*, saw a compromise and has offered an example: if at least 20 per cent of citizens (he most probably means US citizens) stopped buying cars and started using public transport, economic losses would make business companies and governments seek new solutions to respond to the new demands. According to Fromm, civil disobedience by consumers would be a big blow to the very strategy that governs contemporary production and consumption. However, such a move would require a

high degree of awareness. Besides, the existing social order forms and promotes certain habits of thinking and behaving, which are difficult to change or replace by new ones, especially when both an individual's and an entire society's values and dispositions are intensely watched by corporations concerned with production and consumption.

Contemporary Business Ethics emphasizes the necessity to humanize economics. However, the implementation of such ethics does not necessarily entail a deconstruction or even a critical revision of consumerist culture and its economic ideology. By contrast, for the last two decades Business Ethics with its Corporate Social Responsibility concept has been making production and consumption even more efficient for corporations. The discourse of Business Ethics does not encourage consumer society to transform its pathological status of *having* into the status of qualitatively *being*; instead, the aim is to make the morality of *having more* ecologically and socially acceptable. Then corporations are socially responsible and consumers are morally self-aware.

Whatever is being said about the fashionable CSR, we have to admit that American managerial Business Ethics is the ethics of *having* or ethics *for having*. Such ethics is easy to simulate, especially if one can *have more* while pretending to be ethical, but in reality disregarding morality while working on double accounting, the double US economy, the truth of which surfaced in such an ugly way with the financial crisis. In fact, this was an economic moral crisis, which was called financial as if it were all about some mystical misfortune on Wall Street, rather than cold-blooded Madoff-like calculation of what American corporations could get away with. And they did. But, in spite of this, the American dream is still there to be pursued. The lesson of the crisis has not been learned – consumption remains the economic engine. On CNN, the most popular topic when recession hit the US was consumption recovery. 'Have you done your shopping today?' one CNN reporter asked another. 'Not yet,' was the answer. Sorry, but this conversation about done or not-yet-done shopping sounds more like talking about an extra job to be done after work, not about happiness.

According to Arendt, happiness grounded in profits for as many people as possible is a plebeian dream. In post-communist countries, which have witnessed a sudden leap from collectivism to individualism, from planned communist economy to self-interested capitalism, profit as an ultimate value has indeed become a plebeian aspiration. But there is a striking similarity between post-communist Eastern Europe and the US – apparently this is one way in which directed capitalism

levels down people and regions: characterless shopping centres/malls are just as admired in the territories of the former Soviet Union as in the US. Shopping malls in both regions are equally gigantic, which astonishes Scandinavians. Does this mean that the mentality of the US people is post-communist too...? If not – obviously not – then one should be more careful with the application of the derogative term of ‘post-communism’, since it may also apply to behaviour patterns of consumerist–plebeians elsewhere.

Having recognized Arendt’s idea that economic abundance is a paradise for plebeians and fools, one could reject the prosumeristic course of development. This would open new possibilities for seeking individual identity. Thoreau found such identity near Walden Pond. Leo Tolstoy and some other writers followed a slightly different path, which nonetheless led them towards spiritual identity. Franz Kafka suffered because of it.

In the prosumerist system, the individual who asserts himself or herself through authentic freedom is regarded as a case of the non-efficient consumer. Does this imply that people ‘outside the system’ are abnormal ‘cases’? If so, we are indeed living in a consumerist panopticum. This time we are being watched to see if we are consumers, prosumers.

Nevertheless, one cannot forget that it took mankind several thousand years to bridge the gap between starvation and abundance, accompanied by mass consumption, while only a small step separates well-being from poverty. It would be incorrect to depreciate those for whom business is more than a tool to satisfy greed; indeed, financial success could even be compared to art. It is very easy to contrast spirit and matter, but quite difficult to link them together. It is a miracle that the world has people capable of creating the linkage. It is a miracle that mankind has created an economic system, at least in some parts of the world, that provides luxury life for the masses. A critique of affluence and capitalism is much easier when one is well off; for the hungry, affluence is the ultimate good, even if this does look plebeian, even if affluence is after all a mirage due to the credit matrix. A hungry child from Africa may just say: ‘Give that credit and save my life.’

Perhaps as long as one merely seeks to fulfil one’s creative ambitions, both economic and humanitarian, under the conditions of capitalism, this is in no way to be condemned. When working hours become shorter, when life expectancy increases, we all seek a pleasant occupation that can help us realize our potential within the system that encourages ambition, energy, motivation, self-determination and self-realization.

Herein lies the major challenge faced by the contemporary individual: how to accommodate both spirit and matter, and how to make matter serve spirit as opposed to overwhelming it. This is what our identity depends on. Thus, consumerist morality is in one way or another determined by our own relationship to things.

Notes

1. Different cultural perspectives on Business Ethics reveal the role of a cultural context.
 - On Business Ethics in Poland and the reactions of Polish business people to Business Ethics and involvement of Business Ethics teachings in Polish higher schools, see:
Gasparski, Wojciech W. (2001) *Verslo etika Lenkijoje – naujas žvilgsnis* [Business Ethics in Poland – a New Look]. In: Vasiljevienė, Nijolė (ed.). *Dalykinė etika* [Business Ethics]. Kaunas: Vilniaus universitetas, Kauno humanitarinis fakultetas, Kaunas, pp. 74–92.
 - Also see: Gasparski, Wojciech W. (2002) *Business Ethics on the Way to Integrated Europe: As Seen from the Polish Perspective*. In: Vasiljevienė, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, pp. 153–171.
 - On Business Ethics in Lithuania and the economic necessity for ethical business to improve business performance, see:
Vasiljevienė, Nijolė and Freitakienė, Rasma (2002) *Are We Ready to Accept European Standards?* In: Vasiljevienė, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, pp. 172–195.
 - On Business Ethics in Russia and its business traditions (a) the experience of pre-Revolutionary business; b) the experience of a socialist economy; c) the experience of legally and administratively constrained business), see:
Appressyan, Ruben G. (1997) *Business Ethics in Russia*. In: *Journal of Business Ethics*, Vol. 16, pp. 1561–1570.
 - On Business Ethics in India and how it became related to a legal concern in the 1990s, see:
Chakraborty, S. K. (1997) *Business Ethics in India*. In: *Journal of Business Ethics*, Vol. 16, pp. 1529–1538.
 - On Business Ethics in Africa and how ethical issues have been on top of the agenda of every nation because of the perceived development and improvement of business enterprises, see:
Milanzi, Montanus Cyprian (1997) *Business Ethics in Eastern and Southern Africa*. In: *Journal of Business Ethics*, Vol. 16, pp. 1549–1553.
 - On the underdeveloped and non-institutionalized Business Ethics in the academia of most countries of the Middle East, see:
Izraeli, Dove (1997) *Business Ethics in the Middle East*. In: *Journal of Business Ethics*, Vol. 16, pp. 1555–1560.
 - On slow and uneven progress in Business Ethics education in Australia and New Zealand, see:
Milton-Smith, John (1997) *Business Ethics in Australia and New Zealand*. In: *Journal of Business Ethics*, Vol. 16, pp. 1485–1497.
 - On Business Ethics in Latin America as a relatively new topic in the context of low ethical standards, corruption and the Catholic faith, see:

- Arruda, M. Cecilia (1997) *Business Ethics in Latin America*. In: Journal of Business Ethics, Vol. 16, pp. 1597–1603.
- On Business Ethics in Central and Eastern Europe (the case of the Czech Republic), see:
- Bohato, Marie (1997) *Business Ethics in Central and Eastern Europe with Special Focus on the Czech Republic*. In: Journal of Business Ethics, Vol. 15, pp. 1571–1577.
- On Business Ethics in Japan and its five stages of development, see:
- Taka, Iwao (1997) *Business Ethics in Japan*. In: Journal of Business Ethics, Vol. 16, pp. 1499–1508.
- On the role of Business Ethics in social development in China from the perspective of Marxist philosophy and Chinese cultural tradition, see:
- Xiaohe, Lu (1997) *Business Ethics in China*. In: Journal of Business Ethics, Vol. 16, pp. 1509–1518.
2. Business Ethics is one of many different branches of Applied Ethics alongside Medical Ethics, War Ethics, Environmental Ethics and Bioethics.
For more on this see:
- Craig, Edward (ed.) (2005) *The Shorter Routledge Encyclopedia of Philosophy*. London and New York: Routledge.
3. Larsen, Henrik Holt and Mayrhofer, Wolfgang (2006) *European HRM: a Distinct Field of Research and Practice*. In: Larsen, Henrik Holt and Mayrhofer, Wolfgang (eds). *Managing Human Resources in Europe*. London and New York: Routledge, p. 2.
4. ‘First goal of the book’ does not refer to the sequence, but to the numbering of the four goals that are listed in the introductory section *The Aim, the Goals and the Method of the Book*.
5. See Section 2.1.2 Ideology from Louis Dumont’s Perspective as well as the Glossary of the book.
6. Ferrell, O. C. and Fraedrich, John. and Ferrell, Linda. (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 6.
7. For instance:
- An article written by Wayne Norman and Chris MacDonald on the *triple bottom line* may appear to be more relevant to the topic of fiscal policy than to Business Ethics, yet it is published in *Business Ethics Quarterly*.
- Norman, Wayne and MacDonald, Chris (2003) *Getting to the Bottom of ‘Triple Bottom Line’*. In: *Business Ethics Quarterly*, Vol. 14/2, pp. 243–262.
- An article written by Gene G. James on *whistle blowing* may seem to be a topic for organizational ethics focused on the narrow topic of ethical informing, but the editor Thomas I. White published it in *Business Ethics: a Philosophical Reader*.
- James, Gene G. (1993) *Whistle Blowing: Its Moral Justification*. In: White, Thomas I. (ed.) *Business Ethics: A Philosophical Reader*. New Jersey: Prentice Hall, Upper Saddle River, pp. 531–544.
- An article written by Rogene A. Buchholz and Sandra Rosenthal on *social responsibility* may seem exclusive to the topic of corporate social responsibility, but the full title is *Social Responsibility and Business Ethics*; moreover, the editor, Robert E. Frederick, published it in *A Companion to Business Ethics*.
- Buchholz, Rogene A. and Rosenthal, Sandra (2002) *Social Responsibility and Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 303–321.

