

# **CHEATING**

**THE ORIGIN, NATURE, IMPORTANCE  
AND IMPROVEMENT  
OF BUSINESS AND OTHER ETHICS**

**WALLACE R. BAKER**

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### ***Intelligence Agencies Enforcement***

Another factor cited by foreign competitors of the U.S. businesses is the involvement of U.S. intelligence agencies in helping U.S. business by discovering and publicizing offers of illegal payoffs by their foreign competitors in other countries and learning what contract terms competitors are offering. After the end of the cold war it has been alleged that U.S. intelligence turned their skills to this new activity<sup>200</sup>. This is an additional weapon in enforcing honesty of other non-U.S. businesses and governments' employees or customers. However, one can also question the ethics of this activity as unfair competition by U.S. companies, to the extent they have better and deeper information from U.S. spies on the terms offered by foreign competitors. U.S. companies which make corrupt payments to foreign governments officials violate U.S. law. This may not be the case with non-U.S. competitors. Other countries' intelligence agencies have also been involved on sales of important companies outside the U.S. Such activity, if both competitors have their intelligence agencies cooperating with them, may level the playing field and tend to prevent contracts negotiated with illegal payments.

### **11. HOW CAN RESEARCH AND EDUCATION IMPROVE BUSINESS ETHICS?**

An initial problem in answering this question is the great variety of different types of people problems and subject matters involved in a study of ethics. However, as there are many different ethical problems, research can help in many different ways. This section will give a number of examples of useful work preparatory to research and examples of useful research. We will then discuss a number of ways in which more research could help.

First of all, since the ethical questions arise in a myriad of different contexts, a technical or professional knowledge

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<sup>200</sup> See Jean-Jacques Prompsy goes to Jail page 249.

of the fields in which the questions arise is of first importance. Being competent or securing competence in the field in question is the first ethical imperative. Once there is clear knowledge relating to the context and the facts, one has a better chance of finding the best solution to an ethical problem. More often than not, there may be no ethically perfect solution but only one that seems less unsatisfactory than the others.

In order to better understand the context of an ethical problem, it is useful not only to engage in desirable participation of those who specialize in the particular context, but also to call on others in related fields for a different perspective on the problem, especially where disciplines concern a foreign language or a different culture. A cross- or trans-disciplinary methodology can help to reduce the possibility of error. History can also be important in understanding the context. The intellectual and cultural frameworks in which ethical problems arise vary from country to country, so they are viewed differently. So this aspect needs to be carefully studied.

***University Centers for Ethics – Remarkable Progress in Ethics Teaching, Knowledge and Learning***

***Edmond J. Safra Center for Ethics***

If one searches for the ethics centers in U.S. universities one is surprised by the great number of them. Some of them have been in existence for a number of decades. They each seem to have one or more subjects they research or on which they offer programs. Some offer on line courses of study like the Markkula Center in the Jesuit University in Silicon Valley's Santa Clara University.

At the University of Indiana, there is the Poynter Center which has carried on more than 42 years of ethics research and education. In Massachusetts Bentley University has a well know program in managing ethics in Organizations, a pioneer in Business Ethics since 1976. In

the South there is an Emery Center for Ethics, Duquesne has one in Pittsburg. There is also Stanford in California, Fordham in New York, the Olsson Center at the University of Virginia, the Kenan Institute for Ethics at Duke University. There is also the Centers for bioethics at Columbia in New York and a center for Health Ethics at the University of Missouri. Many other universities which include Cornell and the University of Chicago have programs and scholars working on different ethical problems.

An interesting, influential and broad based example of a Center for Ethics is one of the many sponsored by the Edmond J. Safra Foundation Center for Ethics at Harvard.

Derek Bok, the President of Harvard, in 1976, wrote an article calling for a systematic study of ethics in professional schools. President Bok noticed from the many business scandals that there was a dangerous lack in ethics teaching. He was prescient in anticipating the future and foresaw when a top Harvard Business School student received a long prison sentence resulting from the Enron debacle where Jeffrey Skilling served as President. Jeffrey was very smart perhaps too smart but did not understand the ethical responsibility business leaders have.

President Derek Bok at Harvard in 1986 appointed a distinguished political scientist as The Whitehead Professor Dennis F. Thompson. In order to bring Philosophy (Ethics) and Business together at Harvard so more ethical business could become practiced or as Aristotle said such conduct should become a habit. Professor Thompson had chaired the politics department at Princeton, was an eminent scholar and had a strong interest in ethics education. The mission statement his ethics center asserted was: “Widespread ethical lapses of leaders in government, business and other professions prompt demands for more and better moral education.”

Professor Thompson, although modest admitted that this center was the first major interdisciplinary ethics program at any university and the first program to integrate into all professional disciplines “and the first interfaculty initiative.” Much has changed since the beginning – the Medical School, Law School, Kennedy School (education for government servants) and the Harvard Business School have full fledged ethics programs. Ethics themed courses for undergraduates have been created.

The activities of this center have trained hundreds of Fellows who return to their respective institutions and spread the ethics virus – a good one functioning like a religion to institutions in many countries. In addition the center’s alumni have spawned ethics education programs nationwide at such places as Duke, Princeton, University of Toronto and the National Institute of Health.

The above historical sketch of the development of the Harvard Center for Ethics and the Professions now known as the Edmond J. Safra Center For Ethics after generous funding by Lilly Safra, his widow is drawn from an article in the Harvard magazine of May – June 2007.

