Revision of Business Ethics

Tomas Sigmund
Department of Systems Analysis
Faculty of informatics and statistics
University of Economics in Prague
W. Churchilla 4, 130 67 Praha 3, Czech Republic
tomas.sigmund@vse.cz

Abstract: Business ethics is a controversial topic. In my article I would like to explore where the limits of business ethics are and to what extent it can become part of the economic world. I would like to explore the question what the relationship between ethics and business is and whether what business ethicists consider ethics is real ethics in the fundamental sense of the world. The concept of business ethics will be discussed compared to general ethical theories and consequences drawn. I would like to show the contradictions inherent to the connection of business and ethics are no coincidence. At the end a possible relationship between ethics and business sphere will be suggested.

Keywords: Business ethics, homo oeconomicus, trust, responsibility, attention, public space, aporia

1. Reasons supporting the business ethics

These days business ethics is quite popular. For example the customer relationship management and customer focused enterprise (Heffernan et al, 2006), (Foss and Stone, 2001) stress the role of trust, dignity and empathy. The relationship marketing is based on long-lasting ethical relations (Murphy, 2004).

I think we can find reasons supporting the business ethics. Some customers prefer companies which are ethical; some business partners trust and rely on companies which behave ethically.

The popularity of ethics begs the question if businesses were not ethical before. Probably they were to some extent, but they didn’t demonstrate that so much. Another question is if business ethics will make businesses more ethical. A possible and not improbable answer may be that the need for business ethics was to some extent artificially woken. Assertive experts can create and wake up new requirements and new demand. They claim 1) that something is needed; 2) that you are the kind of person who can do it; 3) that you can achieve something with your expertise and 4) that they are able to teach you this expertise. So, business ethicists must claim that various customers do not have the resources to deal with moral matters on their own, and hence need guidance from experts (Jones, 2005). This is to some extent true, but I wouldn’t like to claim business ethics is an artificial marketing product only. There are some reasons supporting the real interest in business ethics in today’s world.

One reason may lie in the power companies have. They can influence a lot of issues: they have the financial resources, bargaining power, contacts, experts etc. The more they can influence the more visible the effects of their behaviour are and the more people try to apply some ethical rules on their behaviour.

Technology is progressing quickly giving people unexpected possibilities. Technology gives us power to influence, but also power to know1. Even though the world is getting complicated it is also getting transparent with all consequences it brings. It means it is possible to monitor the operation of the company and distribute the information easily. Here lies another reason for the popularity of business ethics.

1 An example of such a technology use is "ethical sourcing and trading policy "employed in the nineties in organic food store in California that covers the food chain from original production to sale. The customer uses a hand-held machine in the store to gather social responsibility data, including where the product was sourced, the nutrition content and the background of the product. (Praskey, 2003)
The more power companies have the more they can affect other people who not always agree with the effects they have to face\(^2\). In economic theory this is called externality and it is the source of economic, ethical and political problems. Companies have the resources to influence not only economic area, but public affairs as well. And people try to avoid the negative consequences of it using some ethical measures.

But that is not the only relation of business ethics to public sphere. The popularity of business ethics may consist in the attempt to reconstruct the public sphere. As M. Friedman points out, companies should follow their interests only. They behave as self-centred individuals (homines oeconomici). But their behaviour harms the public sphere. The public space is disappearing, it becomes personalized and private, but people miss both the way of interaction there and its results. Corporate responsibility is an effort trying to regulate business behaviour in order to allow the existence of the public space or at least in order to force companies follow the goals that are results of public space activities. And because private companies are so powerful that there is not much public space left people force them consider public affairs and help societies to reach their goals. It is an attempt of the public to reconstruct the public sphere in the new situation of the rise of private interests.

There is a difference between public aims and ethics, however. In the public sphere some ethical rules are valid, but they are not identical with the public aims. Ethics and justice transcendent the public sphere, but are necessary for its existence as its guiding ideas.

To sum up there are reasons supporting the development of business ethics. Now the question arises how to realise it.

2. Business ethics’ models

2.1 Corporate responsibility

For some time the prevalent type of business ethics has taken the form of corporate responsibility. It can be defined as “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.” (Green paper, 2001)

The EU Green paper (2001) summarises that “Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” Companies penetrate into many areas of human life and take responsibility for a positive impact through their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Corporate responsibility-focused companies proactively promote public interest like community development, and eliminate practices that harm the public sphere. Can this be a type of business ethic?