The article written by Marcel van Marrewijk and Joanna Timmers on *Human Capital Management* may seem to deal with a different theme from Business Ethics and therefore to be suitable only for managerial literature, but it is published in *Journal of Business Ethics*.

van Marrewijk, Marcel and Timmers, Joanna (2003) *Human Capital Management: New Possibilities in People Management*. In: *Journal of Business Ethics*, Vol. 44, pp. 171–184.

The article written by Sarah Forbes Orwig on the affinity between Business Ethics and American Protestant culture that is published in *Journal of Business Ethics* is an example of an interdisciplinary approach to the subject.

Orwig, Sarah Forbes (2002) *Business Ethics and the Protestant Spirit: How Norman Vincent Peale Shaped the Religious Values of American Business Leaders*. In: *Journal of Business Ethics*, Vol. 38, pp. 81–89.

8. Gasparski, Wojciech W. (1996) *Praxiology and Ethics: The Business Ethics Case*. In: Gasparski, Wojciech W. and Ryan, Leo V. (eds). *Human Action in Business. Praxiology: The International Annual of Practical Philosophy and Methodology*, Vol. 5, pp. 3–20.
9. De George, Richard T. (1990) *Business Ethics*. New York: Macmillan Publishing Company.
10. Vasiljeviè, Nijolè. (2001) *Editor's Forward: Modern Ethics: From Theory to Practice, from Philosophy to Management*. In: Vasiljeviè, Nijolè (ed.). *Dalykinè etika [Business Ethics]*. Kaunas: Vilniaus Universitetas, Kauno humanitarinis fakultetas, p. 18.
11. Pinnington, Ashly H. and Mackin, Rob and Campbell, Tom. (2007) *Human Resource Management: Ethics and Employment*. Oxford University Press, p. 5.
12. Velasquez, Manuel G. (2002) *Business Ethics: Concepts and Cases*. Upper Saddle River, NJ: Prentice Hall, p. 13.
13. Pojman, Louis P. (1992) *The Moral Status of Affirmative Action*. In: *Public Affairs Quarterly*, Vol. 6.2, April, pp. 181–206.
14. Norton, Mary Beth *et al.* (1990) *A People & A Nation*. Boston: Houghton Mifflin Company, p. 945.
15. Carry, John (1987) *The Social Fabric: American Life from the Civil War to the Present*. Boston: Little, Brown and Company, Vol. II.
16. For this insight I am indebted to professor Nick Fotion, who taught history of Applied Ethics in Moscow, 2005; an international project (The HESP Regional Seminar for Excellence in Teaching) on Ethics in Moscow, Russia, according to the Higher Education Support Program of the Open Society Institute in Budapest, Hungary.

For more see: <http://www.ethicscenter.ru>

17. Frederick, William C. & Davis, Keith & Post, James E. (1988) *Business and Society: Corporate Strategy, Public Policy, Ethics*. Mc-Graw Hill Book Company, p. 304.
18. Portland State University. *Employment Affirmative Action*. Available at: <https://www.afm.pdx.edu/WHATSAFM.html>
19. Norton, Mary Beth & Katzman, David M. & Escott, Paul D. & Chudacoff, Howard P. & Paterson, Thomas G. & Tuttle, William. (1990) *A People & A Nation*. Boston: Houghton Mifflin Company, p. 939.

20. Here are some authors who have contributed to the theoretical analysis of Affirmative Action and represent the discourse of this topic in Business Ethics and in applied ethics in general:

Pojman, Louis P. (1992) *The Moral Status of Affirmative Action*. In: Public Affairs Quarterly, Vol. 6.2, April, pp. 181–206.

Newton, Lisa H. (1997) *Reverse Discrimination as Unjustified*. In: Wilcox, Michelfelder D. and Wilcox, William H. (eds) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, pp. 424–427.

Hettinger, Edwin C. (1987) *What is Wrong with Reverse Discrimination?* In: Business and Professional Ethics Journal, Vol. 6, No. 3, pp. 39–55.

Hill, Thomas E., Jr. (1997) *The Message of Affirmative Action*. In: Wilcox, Michelfelder D. & Wilcox, William H. (eds) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, pp. 459–469.
21. Kavaliauskas, Tomas. (2005) *Vertybių filosofija didžiojoje ir mažojoje politikoje: lygių teisių atvejo analizė* [Philosophy of Values in Small and Big Politics: a Case Study of Equal Rights]. In: *Darbai ir dienos* [Works and Days], Kaunas: Universitatis Vytauti Magni, Vol. 41, pp. 43–48.
22. For more on this issue see: Pojman, Louis P. (1992) *The Moral Status of Affirmative Action*. In: Public Affairs Quarterly, Vol. 6.2, April, pp. 181–206.
23. For more on this issue see: Steele, Shelby. (1997) *Affirmative Action: The Price of Preference*. In: Wilcox, Michelfelder D. and Wilcox, William H. (eds) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, pp. 428–437.
24. Dodenhoh, David. (1997) *Affirmative Action has Negative Consequences*. In: *The Business Journal of Milwaukee*. Available at: <https://www.bizjournals.com>
25. Kavaliauskas, Tomas. (2005) *Vertybių filosofija didžiojoje ir mažojoje politikoje: lygių teisių atvejo analizė* [Philosophy of Values in Small and Big Politics: a Case Study of Equal Rights]. In: *Darbai ir dienos* [Works and Days], Kaunas: Universitatis Vytauti Magni, Vol. 41, pp. 43–48.
26. Roth, John K. (ed.) (1995) *International Encyclopedia of Ethics*. London, Chicago: Braun-Brumfield, Inc., p.115.
27. For more on this issue see: Norton, Mary Beth *et al.* (1990) *A People & A Nation*. Boston: Houghton Mifflin Company.
28. Roth, John K. (ed.) (1995) *International Encyclopedia of Ethics*. London, Chicago: Braun-Brumfield, Inc., p. 114.
29. For more on this issue see: Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 10.
30. van Luijk, Henk. (2002) *Business Ethics in Europe: a Tale of Two Efforts*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 353–363.
31. For more on this see: *European Business Ethics Network*. In: <http://www.ebenet.org>
32. For more on this issue see: Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company.
33. McMahon, Thomas F. (2002) *A Brief History of American Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 342–352.

34. Here is a sentence from Andrew Carnegie's text that represent his economic and ethical thought: 'This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community-the man of wealth thus becoming the sole agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer-doing for them better than they would or could do for themselves.'
- Carnegie, Andrew. (1889) *Wealth*. North American Review, 148, no. 391: 653, 657–662. Available at: <http://www.fordham.edu/halsall/mod/1889carnegie.html>
35. Russell, Nancy. (2003) *Henry Ford: American anti-Semitism and the Class Struggle*. Available at: http://www.wsws.org/articles/2003/apr2003/ford-a18_prn.shtml
36. Dumont, Louis. (1992) *Essays on Individualism: Modern Ideology in Anthropological Perspective*. Chicago and London: The University Press, p. 279.
37. See: Baldwin, Neil. (2001) *Henry Ford and the Jews: the Mass Production of Hate*. New York: Public Affairs.
38. Ford, Henry. (2003) *My Life and Work*. On Line Reader, Available at: <http://infomotions.com/etexts/gutenberg/dirs/etext05/hnfrd10.htm>
39. Ibid. 58.
40. Buchanan, James M. (1994) *Ethics and Economic Progress*. Norman and London: University of Oklahoma, p. 15.
41. Ibid. 29–30.
42. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p. 227.
43. Kavaliauskas, Tomas. (2002) *Puritan Business Ethics and Contemporary Capitalist Ethos*. In: Kubka, Janina (ed.) *Economics and Values*. Gdansk: Technical University of Gdansk, Faculty of Management and Economy, pp. 115–122.
44. Buchanan, James M. (1994) *Ethics and Economic Progress*. Norman and London: University of Oklahoma, p. 116.
45. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p. 227.
46. Lasch, Christopher. (1997) *The Original Meaning of the Work Ethic*. In: Wilcox, Michelfelder D. & Wilcox, William H. (eds.) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, pp. 539–540.
47. Ibid., p. 540.
48. Ibid. 535.
49. Buchanan, James M. (1994) *Ethics and Economic Progress*. Norman and London: University of Oklahoma, pp. 113–114.

50. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company.
51. Ibid.
52. Stephen Kalberg in the introduction to Weber's work provides a glossary, where he explains the term this-worldly (innerweltlich, diesseitig) as follows: 'This term implies activity "in" the world in contrast to the monk's activity "outside" the world (in the cloister). With Puritanism, Weber argues, asceticism moved out of the monastery and "into" the world. Remarkably, the activity of Puritans was in the world but not of the world (since its major orientation was not to this-worldly goods or interests but to salvation in the next life).'
- Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p. lxxxii.
53. For more on this concept see: Donskis, Leonidas. (2003) *Forms of Hatred: The Troubled Imagination in Modern Philosophy and Literature*. Amsterdam–New York: Rodopi.
54. For more on this see: De Tocqueville, Alexis. (2003) *Democracy in America*. London: Penguin Books.
55. For more on this see: Bell, Daniel. (1996) *The Cultural Contradictions of Capitalism*. New York: Twentieth Anniversary Edition, Basic Books.
56. For more on this see: Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. Los Angeles: California: Roxbury Publishing Company.
57. For more on this see: Gurevich, Aaron. (1995) *The Origins of European Individualism: The Making of Europe*. Blackwell Publishers.
58. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p.32.
59. Turner, Frederick Jackson. (1989) *The Significance of the Frontier in American History*. In: Colombo, Gary *et al.* Rereading America: Cultural Context for Critical Thinking and Writing. New York: St Martin's Press, pp. 21–22.
60. Ibid. 23.
61. Marcus, Robert D. and Burner David. (1989) *America Firsthand: Volume One: From Settlement to Reconstruction*. New York: St Martin's Press, p. 158.
62. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p.32.
63. Stephen Kalberg in the introduction to Weber's work provides a glossary, where he explains the term value-rational action as follows: 'One of Weber's "four types of social action," this term implies that a person's action is oriented to values to a significant extent, indeed even to the degree that values become obligatory, or "binding", upon action.' See: Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p. lxxxii.
64. Lasch, Christopher. (1997) *The Original Meaning of the Work Ethic*. In: Wilcox, Michelfelder D. & Wilcox, William H. (eds.) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, p. 539.

65. For more on this see: Chryssides, Georg D. and Kaler, John H. (1999) *An Introduction to Business Ethics*. London: International Thompson Business Press.
66. For descriptive ethics and its place in Business Ethics see: Ganthaler, Heinrich. (2002) *What is Applied Ethics? Does Modern Business Ethics Require New Moral Principles?* In: Vasiljeviene, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, pp. 19–30.
67. See: Kavaliauskas, Tomas. (2002) *Puritan Business Ethics and Contemporary Capitalist Ethos*. In: Kubka, Janina (ed.) *Economics and Values*. Gdansk: Technical University of Gdansk, Faculty of Management and Economy, pp. 115–122.
68. Himmelfarb, Gertrude. (2001) *One Nation, Two Cultures*. New York: Vintage Books, pp. 88–89.
69. Ibid. 87.
70. Gertrude Himmelfarb refers to this source:
The Writings of George Washington, 1744–1799. Fitzpatrick, John C. (ed.) (1940) Washington, DC: US Government Printing Office, p. 229.
71. Hoffman, N. (1998) *God Was Present at the Founding*. In: Himmelfarb, Gertrude (2001) *One Nation, Two Cultures*. New York: Vintage Books, p. 86.
72. Norton, Mary Beth & Katzman, David M. & Escott, Paul D. & Chudacoff, Howard P. & Paterson, Thomas G. & Tuttle, William. (1990) *A People & A Nation*. Boston: Houghton Mifflin Company, p.1011.
73. See introduction by Martin Ostwald in: Aristotle. (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, p. XXIV.
74. Aristotle. (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Education Publishing, Book X 1176 b 25–30.
75. Ibid., Book X, p. 1177a.
76. Stalley, Richard F. (1995) *Introduction*. In: Aristotle. *Politics*. Oxford: University Press, pp. vii–xxxviii.
77. Aristotle. (1995) *Politics*. Oxford: University Press, Book VII, ch. 8, p. 1328 a.
78. Ibid., Book VII, ch. 9, 1328 b 24.
79. Hadreas, Peter. (2002) *Aristotle on the Vices and Virtue of Wealth*. In: *Journal of Business Ethics*, Vol. 39, p. 372.
80. Ackrill, J. L. (1991) *Aristotle the Philosopher*. Oxford: University Press.
81. Velasquez, Manuel G. (2002) *Business Ethics: Concepts and Cases*. Upper Saddle River, NJ: Prentice Hall, p. 135.
82. Ibid. 139.
83. Ibid. 140.
84. Bentham, Jeremy. (1781) *The Introduction to the Principles of Morals and Legislation*. Batoche Books, 2000. Available at: <http://www.efm.bris.ac.uk/het/bentham/morals.pdf>
85. Mill, John Stuart. (1979) *Utilitarianism*. Indianapolis and Cambridge: Hackett Publishing Company.
86. Arendt, Hannah. (1958) *The Human Condition*. Second edition. Chicago and London: The University of Chicago Press, pp. 28–38.
87. Guseinov, Abdusalam A. and Irrilitc, G. (In Cyrillic: Гусейнов, Абдусалам А. & Иррилиц, Г). (1987) *Краткая история этики*. [Concise History of Ethics] Москва: Мысль [Thought], p. 142.

88. Aristotle. (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, Book III, p. 1115 b 15–20.
89. The work has two authors, A. A. Guseinov and G. Irrilitz (A. A. Гусейнов & Г. Иррилиц); however, the section on Aristotle was written by Guseinov, who gave a lecture on Aristotle's virtue ethics from an identical perspective at the Ethics Seminar in Moscow: an international project (The HESP Regional Seminar for Excellence in Teaching) on Ethics according to the Higher Education Support Program of the Open Society Institute in Budapest, Hungary. For more on this see: <http://www.ethicscenter.ru>
90. Guseinov, Abdusalam A. & Irrilitz, G. (In Cyrillic: Гусейнов, Абдусалам А. & Иррилиц, Г.) (1987) *Краткая история этики* [Concise History of Ethics]. Москва: Мысль, p. 143.
91. Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 6.
92. Aristotle. (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, Book X, 1178b.
93. van Marrewijk, Marcel and Timmers, Joanna. (2003) *Human Capital Management: New Possibilities in People Management*. In: *Journal of Business Ethics*, Vol. 44, p. 173.
94. Solomon, Robert. (2002) *Business Ethics and Virtue*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 30–37.
95. *Ibid.* 36.
96. *Ibid.*, p. 37.
97. The Hollywood film *Wall Street* could be a good illustration of this topic.
98. 'What started with an admission of false profits by Enron has rapidly become a rout of some of the best known names on Wall Street. Since the Enron scandal came to light, the accounts of many large American companies have been scrutinised and many more scandals have come to light,' says BBC News.
BBC News. *Wall Street Scandals at a Glance*. Wednesday, 26 June 2002.
Available at: <http://news.bbc.co.uk>
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163. Pučėtaitė, Raminta. (2001) *Konkurencinio pranašumo kūrimas etikos priemonėmis: žmoniškųjų išteklių vadybos ypatumai Lietuvoje* [Creating Competitive Advantage by Business Ethics Tools: Peculiarities of Human Resource Management in Lithuania]. In: Vasiljeviėnė, Nijolė (ed.) *Dalykinė etika* [Business Ethics]. Kaunas: Vilniaus Universitetas, Kauno humanitarinis fakultetas, pp. 160–176.
- Also see the same author when she argues that the value of participation in organizational life is very important for competitiveness: Pučėtaitė, Raminta. (2003) *Ethics of Participation and its Impact on Organizations' Competitiveness: Managerial Issues in Some Lithuanian Companies*. In: *Transformations in Business and Economics*. Kaunas: Vilnius University, Kaunas Faculty of Humanities.
164. From the perspective of the economists, this argumentation of efficiency can be challenged: Zigmas Lydeka and Justas Kavaliauskas contend that inefficient or low-performance enterprises also have advantages. According to the co-authors, 'if a small business is "beautiful", then, a low performing business could be called "marvelous", – how come that it exists in spite of a lot of disadvantages, weaknesses, threats and bad opportunities?' Moreover, these economic theoreticians argue that low-performance enterprises have 'lower alternative costs or lower "satisficing" objectives, and lower enterprise visibility'. Such an enterprise can use an imitate-and-improve strategy, which allows it to imitate and improve products at a lower cost. Lydeka, Zigmas and Kavaliauskas, Justas (2006) *Low-Performance Enterprises: Competitive advantages, Disadvantages, and Strategies*. In: *Transformations in Business and Economics*, Vilnius University, Vol. 5, No. 1 (9), p. 37.
165. John Hendry is sceptical about such an approach. For him value management for efficiency does not correspond to the real world of corporate culture. According to him, the very discourse of values is replaced by the

discourse of efficiency. Thus, value management is only a desirable reality, but it is not what managers do. John Hendry contends as follows:

'Faced with the inevitable value laden conflicts of organizational life, managers are not pushed to resolve them but to ignore, explain away, suppress, or convert them into economic pseudo-conflicts. Even when they rise to the top of the system and take on board-level responsibilities, they are pushed by the culture and incentive structures to take their instrumentalism with them. Accustomed to instrumental rather than end-oriented reasoning, and to placing business needs above individual morality, they simply replace the authority of "the business" by that of "the market". The ends or purposes of the business become the means of meeting the market's needs, so that even at this level the discourse of values is replaced by that of efficiency.'

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210. Nicola M. Pless and Thomas Maak argue that the term Human Resource Management for them is unacceptable. They use 'the term Human Relations Management as a substitute for the term Human Resource Management as well as for the more recent term Human Capital Management', because they 'do not agree with underlying "Menschenbild" of both terms, which reduce the employee to an object – either to a material resource or a

- financial resource (=capital)'. Pless, M. Nicola and Maak, Thomas (2004) *Building an Inclusive Diversity Culture: Principles, Processes and Practice*. In: *Journal of Business Ethics*, Vol. 54, pp. 129–147.
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213. Some textbooks of Business Ethics tend to emphasize another aspect of utilitarianism – cost–benefit analysis. The famous cost–benefit utilitarian case study of Ford Pinto – the infamous case of the corporation's greed and disrespect for human life – warns about the danger of superficial understanding of classical utilitarian theory (see Velasquez, Manuel G. (2002) *Business Ethics: Concepts and Cases*. Upper Saddle River, NJ: Prentice Hall). For this reason the textbooks of Business Ethics include 'rule utilitarianism', which 'determines behavior on the basis of principles, or rules, designated to promote the greatest utility, rather than on an examination of each particular situation' (Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 60).
- Needless to say, the greatest utility cannot exclude the value of human life. The value of human life is stressed in the social and moral philosophy of Jeremy Bentham and John Stuart Mill, and, moreover, utilitarianism has evolved into rule utilitarianism, which 'provides a technique for determining the moral value of actions...' (De George, Richard T. (1990) *Business Ethics*. New York: Macmillan Publishing Company, p. 49). The case of Ford Pinto misrepresents utilitarianism, just as a purely mathematical calculation of cost–benefit vulgarizes teleological ethics. This case, in particular, is an example of the vulgarization of teleological ethics in its contemporary application to Stakeholder Theory, Human Resource Management and Corporate Social Responsibility, which are so interrelated with the issues of Business Ethics.
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216. *Ibid.* 183.
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218. *Ibid.*, p. 181.
219. I do not intend to put Nijolė Vasiljevienė on the same academic footing as David Hume; I am only saying here that she – as a Business Ethics scholar – has an argumentative logic contrary to that of David Hume.
220. Vasiljevienė, Nijolė. (2000) *Verslo etika ir elgesio kodeksai* [Business Ethics and Behaviour Codes]. Kaunas: Vilniaus Universitetas, Kauno humanitarinis fakultetas, p. 369 (Figure 1. Ethical Paradigms).
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233. *Ibid.*
234. I do not intend to generalize that all companies have a code that sets ‘a program for living’. Some codes are merely warnings or threats that focus on the avoidance of wrongdoing. The example of Shell illustrates how high the benchmark of a code can reach. In the case of Shell, it reaches ‘a program for living’. The wording indicates that – as Surendra Arjoon has put it – ‘an institution’s ethical code is not a minor matter in management and administration, it is like the ultimate nucleus of values around which all the institution’s business revolves.’ Arjoon, Surendra. (2000) *Virtue Theory as a Dynamic Theory of Business*. In: *Journal of Business Ethics*, Vol. 28, p. 160.
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264. Donskis, Leonidas. (1996) *Tarp vaizduotės ir realybės* [Between Imagination and Reality]. Vilnius: Baltos lankos, p. 153.
265. Ibid., p.153.
266. Ibid., p. 149.
267. Ibid., p. 178.
268. Kavolis, Vytautas. (1986) *Civilizational Paradigms in Current Sociology: Dumont vs. Eisenstadt*. In: *Current Perspectives in Social Theory*, Vol. 7, p. 126.
269. Dumont, Louis. (1992) *Essays on Individualism: Modern Ideology in Anthropological Perspective*. Chicago and London: The University Press, p. 158.
270. Kavaliauskas, Tomas. (2007) *Individo moralinės vertės pagrindimas verslo etikoje* [The Foundation of the Individual's Moral Value in Business Ethics].

- In: *Darbai ir dienos* [Works and Days], Kaunas: Universitatis Vytauti Magni, Vol. 47, pp. 9–21.
271. Duska, Ronald. (2002) *Employee Rights*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, p. 264.
272. *Ibid.*, p. 264.
273. Herbert Marcuse was an ardent critic of the capitalist economic system: 'By virtue of the way it has organized its technological base, contemporary industrial society tends to be totalitarian. For "totalitarian" is not only a terroristic political coordination of society, but also a non-terroristic economic-technical coordination which operates through the manipulation of needs by vested interests. It thus precludes the emergence of an effective opposition against the whole. Not only a specific form of government or party rule makes for totalitarianism, but also a specific system of production and distribution which may well be compatible with a "pluralism" of parties, newspapers, "countervailing powers," etc.' Marcuse, Herbert. (1966) *One-Dimensional Man*. Boston: Beacon Press, p. 66.
274. Larsen, Henrik Holt and Mayrhofer, Wolfgang. (2006) *European HRM: a Distinct Field of Research and Practice*. In: Larsen, Henrik Holt and Mayrhofer, Wolfgang (eds) *Managing Human Resources in Europe*. London and New York: Routledge, p. 3.
275. Vasiljeviene, Nijolė. (2004) *Organizacijų etika kaip vadybos optimizavimo įrankis* [Organization Ethics as the Tool for Management Optimization]. In: *Ekonomika*, Vol. 67, pp. 1–14. Available at: [http://www.leidykla.vu.lt/inetleid/ekonom/67\(2\)/straipsniai/str12.pdf](http://www.leidykla.vu.lt/inetleid/ekonom/67(2)/straipsniai/str12.pdf). This link is no longer opens.
276. van Marrewijk, Marcel and Timmers, Joanna. (2003) *Human Capital Management: New Possibilities in People Management*. In: *Journal of Business Ethics*, Vol. 44, p. 181.
277. Artz, Lee and Murphy, Bren Ortega. (2000) *Cultural Hegemony in the United States*. Thousand Oaks: Sage Publications, p. 265.
278. Phillips, Robert. (2003) *Stakeholder Theory and Organizational Ethics*. San Francisco: Berret-Koehler Publishers, Inc.
279. Sudhir, V. and Murthy, P. N. (2001) *Ethical Challenge to Businesses: The Deeper Meaning*. In: *Journal of Business Ethics*, Vol. 30, p. 197.
280. Coser, Lewis. (1974) *Greedy Institutions: Patterns of Undivided Commitment*. New York: The Free Press.
281. For instance, a Canadian sociologist, Anthony J. Puddephatt, applies the concept of a *greedy institution* to a chess club. According to him, 'devotion in chess is explained as a product of the following organizational elements: (1) isolation from competing social spheres; (2) encapsulation within a symbolic status structure; (3) a collective feeling of elite status; (4) trials of worthiness; and (5) prestructured ritual.'
- I think all of these elements are also applicable to a corporate culture in order to increase devotion.
- See: Puddephatt, Anthony J. (2008) *Incorporating Ritual into Greedy Institution Theory: The Case of Devotion in Amateur Chess*. *The Sociological Quarterly*, Vol. 49, p. 155.
282. *Shell Code of Conduct: How to Live by the Shell General Business Principles*. Available at: <http://www.shell.com/codeofconduct>