In 2010, Lawrence Lessig became the Director of the Center and is continuing to be focused on Institutional Corruption, the subject of his book “*Republic Lost – How Money Corrupts Congress And a Plan to Stop It.*”

Accepted working papers of about forty pages prepared by the fellows can be found on the Social Science Research Network on various aspects of ethics and Institutional Corruption.

One of the reasons for the great importance and beauty of this center results from its practical approaches to ethics. The Fellows at Safra choose specific ethical problems or situations where there is clear injustice to be diagnosed and to explore and research these situations and try to find ways to avoid the ethical problems or correct the injustices. This

approach conforms to that suggested by Amartya Sen in the Preface (page XVI) to *The Idea of Justice* (2009). It proposed avoiding a theoretical study of what a perfectly just or ethical society should be, approach which many scholars like John Rawls in his classic book "*A Theory of Justice*" took based on a "hypothetical social contract". He assumes "an original position of equality". From this<sup>201</sup> two principles he argues would emerge from such a social contract 1) Equal basic liberties and 2) Social and Economic Equality where inequalities work to the advantage of the least well off.

Another great strength of the program of the Safra Center is that the Fellows return to their activities they came from before becoming a Fellow or accept new positions which very often continue the work they did at the Safra Center. Thus there is a proliferation, expansion, and continuation of this ethical work which benefits society and hopefully will spread to new recruits.

Although the activity and educational accomplishments of the Safra Center are impressive the forces opposing real changes are also powerful and will be difficult to overcome.

***The Ruffin Series in Business Ethics Oxford University Press***

In 1989 Thomas Donaldson wrote *The Ethics of International Business* on the "moral nature of international business" (see forward) and includes chapters entitled "Fundamental Rights and Multinational Duties", chapter 5, "Ethics and Risk: the lessons of Bhopal". Other books in this series include *The State of the Art* (edited by R. Edward Freeman, 1991), with contributions of many psychologists, doctors, business school teachers, economists, philosophers, ethicists and others. These articles have titles such as "Business Ethics as an Academic Discipline", "Ethics as Character Development: Reflections on Objective Ethics

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<sup>201</sup> Sandel, Mitchel J. 2009 *Justice What's the Right Thing to Do?* pages 150-156.

Education", "and Ethical Imperatives and Corporate Leadership".

The purpose of this series is to publish the best thinking about the role of ethics in business from authors expert in different disciplines,

This series illustrates the growing consensus that the present tendency to focus almost exclusively on profit alone devalues the other necessary values for a good society or community which makes it difficult for it to function well. It also reflects the conviction that top quality transdisciplinary research should be helpful in fixing our unsatisfactory situation.

### ***Harvard Business School's Ethics Teaching***

Some have found that teaching a theoretical and philosophical course in ethics in a business school is not fact sensitive or appropriate, interesting or useful. In addition business school professors are not usually educated in or trained to teach ethics; their knowledge is in expertise in business. However, a few have studied and taught philosophy which can include moral philosophy and ethics.

The Harvard Business School used in the past a famous 1928 Court of Appeals legal decision written by Judge Cardozo, *Meinhard vs. Salmon*, to illustrate how some business decisions must be strictly ethical in cases where there is a fiduciary duty as there is between joint-venturers, partners or when one is acting as a trustee. However, the course is not called ethics but "Leadership and Corporate Accountability", terms used in business rather than in the study of ethics. It also should be noted that relationships in business dealings are not usually fiduciary relationships so this case is not representative of usual business dealings. "Caveat Emptor" or buyer beware, "arms length", the rougher freer description of morals in the market place are more representative of usual business dealings. Among the team teaching this course is Lynn Paine who helped design

the course. She has a PhD. from Oxford in moral philosophy and an LLB in law<sup>202</sup>.

In addition to new studies in behavioral economics, business schools and other organizations have for a number of years experimented and studied how to teach and research ethical problems<sup>203</sup>. In the preface of a 1993 book, it is stated "[...] leadership, ethics, and corporate responsibility remain peripheral concerns at many if not most schools." The author goes on to suggest that "knowledge and skills training in business schools are not enough because if ethics, corporate responsibility and the right values are not present in our business leaders, major problems are likely in our communities. This is still a major problem. Ethics may be a subject best learned early in family life" –a condition of the heart perhaps more than of the brain.

This situation, coupled with a U.S. government policy to encourage home ownership in the U.S. by unrealistic and unjustified granting of credit, led to a lethal situation in the U.S. housing market and a massive crisis.

### ***Behavioral Ethics at the Harvard Business School***

A review in July 2012 of Ethics at Harvard Business School on the Internet reveals research work on Behavioral Ethics not dissimilar to Behavioral Economics mentioned earlier in this book on page 91 by scholars at the Santa Fe Institute.

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<sup>202</sup> Rosenberg, John S. Sept-Oct. 2006. *An Education in Ethics - Teaching business student life lesson in leadership*. Harvard Magazine. <http://harvardmagazine.com/2006/09/an-education-in-ethics.html> (viewed 18.2.2008). This article outlines the steps over more than ten years it took with the cooperation of a number of interested professors for this course to take form. The course involves primarily case studies and discussion including knowledge from other disciplines.