However ethics is different from public interest. The corporate responsibility approach resembles casuistry which prefers public interest to ethical issues. Casuistry is a case based reasoning related to sophistry. It is able to justify almost any action. Originally casuistry tried to find a balance between social responsibility of superiors and ethics. In most cases it preferred social responsibility and thus subordinated ethics to politics. Following public interest usually ends up with supporting the company’s popularity. And that is in compliance with the self-centred logic of homo oeconomicus’ behaviour, but in conflict with ethics.

Another question is if there can be a special type of ethics for the business sphere. Ethics is considered to be universal. Even though there are many ethical theories most of them claim they are universally valid. The idea of corporate responsibility represents a specific type of ethics valid for the business sphere predominantly. Do we need a special businesses ethics, a special discipline for the businesses? Isn't the general ethics enough? It is still general and valid for everybody in every situation. There seems to be only one ethics for everybody.

2.2 Specific type of ethics

How can business ethics justify the claim that there are some rules that some acts are moral for some people (ordinary people), but immoral for others, especially businesses? Paying extortion money is not immoral for ordinary people if done under some threat. But if companies pay extortion money not to lose some favourable contracts it is not considered alright. This is an example of casuistry again.

\(^2\) Enron scandal or the Bhopal catastrophe are just two examples of influence companies currently have.
P. Drucker doesn't think there is a need for a special business ethics. He sympathizes with the opinion that ethics is universal and calls for ethics of interdependence which demands equality of obligations. Ethics should be free of power, as power causes exploitation and repression. (Drucker, 1981)

2.3 Ethics of prudence

Another option for business ethics is the ethics of prudence. Prudence is the deliberation and reasoning in any particular situation that determines what feelings and behaviours will truly promote oneself's good or at least avoid the worse bad. Prudence is not a moral judgement deduced from general norms or principles. It is something as a practical rationality. It may easily set examples. The problem with ethics of prudence is that it may easily change into appearance which would matter more than the real ethics. And Drucker (1981) sees another reason why business ethics cannot be the ethics of prudence – business ethics denies authority and prudence presupposes authority. And authority is criticised as it is allegedly elitism.

2.4 Rule-based ethics

It is also possible to look for some paradigmatic rules which would be valid for all times and for everybody. For example P. Drucker (1981) supports the Confucian ethics of interdependence where everybody has some rules and obligations. He suggests adoption of the five Confucian ethical principles of 1) clear definition of the fundamental relationship 2) universal and general rules of conduct that are binding on any person or organisation, 3) focus on right behaviour rather than motives, 4) right behaviour as the behaviour that optimizes each party’s benefits and makes the relationship mutually beneficial, 5) ethics of prudence and self-development for the visible company leaders. The problem with rule based ethics is that the rules do not cover all possible situations, that conflicting rules may exist, that it is difficult to transform general rules onto individual situations and that there are conflicting sets of rules.

But the problem with business ethics is more fundamental than the problems mentioned above. I will illustrate that on the case of relationship marketing.

3. Doubts about the business ethics

3.1 Relationship marketing

Relationship marketing is based on building mutually satisfying long-term relations with key parties – customers, suppliers and distributors in order to earn and retain their businesses. (Murphy, 2004, p. 38). In the relationship marketing the emphasis is also on emotional ties that extend into long term, and so the value of future deliveries will always be greater than the value of existing transactions. As Murphy puts it, in the marketing practice the retention and loyalty of existing customer is more important than customer acquisition. In long lasting relationships reciprocity ensures both parties benefits from the relationship. On the other hand long cooperative partnerships lead to increased vulnerability of all parties and so increase the need for ethical behaviour. (Murphy, 2004, p. 41)

Murphy, (2004) envisions virtues of trust, commitment and diligence as the most important ingredients in creating relationship marketing based on ethics. Good habits, virtues, focus on the individual and organization rather than on the problem, form the basis for ethical behaviour. These values may prove to be advantageous as they decrease vulnerability of cooperating organisations depending on their partners.

It seems ethics and economy can be combined easily and their application will lead to synergic effects. But it needn’t be the case. The problem is how to combine the homo oeconomicus with the ethical principles which are not accommodated to the self-interested point of view.