283. Vasiljevienė, Nijolė. (2004) *Organizacijų etika kaip vadybos optimizavimo įrankis* [Organization Ethics as the Tool for Management Optimization]. In: *Ekonomika*, Vol. 67, pp. 1–14. Available at: [http://www.leidykla.vu.lt/inetleid/ekonom/67\(2\)/straipsniai/str12.pdf](http://www.leidykla.vu.lt/inetleid/ekonom/67(2)/straipsniai/str12.pdf). This link is no longer opens.
284. Ferrell, O. C. *et al.* (2002) *Business Ethics: Ethical Decision Making and Cases*. Boston: Houghton Mifflin Company, p. 127.
285. Costea, Bogdan *et al.* (2005) *Dionysus at Work? The Ethos of Play and the Ethos of Management*. In: *Culture and Organization*, Vol. 11, pp. 139–151.
286. Vasiljevienė, Nijolė. (2002) *Ethics and Behaviour Technology: Contradiction or Reconciliation*. In: Vasiljevienė, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, p. 46.
287. The degree of subordination to collectivity might be short-term. Manuel Castells argues that ‘by denying life-long career patterns, the successful worker today may become the discarded worker tomorrow, so that, overall, only those workers who are consistently at the top of the ladder, for a long enough period, can accumulate assets.’
- Castells, Manuel. (1998) *End of Millennium: The Information Age: Economy, Society and Culture*. Volume III. Oxford: Blackwell Publishers, p. 135.
- However, here I am concerned *not with the duration of subordination, but with the very principle of it*.
288. Kavolis, Vytautas. (2006) *Civilization Theory and Collective Identity in the Postmodern–Globalized Era*. Available at: <http://www.eurozine.com/articles/2006–07–24-kavolis-en.html>
289. Pinnington, Ashly H. *et al.* (2007) *Human Resource Management: Ethics and Employment*. Oxford University Press, p. 5.
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291. Wilmot, Stephen. (2001) *Corporate Moral Responsibility: What Can We Infer from Our Understanding of Organizations?* In: *Journal of Business Ethics*, Vol. 30, pp. 161–169.
292. Bowie, Norman E. (2002) *A Kantian Approach to Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, p. 11.
293. Gasparski, Wojciech W. (2002) *Business Ethics on the Way to Integrated Europe: as Seen from the Polish Perspective*. In: Vasiljevienė, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, p. 159.
294. Matten, Dirk *et al.* (2003) *Behind the Mask: Revealing the True Face of Corporate Citizenship*. In: *Journal of Business Ethics*, Vol. 45, p. 116.
295. In *Shell Business Principles* we find the following explanation of the use of the corporation’s name: ‘Royal Dutch Shell plc and the companies in which it directly or indirectly owns investments are separate and distinct entities. But in this publication, the collective expressions “Shell” and “Shell Group” may be used for convenience where reference is made in general to those companies.’ Thus, the author of the book also uses ‘Shell’ and ‘Shell Group’ for convenience where reference is made in general to those companies.
- See: *Shell General Business Principles*. Available at: http://www.shell.com/home/content/aboutshell/who_we_are/our_values/sgbp/sgbp_30032008.html. This link is no longer opens.

296. For more on this issue see: Mirvis, Philip H. (2002) *Transformation at Shell: Commerce and Citizenship*. In: Hartman, Laura P. (ed.) *Perspectives in Business Ethics*. New York: McGraw-Hill/Irwin, pp. 273–285.
297. *Ibid.*, p. 283.
298. *Ibid.*
299. *Delivering on Our Commitment to Sustainable Development*. Available at: <http://www.shellchemicals.com>
300. van der Veer, Jeroen. *The Business of Science: Building a Better World*. Available at: <http://www.soci.org/SCI/pressoffice/speeches/ge215.pdf>
301. Roth, John K. (ed.) (1995) *International Encyclopedia of Ethics*. London, Chicago: Braun-Brumfield, Inc., p.114.
302. Cortina, Adela. (1995) *The General Public as the Locus of Ethics in Modern Society*. In: Ulrich, Peter and Sarasin, Charles (eds) *Facing Public Interest: The Ethical Challenge to Business Policy and Corporate Communications*. Dordrecht: Kluwer Academic Publishers, p. 45.
303. Dewey, John. (1962) *Individualism Old and New*. New York: Capricorn Books, p. 39.
304. Kaler, John. (2000) *Positioning Business Ethics in Relation to Management and Political Philosophy*. In: *Journal of Business Ethics*, Vol. 24, p. 263.
305. For more on this see:
 Jensen, Michael C. (2000) *Value Maximization and Stakeholder Theory*. Available at: <http://hbswk.hbs.edu/item/1609.html>
 Also see: Raminta Pučėtaitė. (2001) *Konkurencinio pranašumo kūrimas etikos priemonėmis: žmogiškųjų išteklių vadybos ypatumai Lietuvoje*. [Creating Competitive Advantage by Business Ethics Tools: Peculiarities of Human Resource Management in Lithuania.] In: Vasiljevienė, Nijolė (ed.) *Dalykinė etika [Business Ethics]*. Kaunas: Vilniaus Universitetas, Kauno humanitarinis fakultetas, pp. 160–177.
306. Ulrich, Peter. (2002) *Ethics and Economics*. In: *Ethics in the Economy: handbook of Business Ethics*. Bern: Peter Lang, p. 18.
307. Ulrich, Peter. (2002) *Ethics and Economics*. In: *Ethics in the Economy: handbook of Business Ethics*. Bern: Peter Lang, p. 18.
308. *Ibid.*, p. 16.
309. For more see: Ulrich, Peter. (2007) *Integrative Economic Ethics: Foundations of Civilized Market Economy*. Cambridge University Press.
310. See: *Institute for Business Ethics in St Gallen*. Available at: <http://www.iwe.unisg.ch>
311. Ulrich, Peter. (2002) *Ethics and Economics*. In: *Ethics in the Economy: handbook of Business Ethics*. Bern: Peter Lang, pp. 9–38.
312. I am following Olli Loukola's advice not to use the expression *Aristotelian virtue ethics*, but rather *Aristotle's virtue ethics*, in order to emphasize the difference between Aristotle's authentic ethics and the 'Aristotelian' ethics that is used in a distorted way in Business Ethics.
313. Here I use the expression *Kant's ethics*, but not *Kantian*, for the same reason as indicated in the above footnote.
314. Arendt, Hannah. (1958) *The Human Condition*. Second edition. Chicago and London: The University of Chicago Press, p. 133.
315. *Ibid.*, p. 37.

316. Aristotle (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, Book X, p. 1177b.
317. Aristotle. (1995) *Politics*. Oxford: University Press, Book VII, p. 1334a II.
318. Aristotle (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, Book X, p. 1178b.
319. Solomon, Robert C. (2004) *Aristotle, Ethics and Business Organizations*. In: *Organization Studies*, Vol. 25, p. 1025.
320. For more on this see: De Tocqueville, Alexis (2003) *Democracy in America*. London: Penguin Books.
321. Himmelfarb, Gertrude. (2001) *One Nation, Two Cultures*. New York: Vintage Books, p. 31.
322. Solomon, Robert C. (1992) *Corporate Roles, Personal virtues: An Aristotle's Approach to Business Ethics*. In: *Business Ethics Quarterly*, Vol 2, pp. 217–319.
323. Arendt, Hannah. (1958) *The Human Condition*. Second edition. Chicago and London: The University of Chicago Press, pp. 207–208.
324. Thornton Lockwood shares a different perspective. According to him, for Aristotle, the children and wife within the household are free people, even if not citizens. He also contends that Aristotle saw a proportionate equality between a husband and wife. In T. Lockwood Jr's opinion, for Aristotle 'not only are a *polis* and a *oikia* similar insofar as they are associations, but *Nicomachean Ethics* in book VII suggests they are even isomorphic with respect to justice and friendship.'
- Lockwood, Thornton. (2003) *Justice in Aristotle's Household and City*. In: *Polis: The Journal of the Society for Greek Political Thought*, Vol 20, Numbers 1–2, pp. 1–21.
- D. Brendan Nagle in his book *The Household as the Foundation of Aristotle's Polis* argues along a similar line. According to him, the *oikos* was regarded as the foundation of the state in Greek popular tradition, and this led to the tendency to conflate state and household. Aristotle made a clear distinction, blurred by Plato, between *polis* and *oikos*. According to D. Brendan Nagle, even in deficient states the household had its share of moral worth.
- Nagle, D. Brendan. (2006) *The Household as the Foundation of Aristotle's Polis*. Cambridge University Press.
325. Arendt, Hannah. (1958) *The Human Condition*. Second edition. Chicago and London: The University of Chicago Press, pp. 118–121.
326. Copleston, Frederick. (1962) *A History of Philosophy: Volume I, Greece & Rome, Part II*. New York: Image Books, a division of Doubleday & Company, Inc., p. 96.
327. Arjoon, Surendra. (2000) *Virtue Theory as a Dynamic Theory of Business*. In: *Journal of Business Ethics*, Vol. 28, p. 163.
328. Promised Land is a concept of an imagery that played a cultural, a religious and a political role in shaping America's image. The pilgrims identified themselves with the Hebrews, as they viewed the new continent as the Promised Land and believed in their status as God's chosen people. In 1776 Benjamin Franklin and Thomas Jefferson wanted to use the images of the Promised Land for the independent America's Great Seal.