<sup>203</sup> See Piper, Thomas R.; Gentile, Mary C.; Daloz Parks, Sharon. March 1993. *Can Ethics Be Taught?: Perspectives, Challenges, and Approaches at the Harvard Business School*. Harvard Business School Press.



Professors Max H. Bazerman and Francesca Gino have produced an interesting working paper *Behavioral Ethics: Toward a Deeper Understanding of Moral Judgment and Dishonesty* dated January 3, 2012. The abstract of this paper describes a behavioral approach which is not so much focused on morals or normative rules but what actually happens when humans face ethical problems.

“By focusing on a descriptive rather than a normative approach to ethics, behavioral ethics is better suited than traditional approaches to address the increasing demand from society for a deeper understanding of what causes even good people to cross ethical boundaries.”

This document has an impressive bibliography.

The working paper gives a history of the teaching pre-behavioral business ethics which didn't seem to work and how behavioral ethics emerged. Other chapters are on the following subjects:

Intentional Dishonesty: Predictable but Surprising Unethical Behavior, Moral Credentials, Moral resentment and Moral Hypocrisy, Unintentional Dishonesty: The Case of Bounded Ethicality (blindness to your own prejudices and ignoring ethical issues implicitly), Improving Ethics by using a Behavioral Ethics Perspective which considers human reactions to various ethical situations.

### ***Marie-Anne Frison-Roche's Research on Regulation***

Marie-Anne Frison-Roche, a professor of law who taught at one of France's elite schools, Science Po., has since 2001 occupied the professorship devoted to the study of government regulation of business (*Chaire de la régulation*).

She noted in a recent interview that human nature was not taken into account because the regulatory system or lack thereof encouraged the temptation to grant subprime mortgages to those without sufficient means to pay if circumstances changed. Doing it earned an immediate

commission. The incentive to increase the sale of more mortgages overpowered the duty of prudence, for which no remuneration is received, on the part of the issuers of the mortgages. In this case, the incentives in the system encouraged unethical conduct. In the conflict of interest between the issuers' short term profit-making and the borrowers' longer term deferred interest, it was usually resolved in favor of lenders which led to an excessive number of defaults. This underlines the importance of having appropriate preexisting regulations requiring more protection for the consumer with clear sanctions for issuers of excessively risky mortgages.

Marie-Anne Frison-Roche's organization of forums, with experienced experts and professionals in the type of regulation under study, and her research is a good example of how higher education can help business ethics through developing reasonable regulation of business insuring that economic incentives reward ethical conduct and not the reverse<sup>204</sup>.

### ***UNESCO's Global Ethics Observatory***

Two organizations, among others, have facilitated research on ethics.

On 15 December 2005, UNESCO launched a new Global Ethics Observatory –a database to put resources on ethics within every one's reach in order to facilitate research. The observatory lists 700 experts in ethics, about 160 ethics institutions, about 108 ethics teaching programs. A database in ethics related to legislation and guide lines was to be prepared.

### ***Loyola's Listing of Web Sites on Ethics***

Loyola Marymount University in Los Angeles also has on its website links to over 100 associations, centers for

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<sup>204</sup> Interview of Marie-Anne Frison-Roche by Oliva Dufour in the article *Crise Financière : faut-il créer un régulateur mondial ?*, published 7 October 2008 in *Petites Affiches No.201*, p. 6.

ethics, universities, religious organizations, programs and other information on ethics<sup>205</sup>.

***Institute for Business Ethics, Consultants on Ethics, Courses in Universities like Bentley for Businessmen on Sustainable Development***

The Institute of Business Ethics "was established in 1986 to encourage high standards of business behavior based on ethical values. Its personnel assists in the development, implementation and embedding of effective and relevant ethics and corporate responsibility policies and programs".

It offers practical and confidential advice and training on ethical issues, policy, implementation, support systems and codes of ethics. "It also undertakes research, publishes practical reports to help identify solutions to business dilemmas and provide a neutral forum for debating current issues. It also supports educators in business in the delivery of business ethics in the curriculum and offers medias and others informed opinion on current issues."<sup>206</sup>

There are many other publications that do research and distribute knowledge on business ethics such as Ethikos Editor. Many universities have scholars who work in business ethics. There are over 300 institutions of higher learning listed in the Princeton Review's Green Guide based upon academic offerings, campus infrastructure, activities and carrier preparation. It also reports on each school's most impressive environmental and sustainability initiatives. Bentley University in Waltham, Massachusetts, is one of the most well known and has educated executives working in companies who are dedicated to sustainability, ethics, and corporate social responsibility.

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<sup>205</sup> See the website of the Center for Ethics and Business at Loyola Marymount University in Los Angeles for a list of ethics links of several pages of organizations teaching or researching business ethics in the U.S. (<http://www.lmv.edu/page21800.aspx> (viewed 26 March 2007)).