Relationship marketing is based on the profitability of the principles and finds in man only the qualities which bring some advantage. The partners must have some qualities which are worth behaving ethically. The vision presented in the relationship marketing is thus too optimistic; the behaviour is not properly ethical. Below I will try to explain why.

I don’t see much evidence supporting the thesis that ethics makes profit and that trust is good for organisations in long run. It seems to confuse marketing with ethics and selfishness with responsibility. Successful businesses are always sensitive to what their customers want and what other firms are doing. And the obsession with trust in business ethics is based on the threat of treason.
3.2 M. Friedman

M. Friedman (1970) supports the conclusion that companies follow their self-centred interests and thinks they shouldn't do anything else. He calls everything that goes beyond the profit seeking, politics. Friedman says in the characteristically called article “The Social Responsibility of Business is to Increase its Profits” (1970) that “there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” (Friedman, 1970) The companies CEOs were appointed to follow the goals and aims of the business owners and what goes beyond that can be characterized as power or responsibility misuse or political decision which is however reserved to government or other political institutions only. The manager is responsible to the owners. What managers do as persons, not as managers, is another issue, but if they follow social responsibility they are spending someone else’s money without his direct consent.

Another argument against ethical responsibility of companies consists in the fact that managers are experts in running the company, but don't know how to help reach public interests. They know what the best for the company or for themselves is, but don't know (the liberals would say cannot know) what the best for the whole community is. They also don’t know how much to spend on public benefits. Friedman argues that people should be responsible for their actions only and shouldn't exploit others.

And ethical responsibility is often just a cloak for reasons that stem from other than ethical thinking. Then it is hypocrisy either from the company which seeks good reputation or from a pressure group which uses all means to reach its aims.

According to Friedman ethical interests harm the free market principles and decrease the economical results of all market members. He thinks that in the free market there are only intersubjective values and responsibility of individuals. Friedman builds his argument on the concept of homo oeconomicus which explains the behaviour of economical subjects.

3.3 Homo oeconomicus

3.3.1 Self-interest

Homo oeconomicus is a term used by some economic theories to define a self-interested rational agent who acts to maximize his well-being given the constrains he faces. (Kirchgässner, 2008), (Sickert, 2009) Economic agents are understood as indifferent to others. Each maximizes his utility regardless to others.

Economic man is characterized by the desire to possess wealth and by rational method for making choices allowing him to judge the comparative efficacy of means for obtaining his ends. This concept can be found in J. S. Mill's Principles of Political Economy (1848). His homo oeconomicus is characterized by instrumental rationality and material self interest. The term was used by Mill's adversaries and had pejorative meaning. The selfish characteristics of homo oeconomicus are kept in the economic theory until now, they were transformed into axioms only.

Both practical experiments (Forsythe et al. 1994, Fischbacher, Gachter and Fehr 2004, Ostrom et al., 1992) and theory (Collard 1978, Fehr and Schmidt 1999, Bolton and Ockenfels 2000) however show that this model of homo oeconomicus doesn’t correspond to the full range of real human behaviour and nature. Human being is more complex and can behave according to different principles than selfish instrumental rationality. Altruistic models of human behaviour are necessary to explain some aspects of human behaviour. In other cases cooperative behaviour or sanctioning uncooperative members may emerge. What kind of behaviour prevails in the economic sphere? I tend to agree with Fukuyama (1995) who puts it like this: “people will act as self-interested individuals often enough for the “laws” of economics to be a useful guide for making predictions and formulating public policy”. (Fukuyama, 1995, p. 21). This doesn’t mean people are self-interested individuals only. In many spheres of reality people behave ethically to some extent, but that is not economic behaviour as we know it. In economic sphere they tend to follow the pattern of homo oeconomicus. And caring for somebody because he is useful is not ethical, it is calculation. Companies do not care for the other, only for the surface impression he has of them.

It seems business ethics is either a calculated lie or a shop window decorated according to the latest marketing principles. Many businesses speak about business ethics because it is fashionable, but they do not follow its principles in the strict sense of the word. Ethics in its full sense that will be
suggested below cannot be subordinated to any other principle, it must govern everything. All human activities must be placed within the realm of ethics. From this perspective every human activity must be explored if it has man as its final purpose in itself. I know that this criterion is quite strict and only a few contemporary human occupations would be able to fulfil it except some charitable pursuits. In case of business ethics I do not doubt that businesses can be founded with ethical principles in mind, but in order to survive they must make compromises. The purely ethical economic behaviour is in our complicated and individually oriented world a utopia. Nonetheless we should strive for it.