- For more see: May, Roy H. Jr (1997) *Joshua and the Promised Land*. In: General Board of Global Ministries, United Methodist Church. Excerpt available at: <http://gbgm-umc.org/UMW/joshua/may9092.stm>
329. Stalley, Richard. (1995) *Introduction*. In: Aristotle. *Politics*. Oxford: University Press, pp. vii–xxxviii.
 330. Ghesquiere, Rita and Bouckaert, Luk. (2008) *Faust and the Magic of Entrepreneurship*. In: SPES workshop *European Literature and the Ethics of Leadership*, Bergen, 2–3 May.
 331. Aristotle. (1995) *Politics*. Oxford: University Press, Book III, p. 1275b 13.
 332. *Ibid.*, Book III, p. 1278a 8.
 333. Plato. (1980) *The Last Days of Socrates: Euthyphro, The Apology, Crito, Phaedo*. Harmondsworth: Penguin Books.
 334. *The Stoic and Epicurean Philosophers: the Complete Extant of Epicurus, Epictetus, Lucretius, Marcus Aurelius*. (1940) In: Oats, Whitney (ed.) New York: Modern Library.
 335. Aristotle. (1984) *Nicomachean Ethics*. Indianapolis: Bobs-Merrill Educational Publishing, Book X, p. 1178b.
 336. Guseinov, Abdusalam A. and Apressyan, Ruben G. (In Cyrillic: Гусейнов, Абдусалам А. & Априсян, Рубен Г.) (2004) *Этика* [Ethics] Москва: Гардарики, p. 12.
 337. Guseinov, Abdusalam A. and Irrilitc, G. (In Cyrillic: Гусейнов, Абдусалам А. & Иррилитц, Г.) (1987) *Краткая история этики*. [Concise History of Ethics] Москва: Мысль [Thought], p. 142.
 338. Guseinov, Abdusalam A. (in Cyrillic: Гусейнов, Абдусалам А.). (2000) *Этика и мораль в современном мире*. [Ethics and Morality in Contemporary World] In: *Этическая мысль* [Ethical Thought]. Москва: ИФРАН, p. 10.
 339. *Ibid.*
 340. Bouckaert, Luk. (2006) *Socratic Humanism and Corporate Social Responsibility Practices*. In: Pasqual, Arena (ed.) *The Corporate Social Responsibility. Scientific Development and Implementation*. Aracne, Rome, pp. 83–95.
 341. Bowie, Norman E. (2002) *A Kantian Approach to Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 3–17.
 342. *Ibid.*, p. 9.
 343. *Ibid.*, p. 10.
 344. *Inc.com: The Daily Resource for Entrepreneurs*. Available at: <http://www.inc.com/guides/finance/23178.html>
 345. For more see Luk Bouckaert's application from classical literature of Dostoyevsky's Grand Inquisitor to Business Ethics, arguing that managerial Business Ethics has become rational and controlling without spiritual foundation: Bouckaert, Luk and Ghesquiere, Rita. (2004) *Dostoyevsky's Grand Inquisitor as a Mirror for Business Ethics*. In: *Journal of Business Ethics*, Vol. 53, pp. 29–37.
 346. Bouckaert, Luk (2006) *The Ethics Management Paradox*. In: Zsolnai, Laszlo (ed.). *Interdisciplinary Yearbook of Business Ethics*, volume 1, Peter Lang, Oxford, p. 201.
 347. Bouckaert, Luk. (2002) *Business Ethics and Economic Democracy*. In: Vasiljeviè, Nijolè and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, p. 63.

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349. For more on this see: De Tocqueville, Alexis (2003) *Democracy in America*. London: Penguin Books.
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352. Kavolis, Vytautas. (1993) *Moralizing Cultures*. Dickinson College: University Press of America, p. 21.
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354. Bowie, Norman E. (2002) *A Kantian Approach to Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing, pp. 3–17.
355. Lasch, Christopher. (1997) *The Original Meaning of the Work Ethic*. In: Wilcox, Michelfelder D. and Wilcox, William H. (eds.) *Applied Ethics in American Society*. Fort Worth: Harcourt Brace & Company, p. 540.
356. Orwig, Sarah Forbes. (2002) *Business Ethics and the Protestant Spirit: How Norman Vincent Peale Shaped the Religious Values of American Business Leaders*. In: *Journal of Business Ethics*, Vol. 38, pp. 81–89.
357. Ibid. 81.
358. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. Los Angeles: California: Roxbury Publishing Company, p. 16.
359. Orwig, Sarah Forbes. (2002) *Business Ethics and the Protestant Spirit: How Norman Vincent Peale Shaped the Religious Values of American Business Leaders*. In: *Journal of Business Ethics*, Vol. 38, p. 81.
360. Brenner, Steven. (1992) *Ethics Programs and Their Dimensions*. In: *Journal of Business Ethics*, Vol. 11, pp. 391–399.
361. Kesey, Ken. (1962) *One Flew over the Cuckoo's Nest*. New York: Viking Press.
362. Johnson, Allan G. (1995) *The Blackwell Dictionary of Sociology: A User's Guide to Sociological Language*. Oxford: Blackwell Reference, p. 139.
363. The extent to which James Buchanan values work can be well illustrated by his following words: 'Work is perhaps a part of my genetic makeup; or, at the least, it is a product of cultural evolution that lies well below the level of my consciousness. I am possessed of a work ethic that others find hard to appreciate and understand.' Buchanan, James. (1992) *Better than Plowing and Other Personal Essays*. Chicago and London: The University of Chicago Press, p. 25.
364. Buchanan, James M. (1994) *Ethics and Economic Progress*. Norman and London: University of Oklahoma, p. 15.
365. See: *RWE org – The Internet's Complete Guide to the Life and Works of Ralph Waldo Emerson*. Available at: <http://https://www.rwe.org>. This link is no longer opens.
366. For more on this issue see: *The Thoreau Reader*. Available at: <http://thoreau.eserver.org/>
367. For more on this issue see: *The Literature Network*. Available at: <http://https://www.online-literature.com/walt-whitman>. This link is no longer opens.
368. For more on this issues see: Ginsberg, Allen. (1996) *Howl and Other Poems*. San Francisco: City Lights Books.

369. It was a moral challenge to such an extent that the poem *Howl* was treated as an insult to American traditional values. However, this is an important cultural and ideological clash between the Protestant tradition and the Beat Generation. Only by understanding the full meaning of this clash can we adequately comprehend the paradigmatic complaint by James Buchanan. This conceptual clash between two different moral cultures can be well illustrated by the following facts from American history that we read on the cover of the commemorative 40th Anniversary Edition of *Howl*:
 ‘When the book arrived from its British printers, it was seized almost immediately by U.S. customs, and shortly thereafter the San Francisco police arrested its publisher and editor, Lawrence Ferlinghetti, together with the City Lights Bookstore manager, Shigeyoshi Murao. The two of them were charged with disseminating obscene literature, and the case went to trial in the Municipal Court of Judge Clayton Horn. A parade of distinguished literary and academic witnesses persuaded the judge that the title poem was indeed not obscene and that it had “redeeming social significance.” Thus was *Howl and Other Poems* freed to become the single most influential poetic work of the post World War II era, with over 800,000 copies now in print.’
- See the cover of: Ginsberg, Allen. (1996) *Howl and Other Poems*. San Francisco: City Lights Books.
370. Kerouac, Jack. (2007) *Road Novels 1957–1960: On the Road/The Dharma Bums/The Subterraneans/Tristessa/Lonesome Traveler/From the Journals 1949–1954*. New York: Library of America.
371. Kavaliauskas, Tomas. (2002) *Šiuolaikinės JAV kultūros dinamika* [The Dynamic of Contemporary USA Culture]. In: *Kultūros barai* [The Domains of Culture], Vol. 7, pp. 55–60.
372. Vasiljeviienė, Nijolė. (2001) *Praktinės etikos paradigma* [Practical Ethics Paradigm]. In: Vasiljeviienė, Nijolė (ed.) *Dalykinė etika* [Business Ethics]. Kaunas: Vilniaus Universitetas, Kauno humanitarinis fakultetas, p. 377.
373. Boxall, Peter and Purcell, John. (2003) *Strategy and Human Resource Management*. New York: Palgrave Macmillan.
374. Vasiljeviienė, Nijolė. (2002) *Ethics and Behaviour Technology: Contradiction or Reconciliation*. In: Vasiljeviienė, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, pp. 31–58.
375. Vasiljeviienė, Nijolė. (2004) *Organizacijų etika kaip vadybos optimizavimo įrankis* [Organization Ethics as the Tool for Management Optimization]. In: *Ekonomika*, Vol. 67, pp. 1–14. Available at: [http://www.leidykla.vu.lt/inetleid/ekonom/67\(2\)/straipsniai/str12.pdf](http://www.leidykla.vu.lt/inetleid/ekonom/67(2)/straipsniai/str12.pdf). This link is no longer opens.
376. *Ibid.*, pp. 29–30.
377. I am indebted to Olli Loukola, who provided me with the material for these two authors and offered comments for my argumentation.
378. For this link between the Protestant work ethic and corporate life politics and ideology I am indebted to Olli Loukola, who advised me to make a stronger link between the first part of the book, on the history of Business Ethics, and the second part.
379. De George, Richard T. (1990) *Business Ethics*. New York: Macmillan Publishing Company, p. 461.