<sup>206</sup> <http://www.ibe.org.uk>

So these forces in society are powerful and probably increasing in number and hopefully educating citizens on how to reach sustainability. Unfortunately there are also powerful industries working against sustainability and investing large sums of money in such efforts. For an eye opening example consider the description of Exxon Mobile fighting against preventing global warming by denying it was happening, even though the great majority of the scientific community found evidence it was happening.<sup>207</sup>

### ***Business Schools Case Books and Courses on Ethics***

More professional and business schools are incorporating courses on corporate responsibility and ethics courses in their curriculum. Professors Goodpaster, Nash and de Bettingies have prepared a case book, *Business Ethics –Policies and Persons*, which is now in its fourth edition<sup>208</sup>. But the problem of teaching business ethics in business schools remains difficult because professors in business schools know how to teach subjects relating to business but few, if any, have studied or know how to teach ethics. Progress will hopefully be made in this regard if more business leaders receive jail sentences for ethical lapses and there is more incentive for ethical leadership

In this part, we have noted the pressure of public opinion has resulted in direct and indirect pressure on

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<sup>207</sup> See review by Bill McKibbin, *The Ultimate Corporation*, in the New York Review of Books, June 7, 2012, of Steve Coll's new book *Private Empire: ExxonMobil and American Power*, 2012, Penguin.

<sup>208</sup> Goodpaster, Nash and de Bettingies. 2006. *Business Ethics –Policies and Persons*. McGraw-Hill Companies Inc. N.Y. This case book is divided into four parts: (1) personal values; (2) corporate values looking inward (a) governance issues (b) employee issues; (3) corporate values: looking outward; and (4) corporate values: international business.

Bentley College in Massachusetts, for more than thirty years a leader in business ethics, also organizes conferences for corporate executives with the cooperation of the Ethics Officer Association (association with more than 400 members from many of the largest corporations in the U.S.).

businesses as well as governments to force them to conform to ethical values.

***Hazel Henderson: Author, Futurist Power of Business Enthusiastic Promoter of Ethics and Sustainable Development in Books, Articles and Television, and a Women's Advocate***

Hazel Henderson, a housewife originally from England, has been an energetic and dynamic worker on the above matters for over forty years. Her new evolutionary approach to economics is broader than trained economists, so it includes human qualities and values. She is interested in unexplored areas in standard economics and the "blind spots" of conventional economics (Wikipedia). She is a worldwide syndicated columnist and consultant on Equitable Ecologically Sustainable Human Development and Socially Responsible Business and Investment.

Aside from her work as a producer of Public Television programs, she has produced a remarkable number of books, articles published in more than 250 journals such as the Harvard Business Review, the New York Times and prestigious foreign publications. A few titles of her extensive list of books include: *Ethical Markets: Growing the Green Economy, Building a Win Win World, Beyond Globalization, Planetary Citizenship* with Darsaku Ikeda.

She is the founder of Ethical Markets Media LLC and creator and co-executive producer of its TV series. She is co-creator of the Calvert-Henderson Quality of Life Indicators and a board member of the Calvert Social Investment Fund.

She also has created, stimulated and encouraged networks of like minded people internationally and especially in the United States and Brazil.

She has also launched the Green Transition Scoreboard® to measure progress. An extract of the report

for 2014 reads as follows: “The 2014 Green Transition Scoreboard finds, with \$5.3 trillion in private investments and commitments since 2007, the green economy is on track to reach \$10 trillion in investments by 2020 to effectively scale innovations and reduce costs in green technologies. The report *Plenty of Water!* Covers the many water investment opportunities available as global policy makers, businesses and civic society realize water is critical to environmental, social and human capital, and must be integrated into financial markets rather than overlooked as an externality”.

Wired UK nominated her recently as one of the "People most Likely to Change the World".<sup>209</sup>

A recent view of Hazel Henderson's ideas on economics and how governments deal in the wrong way can be found in her article *Sovereign Governments vs Lords of Finance*. This article was sent to 200 newspapers in the spring of 2010.

Its first paragraph reads: "The world has reached a new stage. If governments don't get together and face down the bankers who operate the global casino, the dominos will start falling one by one. [...] Brooksley Born who headed the U.S. Commodity Future Trading Commission warned the U.S. Congress in 1998 that derivatives would blow up the financial system. J.P. Morgan's recent two or more billion dollars loss is evidence of the danger."

Banks who make big bets like those made in casinos will inevitably have large losses affecting directly or indirectly their depositors. Some remedy must be found to limit this activity (Volcker rule), break up the banks that are too big to fail, or find some other system that is practical that works. So banks cannot use depositors' money to take excessive risks.

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<sup>209</sup> For more detailed information see her website Hazel Henderson and Wikipedia description of her work.

### ***Promoting Entrepreneurship and Ethics in France***

Sophie de Menthon, a successful French entrepreneur, is a business leader who has organized three important conferences entitled *Ethic First Forum* over the recent years.

The movement she leads was an initiative of chief executives of primarily small and medium size companies but with some big ones like Unilever participating. The purpose is to encourage the spirit of entrepreneurship with good business ethics and to improve the legal and economic situation of these businesses.

Young French people need to start with more new enterprises and realize that working in a business can lead to an exciting prestigious and worthwhile career. French elites have often favored employment in government service as being more secure and desirable while employment in business was often looked down upon as being a less respectable occupation. Perhaps partly as a result of this attitude exports from French small and medium sized businesses are much less than their German counterparts, causing a serious balance of payments problem.

The Ethic First Forums have substantial representation in enterprises specializing in communications, consulting and business strategies with a large component of business ethics. This organization makes an effort to influence the government to make more realistic decisions for businesses and participates in radio programs promoting business activities.<sup>210</sup>

### ***Ressler's Spiritual Capitalism***

Factual and inspirational research closely linked to Christian principles has also come out of a Wall Street firm.