In case of business ethics the question is about the principles: are the principles of economy and business running commensurable with ethics? They are not if businesses are based on the behaviour of homo oeconomicus and on profit maximalization. Homo oeconomicus doesn’t behave ethically as he doesn’t care about other people; they are only instruments for him. If he pretends to respect them, it is only because it repays itself. His selfishness doesn’t allow him to see an other. The problem with self-interest is typical for contemporary society. In the individualistic society ethics can only hardly be applied.

3.3.2 Rationality

Another important homo oeconomicus’ feature is his rationality. It has this feature in common with the moral philosophy’s moral agent who is a rational being capable of neutral descriptions. This agent has his will, independent from reason, and feelings. Moral decisions are rational as the agent is able to evaluate the situation and then choose. What seems not plausible is the fact that morality is a rational sphere. Understanding moral concepts is dependent on the acknowledgement of others as equal human beings.

3.4 Trust, whistleblowing, responsibility and cynicism

In this paragraph I’d like to explain how some ethical concept are distorted in the sphere of business ethics. Jones’ book (2005) will help me.

The stressing of trust seems to be related to the danger of treason. So much talk about trust is the expression of fear from the lack of trust. Launching new ethical programmes and techniques should reconstruct trustful atmosphere. I am a bit suspicious regarding these efforts as people remain homines oeconomici, customers change their minds hesitantly only and people must be responsible for their acts - which includes some punishments, possibility for the customer to complain - in order to be trustworthy. One explanation for the popularity of treason may lie in the ecstasy people feel when committing treason. And part of the fascination may be caused by the fact that traitors open doors for influences from other communities.

Whistleblowing means drawing attention to breaking the rules. People are inclined not to do it as they are social beings, parts of the crowd. In this sense people who blow the whistle are traitors and communities support conform behaviour. Criticising your own organization will damage it. Drucker (1970) says that whistle-blowers are these days protected against any suppression by the organisation. The employee has right to draw attention to the company’s misdeeds. On the other hand whistle-blowing harms the trust and loyalty within the company. The employees or subordinates are potential enemies. And as the superior can’t trust his subordinates, the subordinates can’t trust him. Whistle-blowing can be characterized as informing and informing was encouraged in tyrannies. No trust, no interdependence and no ethics is possible for informing.

Responsibility nowadays very often takes the form of corporate social responsibility. Surprisingly it often takes the form of guidelines or written principles that should be kept. But is this responsibility? Normally responsibility is taken to mean acting independently and taking decisions. Can this be included in a rulebook? I think responsibility is related to the openness to an other which was addressed by Levinas. In the real responsibility there is nothing more than response to the other. Responsibility means welcoming the other and hospitality towards him.

From all this it may naturally follow what reaction people may bear. They all know what marketing is about and what managers do. They don’t seem to have enough power to do anything about it, so they are cynical. Cynics know what stands behind marketing and business ethics. But people don’t get rid of the ideology. They know it isn’t true, but surrender. So what does business ethics miss and what is the essence of ethics?

---

3 The breakup of human activities and separation of ethics from other parts of human life is not a trivial issue. This separation brings with it a lot of new problems which were unknown to the ancient generations.
4. Ethics

Wittgenstein has in his Philosophical Investigations (2009) an example illustrating the ethical approach:

“I believe that he is suffering”. – Do I also believe that he isn’t automation?

It would go against the grain to use the word in both connexions. (Or is it like this: I believe that he is suffering but I am certain that he is not an automaton? Nonsense!)

Suppose I say to a friend: “He isn’t an automaton”. – What information is conveyed by this, and to whom would it be information? To a human being who meets him in ordinary circumstances? What information could it give him? (At the very most that this man always behaves like a human being, and not occasionally like a machine).

“I believe that he is not an automaton”, just like that, so far makes no sense.

My attitude towards him is an attitude towards a soul.

This approach supposes the notion “believe” is based on an approach or paradigm or Weltanschauung which itself is not a belief. The notion “believe” and the atmosphere in which it can be used and understood as an ethical notion are different and are not based on rationality. “Believe” is an ethical notion and ethics is not the same sphere as rationality. The way I respond to others has nothing to do with knowledge or belief. It is not reduced to rational grasping and finding some qualities which call for ethical behaviour if they are found. Ethics is different; it is the whole approach respecting the otherness of the other.