380. Zecha, Gerchard. (2002) *Philosophical Foundations for Professional Codes of Ethics Including Business Ethics*. In: Vasiljeviene, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, p. 100.
381. *Ibid.*, p. 105.
382. McMahon, Thomas F. (2002) *A Brief History of American Business Ethics*. In: Frederick, Robert E. (ed.) *A Companion to Business Ethics*. Blackwell Publishing.
383. *The Writings of George Washington, 1744–1799*. Fitzpatrick, John C. (ed.) (1940) Washington, DC: US Government Printing Office, p. 229. In: Himmelfarb, Gertrude (2001) *One Nation, Two Cultures*. New York: Vintage Books, p. 86.
384. Hoffman, N. (1998) *God Was Present at the Founding*. In: Himmelfarb, Gertrude (2001) *One Nation, Two Cultures*. New York: Vintage Books, p. 86.
385. *Benjamin Franklin's Speech in 1787 at Constitutional Convention*. Available at: <http://thewikibible.pbwiki.com/Benjamin%20Franklin%20Speech%20in%201787%20at%20Constitutional%20Convention>
386. Weber, Max. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New Translation and Introduction by Stephen Kalberg. Los Angeles, California: Roxbury Publishing Company, p. 32.
387. De George, Richard T. (1990) *Business Ethics*. New York: Macmillan Publishing Company, p. 457.
388. *Ibid.*, p. 9.
389. *Ibid.*, p. 9.
390. *Ibid.*, p. 173.
391. Duska, Ronald F. (2007) *Contemporary Reflections on Business Ethics*. Dordrecht: Springer, p. 42.
392. *Ibid.*, p. 54.
393. *Ibid.*, p. 60.
394. Zecha, Gerchard. (2002) *Philosophical Foundations for Professional Codes of Ethics Including Business Ethics*. In: Vasiljeviene, Nijolė and Jeurissen, Ronald (eds) *Business Ethics: From Theory to Practice*. Vilnius University, p. 100.
395. Swanton, Christine. (2007) *Virtue Ethics, Role Ethics, and Business Ethics*. In: Rebecca L. and Philip J. Ivanhoe (eds) *Working Virtue: Virtue Ethics and Contemporary Moral Problems*. Oxford University Press, p. 208.
396. For this famous passage Ronald F. Duska refers to this publication of Adam Smith: Smith, Adam. (1937) *The Wealth of Nations*. New York: Random House, p. 14.
397. Swanton, Christine. (2007) *Virtue Ethics, Role Ethics, and Business Ethics*. In: Rebecca L. and Philip J. Ivanhoe (eds) *Working Virtue: Virtue Ethics and Contemporary Moral Problems*. Oxford University Press, p. 210.
398. Duska, Ronald F. (2007) *Contemporary Reflections on Business Ethics*. Dordrecht: Springer, p. 47.
399. Holler, Manfred J. (2006) *Adam Smith's Model of Man and Some of its Consequences*. In: *Homo Oeconomicus*, Vol. 23 (314), p. 478.
400. Frey, Donald E. (1998) *Individualist Economic Values and Self-Interest: The Problem in the Puritan Ethic*. In: *Journal of Business Ethics*, Vol. 17, p. 1577.
401. Marcus, Robert D. and Burner, David. (1989) *America Firsthand: Volume One: From Settlement to Reconstruction*. New York: St Martin's Press, p. 158.

402. Michalos, Alex C. (2001) *Ethics Counselors as a New Priesthood*. In: Journal of Business Ethics, Vol. 29, p. 4.
403. Hendry, John. (2004) *Between Enterprise and Ethics-Business and Management in a Bimoral Society*. New York: Oxford University Press, p. 183.
404. *Ibid.*, p. 174.
405. The source to which Boris G. Kapustin refers is: Habermas, Jürgen. (1982) *A Reply to My Critics*. In: Thompson, John B. and Held, David (eds) Habermas: Critical Debates. Cambridge: The MIT Press.
406. Kapustin, Boris G. (In Cyrillic: Капустин, Борис Г.) (2004) *Моральный Выбор в Политике* [Moral Choice in Politics]. Москва: Издательство КДУ, pp. 130–133.
407. The source to which Anthony Giddens refers is: Bauman, Zygmunt. (1989) *Legislators and Interpreters*. Cambridge: Polity Press, p. 189.
408. Giddens, Anthony. (1991) *Modernity and Self Identity. Self and Society in the Late Modern Age*. Cambridge: Polity Press, pp. 198–199.
409. For more on this see: Baudrillard, Jean. (1999) *The Consumer Society: Myth & Structures*. London: Sage Publications.
410. For more on this see: Bauman, Zygmunt. (2003) *Liquid Love*. Cambridge: Polity Press.
411. For more on this see: Bauman, Zygmunt. (1998) *Globalization: Human Consequences*. New York: Columbia University Press.
412. Bauman, Zygmunt. (1990) *Thinking Sociologically*. Oxford UK & Cambridge U.S.: Blackwell, p. 152.
413. Bauman, Zygmunt. (2001) *(Un)Happiness of Uncertain Pleasures*. Aalborg University: Sociologisk Laboratorium, p. 39.
414. Popular culture alone regulates our behaviour according to established entertainment values. Caesar's Palace in Las Vegas is one of many examples of entertainment places with simulated reality that entice visitors to indulge and submerge themselves in a life of casinos and shopping. McCombie, Mel. (2001) *Art Appreciation at Caesar's Palace*. In: Harrington, Lee and Bielby, Denise D. (eds) *Popular Culture: Production and Consumption*. Blackwell Publishers, pp. 53–64.
415. Mažeikis, Gintautas. (2005) *Filosofinės antropologijos pragmatika ir analitika* [Pragmatics and Analysis of Philosophical Anthropology]. Šiauliai: Interstudia humanitatis.
416. The concept of the code in this theme of consumption is better understood from a linguistic perspective of meanings that are encoded in advertising and mass communication. There are sets of meanings that we know and accept. Then we are guided by them in everyday life.
- For more on this see: Hall, Stuart. (2001) *Encoding/Decoding*. In: Harrington, Lee and Bielby, Denise D. (eds) *Popular Culture: Production and Consumption*. Blackwell Publishers, pp.123–132.
417. Dumont, Louis. (1992) *Essays on Individualism: Modern Ideology in Anthropological Perspective*. Chicago and London: The University Press, p. 279.
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- In: *Darbai ir dienos* [Works and Days], Kaunas: Universitatis Vytauti Magni, Vol. 48, pp. 199–212.
419. Baudrillard, Jean. (1994) *Simulacra and Simulation*. University of Michigan Press.
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422. Marcuse, Herbert. (1964) *One-Dimensional Man*. Boston: Beacon Press.
423. Ibid.
424. Dewey, John. (1962) *Individualism Old and New*. New York: Capricorn Books, p. 37.
425. *Shell Group Business Principles*: Available at: http://www.shell.com/home/content/mu-en/about_shell/shellgroup_15110902.html
426. See the distinction already made earlier in this chapter between the paradigmatic theoretical positions of Nijolė Vasiljeviėnė and Peter Ulrich.
427. If Jean Baudrillard is right to argue that individuals are coerced to use the consumption system because our communication is inseparable from this system, then to ‘escape’ it means that the individual chooses a life outside contemporary civilization and communication. Henry David Thoreau succeeded in such an attempt in the 19th century. Being opposed to industrialization, he chose an alternative lifestyle by the Walden Pond, and is known as an American romantic and transcendentalist.