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<sup>210</sup> For more details, see [www.ethics.fr](http://www.ethics.fr) for its activities and news.

The website "Spiritual Capitalism" provides the following information on their activities.

Peter Ressler and Monika Mitchell Ressler transformed their company and their lives after 9/11 by embracing the purpose and passion they learned from New York firefighters.

Their credo became "one for all" after 9/11 based on the examples of the New York City Firefighters' heroic actions in this terrorist attack. Their purpose was to change corporate culture from profit only, to a deeper meaning for work. They lectured on 'the Human Side of Business' and 'Capitalism with a Conscience', in their book *Spiritual Capitalism: What the FDNY taught Wall Street about Money*<sup>211</sup>.

This book has anonymous factual examples based on the personal experience of the authors of good and evil behaviors emphasizing what was wrong in Wall Street. These examples strike an interesting and realistic note in a highly inspirational book. The authors are honest in describing a big part of Wall Street as "a bottom line culture" where "cash is king" and it is "everyman for himself" in "a dog-eat-dog" world governed by vicious and unprincipled competition indifferent to human suffering in an outdated Darwinian theory of survival of the fittest. They expose that "for years ruthless or indifferent behavior has been acceptable" and "the key is to strike a balance between our frenzied pursuit of profit and our moral conscience".

They write that good business is characterized as the "spiritual" side of capitalism where "spiritual" requires no further explanation for those with a strong religious faith. For others it is "connected to your higher self [...], your sense of justice, compassion and ethical consciousness". "We, in business, have a spiritual obligation to value

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<sup>211</sup> Ressler, Peter and Monika Mitchell. 2005. *Spiritual Capitalism: What the FDNY Taught Wall Street About Money*. Chilmark Books, New York, USA.



community [...], not only unlimited freedom to go for profit in an unregulated society". In their summary at the end of the book, the authors write that "[w]hat the FDNY taught us as practicing capitalists is that what is missing from business is our basic humanity.

The authors note that those with religion understand the meaning of the word spiritual. For others, the spiritual means an obligation to your community values and not the unlimited objective to go after profit in a society with no social values. In their summary at the end of their book, they mention a number of essential principles:

1. Business needs love. Pursuit of money is meaningless.
2. The pursuit of money for good or evil. One needs thoughtfulness, not indifference, exploitation or cruelty to others.
3. Ego can be destructive so we need to find ways to make money without causing suffering for others.
4. Giving is the path to receiving.
5. Feel the spiritual essence in work and understand the complex intelligence to do it well when we should "discover our sacred responsibility to serve others".
6. Employer and employee should develop a spiritual relationship – a union which is mutually beneficial based on honor and trust – a partnership.
7. The last principle is that the "every man for himself" view of business creates an illusion of separateness that can jeopardize our entire economic system. The essential spiritual purpose of business is to serve the community that supports it."

### ***Adam Smith – Moral Philosopher***

One should remember Adam Smith who held a chair at Glasgow in moral philosophy. He was not only a philosopher but also a psychologist, historian and sociologist, whose first book *The Theory of Moral Sentiments* (1759) was an inquiry of how man, a creature of self interest, can form moral judgments in which self interest seems to be held in moral abeyance or transmitted to a higher plane. For Smith, it was in our ability to put ourselves in the place of a third person or impartial observer – a feeling of empathy for others or the general public interest. It is important to note that Adam Smith specialty was more transcendent than just economics. Moral philosophy covered natural theology, ethics, jurisprudence and political economy and thus ranged all the way from man's impulses toward order and harmony to the much less orderly and grimmer business of gouging out a living for himself.

Smith drew on many fields and had discussions with top intellects in Scotland, England, France, including Voltaire and Benjamin Franklin, during the long period he was writing the *Wealth of Nations* – a truly international scholar.

His remarkable book *Wealth of Nations* written over twelve years and published in 1776, was revolutionary because it explained that the self interest of businesses constrained by competition produced goods that all the people of society consumed although not in equal amounts in a Society of Natural Liberty. He taught that selfishness is only half the picture supposedly corrected by competition and that society was constantly improving.

However, in light of what recently happened in the present financial crisis, the market may have too many large companies granting credit who all seemed to abuse consumers. Competition did not protect the consumer.

***Putnam's Research – Social Capital and Trust.***

Another field of knowledge which has made an important contribution is political science. Robert D. Putnam and a skilled team of U.S. and Italian professors and researchers completed a comprehensive study of the new Italian regional governments which took more than twenty years to construct. It analyzes results in different regions and tries to determine why some of the new regional governments work markedly better than others<sup>212</sup>. Some of the reasons are listed below. Although ethics are not mentioned in his characterization of what works best, they are important in fostering trust between individuals which he cites as an important ingredient in societies that work well<sup>213</sup>. The difference is that this 'social capital' calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital<sup>214</sup>.

Mark K. Smith, who interviewed Mr. Putnam in 2001, wrote on this point of "social capital" that "[I]n other words, interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric. A sense of belonging and the concrete experience of social networks (and the relationships of trust and tolerance that can be involved) can, it is argued, bring great benefits to people<sup>215</sup>."

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<sup>212</sup> Putnam, Robert D. 1993. *Making Democracy Work – Civic Traditions in Modern Italy*. Princeton University Press, Princeton, NJ, USA.