Ethics should be based on certain attention to others; in other worlds we must be somehow tuned to the ethical approach in order to be able to understand ethics and act in accordance with its principles.

4.1 Attention to others

In the Bible Jesus tells a story of lawyer who asks him how he can inherit eternal life. Jesus answers that he should love God and his neighbour as himself. The lawyer asks who his neighbour is. This question suggests that the layer doesn’t have a neighbour and secondly that he believes neighbour can be identified through a set of graspable qualities. Jesus tells the lawyer a story of a wounded man who was lying on the road, people were passing by and nobody helped him. Finally a Samaritan came, felt compassion and took care of him. Jesus told the lawyer: “Go and do likewise.” No qualities were stated, just an example.

The problem is not whether others have some qualities which will wake in us ethical feelings, but whether these qualities make an ethical sense for us. People treat slaves differently not because they would lack some qualities, but because they in the case of slaves lack the understanding that would enable them to give the full meaning to the terms when they concerned slaves. The problem is not what qualities we identify in others, but whether we see them as equal to us. Plot (2009) calls such an approach and atmosphere “attention”. Attention is a kind of limit to our will which makes others have the power to stop our movement and refrain us from doing something just by their presence. (Plot, 2005, 43) It is a special way of seeing others, which allows us to see their feelings and opens the realm of respect and humanity for us.

This way of seeing things is not accessible to homo oeconomicus as it is not based on rationality and advantageousness. It also transcends the inner world of an individual. I would think it would change the economics to such an extent that the economic laws won’t be valid any more.

For homo oeconomicus the fulfilment of his needs and authentic realisation of his potential are most important. The order of the spheres is turned around for him. He behaves ethically, because it repays itself or because somebody woke in him the sympathetic feelings. He is not social as for social being the primacy of ethics over its interests is clear.

4.1.1 E. Levinas

E. Levinas (1980) gives a description of this attention and respect to others, too. In his view western thought has always denied real otherness and has reduced it into a version of identity. For Levinas only absolute otherness is constitutive for ethics. The essence of ethics is the relation to the other. Ethics involves opening of the subject and willingness to change face to face the other.

Levinas rejects that other people are reducible to any rational categories - rational categories mean that people are known before the real encounter, before they express themselves. It is the denial of
other’s difference, of his otherness and transformation of otherness into sameness. The contact with the other is so broken. Levinas calls it totalization.

The contact with other is not established through reason but through sensitivity. Sensibility, for Levinas, goes back to a point before thought originates. Sensibility is passive, not active as thought, and it is primarily characterized by enjoyment. Man is content with what becomes his part. He is happy, but selfish. This state precedes the rational subjectivity. Sensibility constitutes a place where the other can be met. An other is met not inside the cognitive self, but reaches into the sphere outside the cognitive dimension. Man is originally passive and sensations come to him from outside to be felt.

The other appears at the moment when the egoistic self tries to consume or make part of itself something that it cannot. The other person doesn’t allow the self to consume it in its egoism. The other resists. He is not known, he is felt. It is important to note that the encounter with the other is passive, it is not my interest at all. A. Beavers calls it “catching off-guard”. The selfish self is caught by the presence of the other completely unprepared and the other seems to be due my concern – not because I chose it, but because it is demanded from me. In this place I’d like to stress two interrelated aspects that come from this: proximity of the other and responsibility for the other that stems from the encounter. The meaning of social subject is to be for the other. Subject actually means subjection to the other. The egoistic self is sacrificed on behalf of the other. The subjection by the other becomes subjection for the other. Levinas wants to say that we all human beings are capable of ethical behaviour and that we are inevitably confronted with the requirements for ethical treatment when we meet an other.

5. How is business ethics possible?

Now the question arises whether businesses can accept and apply such an ethics. I think that if businesses knew what business ethics is in its full meaning they would refuse it. It would be considered impractical, unmarketable and destabilising in the too busy world. Organisations underlie the dictate of mean-end, i.e. they are goal directed. And good is not. The aim of ethics is such to clean the stiff and narrow-minded running of organisations.