For more on this see: Thoreau, Henry David. (2003) *Walden*. By the University of Virginia American Studies Program 2003. Digitized and first spell-checked by AS@UVA, August 1998. Available at: <http://xroads.virginia.edu/~HYPER/WALDEN/walden.html>

Also see: Baudrillard, Jean. (1999) *The Consumer Society: Myth & Structures*. London: Sage Publications.

428. The verb ‘encompasses’ rather than the word ‘subordinates’ could also be used here. However, the word ‘to encompass’ was used by Louis Dumont in the different context of analysing Indian holistic cultures. Therefore, in order to avoid misunderstanding, I have chosen the verb ‘to subordinate’, which was used by Louis Dumont in the context of individualistic Western civilization.

Leonidas Donskis explains the connotations of the verb ‘to encompass’ as follows: in a social life there always are two dimensions – social theory/ideology and social practice/power. The former comes first and is superior to the latter. Ideology is linked to power as encompassing to the encompassed. It is a form of hierarchy of relationships and complementary opposites; the encompassing is more conscious than the encompassed – less conscious aspect of the social whole.

For more, see:

- Donskis, Leonidas. (2000) *The End of Ideology and Utopia? Moral Imagination and Cultural Criticism in the Twentieth Century*. New York: Peter Lang.
429. The word ‘holism’ is not coincidental here. Linda K. Trevino and Katherine A. Nelson also use this word when talking about Royal Dutch Shell. According to these coauthors, ‘Shell takes a holistic approach to integ-

- rity management. [...] Shell's general business principles apply to every Royal Dutch Shell entity around the world.' Trevino, Linda K. and Nelson, Katherine A. (2004) *Managing Business Ethics: Straight Talk How to Do It Right*. John Wiley & Sons, Inc., p. 344.
430. Mill, John Stuart. (1978) *On Liberty*. Indianapolis: Hackett Publishing Company, Inc., p. 75.
431. Kierkegaard, Søren. (1983) *Fear and Trembling*. New Jersey: Princeton University Press.
432. Kavaliauskas, Tomas. (2002) *Abraomo tylėjimo ir pasi-tikėjimo reikšmė: Søren Kierkegaardo interpretacija* [The Meaning of Abraham's Silence and Trust: an Interpretation by Søren Kierkegaard]. In: Musteikienė, Irena (ed.) *Žmogus ir Žodis* [A Human and the Word]. Vilnius: Vilniaus Pedagoginis universitetas, pp. 10–16.
433. Nietzsche. (1967) *The Portable Nietzsche: Twilight of the Idols, The Antichrist, Nietzsche Contra Wagner, Thus Spoke Zarathustra*. New York: The Viking Press, p. 125.
434. Munshi, Natasha Vijay. (2004) *Conversations on Business Citizenship*. In: *Business and Society Review*. Oxford: Blackwell Publishing. Vol. 109, pp. 89–93.
435. Ibid.
436. Ibid.
437. Luk Bouckaert is one of the exceptions, who in his theory of Business Ethics searches for a spiritual dimension. For instance, his study of Goethe's Faust provides an alternative understanding of entrepreneurship as well as a way of doing business. According to Bouckaert, Faust confronts us 'with the pitfalls of modern entrepreneurship: the belief in the magic of money, the inclination to megalomania and the lack of social empathy resulting in moral blindness. Goethe offers us a model of entrepreneurship that goes beyond economic rationality since Faust is driven not only by ambition, but also by creativity and an ongoing search for self-transcendence. The latter offers him the key to salvation.' Ghesquiere, Rita and Bouckaert, Luk. (2008) *Faust and the Magic of Entrepreneurship*. In: SPES workshop *European Literature and the Ethics of Leadership*, Bergen, 2–3 May.
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441. *Canon Corporate Philosophy*. Available at: <http://www.canon.com/about/philosophy/index.html>
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445. Loukola, Olli. (1999) *Who do You Trust? Combining Morality and Rationality*. In: Collected Book Articles: Reports of the Department of Philosophy of University of Helsinki, No. 4, p. 1.
446. Trevino, Linda K. and Nelson, Katherine A. (2004) *Managing Business Ethics: Straight Talk How to Do It Right*. John Wiley & Sons, Inc., p. 83.
447. Grant, Colin. (2002) *Whistle Blowers: Saints of Secular Culture*. Journal of Business Ethics, Vol. 39, p. 396.
448. van Marrewijk, Marcel and Timmers, Joanna. (2003) *Human Capital Management: New Possibilities in People Management*. In: Journal of Business Ethics, Vol. 44, p. 172.
449. For the distinction between a meso-level whistle-blower and a macro-level whistle-blower see:
Kavaliauskas, Tomas. (2002) *Business Performance Maximization and the Phenomenon of Whistle Blowing*. In: Partyckiego, Slawomira (ed.) *Strategia Rozwoju*, Vol. 2, Lublin: Wydawnictwo Uniwersytetu Marii Curie-Skłodowskiej, pp. 115–121.
450. For more on this issue see:
Norton, Mary Beth *et al.* (1990) *A People & A Nation*. Boston: Houghton Mifflin Company.
451. Richard T. De George has made an important distinction between an internal and an external whistle-blower. The former does not blow a whistle outside a business organization, and is limited to warnings within it.
'Internal whistle blowing is frequently not an act of either corporate disloyalty or disobedience. In fact, it is more often than not a form of corporate loyalty. But it does involve disloyalty or disobedience to one's immediate superior or to one's fellow workers. If done from moral motives, the intent of such whistle blowing is to stop dishonesty or some immoral practice or act, to protect the interests and reputation of the company, or to increase the company's profit.'
- De George, Richard T. (1990) *Business Ethics*. New York: Macmillan Publishing Company, p. 201.
452. Sternberg, Elaine. (2001) *The Importance of Business Ethics*. In: Malachowski, Allan R. (ed.) *Business Ethics: Critical Perspectives on Business and Management*. Routledge, p. 12.
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454. *Ibid.*, p. 149.
455. *Ibid.*, p. 159.
456. Hendry, John. (2004) *Between Enterprise and Ethics-Business and Management in a Bimoral Society*. New York: Oxford University Press.
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458. Donskis, Leonidas. (2003) *Forms of Hatred: The Troubled Imagination in Modern Philosophy and Literature*. Amsterdam–New York: Rodopi, p. 207.
459. Plato. (1944) *The Republic*. New York: The Heritage Press, Book II.

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461. *Ibid.*, p. 31.
462. Jose, Anita and Thibodeaux, Mary S. (1999) *Institutionalization of Ethics: The Perspective of Managers*. In: *Journal of Business Ethics*, Vol. 22, p. 139.
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465. *Ibid.*, p. 51.
466. *Ibid.*, p. 47.
467. *Ibid.*, p. 46.
468. Kapustin, Boris G. (In Cyrillic: Капустин, Борис Г.) (2004) *Моральный Выбор в Политике* [Moral Choice in Politics]. Москва: Издательство КДУ, pp. 36–41.
469. *Ibid.*, p. 42.
470. Vandekerckhove, Wim. (2006) *Whistle Blowing and Organizational Social Responsibility*. Ashgate Publishing, Ltd., p. 159.
471. James, Gene G. (1993) *Whistle Blowing: Its Moral Justification*. In: White, Thomas I. (ed.) *Business Ethics: A Philosophical Reader*. New Jersey: Prentice Hall, Upper Saddle River, p. 531.
472. De George, Richard T. (1993) *Whistle Blowing*. In: White, Thomas I. (ed.) *Business Ethics: A Philosophical Reader*. New Jersey: Prentice Hall, Upper Saddle River, pp. 520–527.
473. *Ibid.*, p. 527.
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475. De George, Richard T. (1993) *Whistle Blowing*. In: White, Thomas I. (ed.) *Business Ethics: A Philosophical Reader*. New Jersey: Prentice Hall, Upper Saddle River, p. 520.
476. Grant, Colin. (2002) *Whistle Blowers: Saints of Secular Culture*. *Journal of Business Ethics*, Vol. 39, p. 396.
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478. The initial status of an employee is important in the theory of whistle-blowing. Anna Lewicka-Strzałecka defines a whistle-blower in the following way:
 ‘Not everyone who discloses abuses is the whistle blower. First and foremost, the whistle blower must be an employee or ex employee, not someone from the outside, e.g. a journalist or representative of a control institution. The phenomenon does not apply to other stakeholders in addition to employees; it does not encompass the complaints of customers or protests of local communities, etc.’ Lewicka-Strzałecka, Anna. (2001) *Whistle Blowing: The Theoretical Aspects and a Survey of Polish Employee Perceptions*. In: Vasiljevič, Nijolė (ed.) *Business Ethics: Worldly Tendencies and Actualities of Postsocial Countries*. Kaunas: Vilnius University, Kaunas Faculty of Humanities, Center for Business Ethics, p. 136.

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