<sup>213</sup> He has added more substance to the concept of social capital which he defined on page 167 as follows: "Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals –social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called 'civic virtue.'"

<sup>214</sup> Smith, Mark K. 2001. *Robert Putnam*. The encyclopaedia of informal education, <http://www.infed.org/thinkers/putnam.htm> (viewed 7 Jan. 2007).

<sup>215</sup> *Ibid.* supra.

Robert Putnam's research supports the fact that for a society to have top performance by building extensive social capital, ethics is an essential ingredient in building networks of trust, tolerance, cooperation and civic virtue. His conclusions have broad implications and applications, and apply to business institutions and societies as a whole. The examination of regional governments over a long term is a wonderful example of the kinds of research that research universities with the support of governments, foundations and the private sector can accomplish. The observations on continuity and change in his study represent advanced methodology in political science."

Robert Putnam's writings on social capital have been noted in business as well as in political science, sociology, economics and other fields. On March 10, 2010, Mark Catchlove of Herman Miller U.K. noted Putnam's contribution in a conference to a business audience given in Paris and entitled "Social Capital in the Work Place", quoting that "there are two main types of social capital: "bonding" – positive interactions between similar types of people, e.g. family, or "bridging" – positive interactions between different groups of people, i.e. different generations or ethnic groups.

As we have seen in the course of this book there are many elements that affect ethical conduct such as early education in the family, primary through higher education, religion, philosophy and personal characteristics such as ambition, virtue, greed, vanity, envy and trust.

### ***Language and Ethics - Bakhtin***

A recent thesis focuses on the inability of welfare workers to reach child protection goals with the children's parents or parent. A course of study was developed between the welfare workers and parents to study how group learning could work.

This study has added another important approach to the study of ethics, i.e. the way we talk to one-another – the content, form and mannerism of our conduct. This can affect the way we work together or fail to cooperate, where cooperation is important. Lack of ethics between persons generally means lack of communication, cooperation and efficiency, less satisfaction and lower production of private or public services or goals.

***Bakhtin, a Russian Literary Theorist and Philosopher***

A recent research project which adds this perspective which can make an important contribution to improvement of ethics is a thesis<sup>216</sup>,

This research indicates that dialogue, different voices (polyphony) and laughter and humor can help in building understanding between hostile or contentious groups and individuals speaking different words with little mutual communication, comprehension and cooperation possible between them.

A number of scholars have attempted to explain some of Bakhtin's theories as follows:

"We may detect a deep, organic connection between Bakhtin's approach to ethics and his theories of language. Just as utterances are unrepeatable, so actions can be performed only once by a given person. Neither speech nor ethical action can ever be merely an instantiation of rules.

If ethics were an object of knowledge, then philosophy would be the best moral education. But ethics is not a matter of knowledge, but of wisdom. And wisdom, Bakhtin believed, is not systematizable (Emerson and Morson, 1990, p. 171).

K. Weick wrote in *Making Sense of the Organization* (London, John Wiley, Blackwell Publishers) that "Wisdom

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<sup>216</sup> *A Bakhtinian Perspective on Collective Learning, an approach based on Dialogue, Polyphony and Carnavalesque* by Annette Pas, March 2010, University of Lancaster, England, a private paper.

is a quality of thought that is animated by a dialectic in which the more one knows, the more one reduces the extent of what one does not know".

Throughout his life, Bakhtin opposed the idea that moral and ethical decisions made according to rigid principles and systems, outside of what the terms the "once occurent" event in "Towards Philosophy of the Act". (Nollan, 2003, pXVIII)

The thesis continues as follows (see pages 324 and 325 of the above thesis):

"Here, one could say that wise ethical acts are helped by improvisation, and that learning to be ethical could imply learning to improvise, as the parents did in the course, considering every scenario in the exercises anew, using a humble surplus<sup>217</sup> over the families in the imaginary scenarios, allowing to be surprises moment-to-moment as the other shows different sides of himself. The 'it depends' utterance that the group used in the speech genre to discuss the exercises, could be seen as an utterance that crystallized this attitude of wisdom, as well as the ethical desire to abandon rigid and systemizing principles. The role of the facilitator seemed to imply that she helped the group to build this new faith in improvising.

Polinghorne (1992) has suggested that while the discipline of academic psychology focuses on discovering general laws of human behavior, practitioners have usually developed their capabilities of being good therapists by learning from their practical and pragmatic actions in consultations. In this sense, they don't develop a clear epistemological account of indubitable truth of knowledge statements but a body of knowledge that is unsystematic, context-dependent, fragmented, and tested by its pragmatic

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<sup>217</sup> "Humble Surplus" for a writer means not describing characters so they are limited to good or bad etc, like Tolstoi did, but leaving their characters more open to express their human dignity in many ways, like Dostoïevsky drew his characters. In this way, he was humble.

usefulness. Such a pragmatic perspective to practice reminds very much of Bakhtin's theory of language and his perspective on ethics. The pragmatic perspective seems also very relevant to the approaches used by the course facilitator, and how the course was founded."

This research suggests that learning how to talk to each other and appropriate dialogue can reduce or eliminate judgmental opinion in order to open minds. This helps to avoid conflicts and leads to more ethical conduct through better understanding and cooperation.

Collective learning within and outside organizations equipped to foster such a dialogue is another tool which should be embraced in improving ethics cooperation and trust.

Discussion groups (group learning) exist within different organizations such as governments and individuals, within companies in their ethical programs. Many have incorporated conclusions reached into their strategic plans (for some impressive codes of ethics, see Google, L'Oréal, Johnson and Johnson). L'Oréal has employees in each country who discuss the ethics codes and adjust them to fit their culture. The discussion of the ethics officer or other representative of management with employees or other members of the group is a very useful idea. The code in this way is not only the company's code but that of the employees.

The author of this thesis later wrote to summarize her thoughts:

"Ethical analysis benefits from being viewed within a specific context. One could look at every action in its own situatedness. General rules often make for poor practice and poor understanding. And situatedness would include considerations of politics, economics, culture, religion, values, the division of labour between actors involved, the technologies that are being used, and language, ... So that

every action is quite a unique event and in order to appreciate its ethical component would be a unique event too.

About good and bad: they have been classified very differently in different cultures, times, places and contexts. One of the easiest ways to learn to be good is to be surrounded by good people who do good things. When put into a situation that is filled with poverty, crime, abuse, people are much easier turned into criminals than in other situations."

When you ask how did I become a 'good girl' that sounds as if 'how did I become the sort of girl who behaves according to a certain ethical code' then I would say probably parents. Because you would worry about them and what they would think if they knew you would do something that would make them unhappy, so you suffer from that image and therefore don't do it.

About love: I'm not sure if it's part of human nature though I would like to believe it is. As we have seen elsewhere (...), ethics between people who love each other is easier than where there is hate. If I think of the people I know, then it does seem to look as if the ones who know how to love, are the ones who have been loved as a child and had at least one parent or other person who loved them dearly. It may also be true that some people can also learn it later on, as adults."

***UNESCO's Report on Public Opinion on Global Ethics,***

In the UNESCO's World Culture Report on Public Opinion and Global Ethics, a poll of people in about one-third of the countries representing about half the world's population indicated that there seemed to be no values which are supported homogeneously.



### ***Research in Higher Education – UNESCO Conference***

The high level UNESCO's colloquium on Research and Higher Education Policy (November 30 to December 1, 2006) outlined the difficult problems in building research capacity in many countries with different levels of development. Research on business ethics is more difficult than many subjects because of the interdisciplinary and transdisciplinary expertise required. A large well financed university is therefore better equipped to furnish research capacity, to the extent it can bring together people of different disciplines to work together. This ability has often been missing in many good universities where specialization in each discipline is given priority and funding awarded by subject matter.

The research suggested by Professor Yersu Kim when he was Director of the Division of Philosophy and Ethics of UNESCO is another remarkable example of research in ethics by those in research universities brought together by UNESCO.

### ***Anne-Marie Slaughter's Embryonic Global Community***

If ethics are to be produced in a global community, how can a global community be built? Anne-Marie Slaughter, a top scholar and a former professor at leading law schools who taught at Princeton, notes that we already have international networks of national officials in the executive, judicial and legislative branches who meet, cooperate, agree and communicate with each other<sup>218</sup>. But this is a very informal form of global governance which will need reinforcement in many ways through the multiplicity of national and international laws, conventions and institutions. Building new or remodeling existing institutions to institutionalize more ethical conduct is surely one avenue to improvement.

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<sup>218</sup> Slaughter, Anne Marie. 2004. *A New World Order*. Princeton University Press.

### ***Alfred C. Aman – Democratic Reform of Market Absolutism***

Alfred C. Aman, a leading legal scholar, has written that much more needs to be done through law reform to tame the deregulated globalized forces of the market place in order to incorporate more democratic, ethical and social values<sup>219</sup>. His analysis is supported by Robert Reich who explains the reasons why globalized market forces are overwhelming citizenship. Citizens, who are too preoccupied with their economic survival and enrichment, tend to participate less in their democratic governments and society seems to have less respect for social and ethical values. For this economist, the new "supercapitalism" has reinforced the positions of the investors and consumers to the detriment of citizens and employees. Consumers have wider choices now than previously and can often buy at extremely low prices at "big box" stores like Wal-Mart. Chief executives in publicly held companies, now that capital is international and extremely mobile, are forced to concentrate most of their time working on increasing profit to keep their investors happy or they will sell their shares and the company will lose market value. Employees are a cost and are often sacrificed to raise profitability in their company. It is also true that the more favorable an image a company has can lead to greater productivity.

### ***Robert Reich's Super-capitalism***

Robert Reich, a professor of Economics, claims the recent intensification and acceleration of competition is the result of three reasons: (1) the incorporation of new science and technology in business, (2) deregulation and (3) globalization. He argues that competition increased noticeably in the 1970's as a result of the incorporation into the business community of technological innovation financed by the U.S. government defense spending starting

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<sup>219</sup> Aman, Alfred C. Jr. 2004. *The Democracy Deficit –Taming Globalization Through Law Reform*. New York University Press.

in World War II and continuing through the Cold War. Deregulation increased companies' efficiency by freeing it from bureaucratic controls. Globalization resulted in the extension of national markets deeper into foreign markets. All this significantly increased production in the U.S. and the world<sup>220</sup>. However, if one nation's social or environmental legislation raises costs for its national businesses, its companies will not be competitive unless its foreign competitors are subject to the same costs imposed by similar legislation in their countries. This seems to be an almost insoluble problem because international agreements are difficult to negotiate and because each country is in a different position with different problems to solve. However if the U.S., other countries in the North American Free Trade Agreement (NAFTA) and the European Union decided to work together to find ways by law reform through international treaties or uniform laws to increase democracy and guaranty citizen rights to social and ethical values, this would be a big step forward. Then, if this group of countries found ways to encourage or force, to some extent, other countries to accept similar measures, that might be a practical way to improve our situation without sacrificing the ability to compete to the extent free trade rules allow it or could be modified to allow it. In one instance, Microsoft decided to follow European standards worldwide because the European common market was so important to it. Market access to the U.S. and the European Union could be an important lever to encourage other countries to also accomplish their own law reform in order to increase democracy and establish minimum social and ethical values.

### ***Consilience, Ethics, other disciplines***

Ethics is considered a part of moral philosophy. However, religion has fueled much steam into it. For

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<sup>220</sup> Reich, Robert B. 2007. *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*. Alfred Knopf, New York.

example, one of the Ten Commandments prohibits murder. As a result, killing a man, stealing his wife and property not only is unethical but is a sin, an element in religion, a violation of Gods ethical law. If one considers the Bible, there is an enormous source of other literary works derived from it. Ethics runs into religion which is literature. Literature is closely tied to language and another important element in developing ethical conduct are the words and how they are used (See Bakthin's theory at page **Error! Bookmark not defined.**).

The interweaving of these disciplines is part of the complex system of ethics.

And if one considers ethics as information or data and uses computers to transmit and work on it, we are dealing with what has been described as a complex system which is dynamic or chaotic, subject to evolution. Even though ethics can be thought of as a man made and not part of nature, religious people may not agree since some of them believe religion is part of nature; it is their real natural world. After reading Robert Wright's book *The Evolution of God* some have been tempted to think God is a man made concept invented to fill a changing but natural need of most human to have a God and a religion.<sup>221</sup>

Another way to look at it is to analyze it as an offshoot of biology, neuroscience or a similar discipline as being at least a partial source of ethical conduct. Thus the artificiality seems to give way to the natural for an interesting embracing or intersection of disciplines producing ethical conduct. In this sense ethics is not only "artificial", but also at least partially determined by science and nature i.e. human nature. With such mixing of different types of knowledge, we approach E.O. Wilson's concept of consilience, where the different parts of knowledge are

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<sup>221</sup> Wright, Robert. 2009. *The Evolution of God*, Little Brown and Company, NY NY

related to one another, so one can imagine different parts of knowledge being a unitary whole.<sup>222</sup>

If one considers possible causes for ethical conduct arising from nature such as discussed supra in paragraphs "Neuroscience" (p. 94) and "The Trust Molecule" (p.105), the system of ethics appears to also arise from nature and not only designed by man (artificial). In such case ethics is unlike the law which appears to be an artificial complex adaptive system although ethics is a part of the law as demonstrated in the paragraph: "Can ethics be enforced? Relation between ethics (morality), law and justice" (supra p. **Error! Bookmark not defined.**). Possible consequences of classifying ethics as an artificial, complex, adaptive system and our observation in the real world would seem to be its diversity and its change over time, and its dependence on culture and history.

"In 1995, Gorniak Kocikowska, a Professor of Philosophy at Southern Connecticut State University, Coordinator of the Religious Studies Program, as well as a Senior Research Associate in the Research Center on Computing and Society, came up with the idea that computer ethics will eventually become a global ethical system and soon after, computer ethics would replace ethics altogether as it would become the standard ethics of the information age."<sup>223</sup>

This is interesting, but appears unlikely.

### ***Elizabeth Warren – Credit Racket***

Law reform is a desperate necessity in the U.S. as explained by Professor Elizabeth Warren in "Making Credit Safer. The Case of Regulation" as described on page **Error! Bookmark not defined.** above. Overreaching by predatory lenders whether intentional or not, not only has damaged

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<sup>222</sup> .Wilson, E.O.1988. *Consilience: The Unity of Knowledge*. A Borzoi Book, Alfred Knopf Inc. NY NY

<sup>223</sup> Computer Ethics, History, Wikipedia.

millions of borrowers and threatened the financial community, but also helped to precipitate a worldwide financial crisis the dimensions of which are only being revealed over time. The government encouraged the granting of consumer credit, especially in the purchase of houses as socially desirable but more regulations means less freedom so care should be taken to regulate only what needs to be regulated so bureaucracy does not stifle the beneficial dynamics of free market forces. A reasonable equilibrium is difficult to accomplish.

In the introduction, we referred to the opinion of some that business and ethics are separate if not contradictory. Business produces profit often in ways that does not follow ethical principles because it is more profitable not to. Despite all the justified criticism that business attracts because of its failures, the fact remains that it is the motor that produces wealth and health. To the extent everybody can act as an entrepreneur, this should serve to spread the wealth widely but not necessarily equally since opportunities vary from country to country and in different situations, and talents, good luck, energy and intelligence are not divided equally among human beings. However, increasing prosperity does serve to raise living standards in general. Predatory business practices subtracting general welfare should be taxed or outlawed.

In conclusion, in this part we have attempted to indicate some difficulties with making progress in research in ethics and some suggestions, as well as examples of what has been done, not only explicitly on ethics directly, but how these studies provide knowledge on ethical issues. It is necessary to continue past efforts and undertake new interesting studies.