Rule following and doing the assigned work is a very important concept in today’s society. All formal organisations have formal rules. And people follow rules given by those who have legitimate authority to give them. The human life becomes mechanical and servile. We have no longer moral language rooted in tradition and solidarity, as shared ideas about good and bad can grow only from shared experience. Because of that our moral world is very narrow and almost one dimensional, like the effective manager following the most effective input/output ratio. The result is, that people feel effective treatment, but miss the ethics. Some philosophers (like Slavoj Žižek) even think that business ethics and people’s response to it is a sort of collective play everyman takes part in, even though everybody knows it is a game. Nobody takes it seriously.

In the business sphere different codes and principles are valid than in private affairs. Business is a special kind of community; probably it is not a community at all. People usually don’t care about their work as they would care about their friends or families. The aim of business is to make money and the aim of community is happiness and good life. The aim of friendship is the friendship itself and we wouldn’t say that about business.

However it is good to think about business ethics at least for the possibility to be able to dismiss it. People who don’t know what it is cannot refuse it. And people who refuse it must think the way businesses run today is the only possible way.

5.1 Derrida

It seems ethics and business world are incommensurable. I agree, but would like to elaborate that idea a little further. Ethics still brings something to the business sphere – it avoids its closure and self-reference. This sentence contains more than it seems. It offers an option how to understand the relationship between ethics and business.

Levina’s ethics was accepted and thought over by J. Derrida. For Derrida ethics is based on the possibility of the impossible, on aporias. He concludes we can know nothing for certain, there is no absolute truth, there is always something incomprehensible, we always have some preunderstanding, preconception which determines our knowledge. Our knowledge is always mediated, we don’t have any direct access to truth, we have mediated experience only. Media both allow distance and distort experience. We cannot get rid of preunderstanding and mediation; as soon as we highlight a precondition or mediation we underlie another precondition or preperception or mediation. So there is
always some difference between our understanding and its object, we always come late, the thing contains more than it seems, it is not unambiguous, there is always some irreducible difference in it, some unsolvable aporia. Some of the aporias in the ethical sphere will be illustrated in the following text.

Aporia of the law (Derrida, 1992): Law itself is without ground, without the law, there is no law for the law. The law has no foundation. It means it is violent at its beginning. Law is based on originary ungrounded and unjustifiable violence. Nothing can justify the justice and legality of the law. The original authority is therefore mystical.

Decidability (Derrida, 1992): There is no decision and no responsibility without the undecidability. Decision must decide without rules to follow and even when one is only applying the rule he has to interpret its meaning and select the correct rule. Every decision is risky. Decision takes place only when one doesn't know what to do. Every case one must decide is unique and singular, does not fit in the established codes and therefore a decision about it seems impossible. And once the decision is finished, then the decision has again followed or given itself a rule and is no longer just in the present. Justice therefore is always to come in the future, it is never present. Either it has not followed a rule, hence it is unjust; or it has followed a rule, which has no foundation, which makes it again unjust; or if it did follow a rule, it was calculated and again unjust since it did not respect the singularity of the case. A just decision is always required immediately. One cannot furnish oneself with unlimited knowledge. The moment of decision itself remains a finite moment of urgency.

Sovereignty and democracy (2005): Democracy is a common governance of sovereign individuals. On the one hand, in order to be sovereign, one must take responsibility for oneself; the sovereign does not have to give reasons. In other words, sovereignty attempts to possess power indivisibly, it tries not to share. On the other hand, democracy wants the sovereign to share power, to give reasons, to universalize. If democracy consists of sovereign individuals it is aporetic.

5.2 Conclusion

Derrida criticises the European tradition for being reductive, forgetful, suppressive and exclusive. For ethics the idea of mutual fraternity, identity and common values is basic and ethics is looking for an integral concept. From the Derrida’s point of view this is a phantasm stemming from the idea of universal history. His deconstructive approach stresses difference, singularity and non-identity. We can hope for a better society only, but the realisation of perfect society is impossible.

Applied to the ethical domain we can say that it is full of differences. Moral subject is full of ambiguity and historicity. Business ethics is never purely ethical as I wanted to show. Business ethics is always related to profit. Conflict and difference are integral parts of the world. The business ethics tries to understand and build companies and their stakeholders as communities consisting of friendly and towards common good oriented members, but this is not possible. There is always competition, opportunities, conflicts.

But that doesn’t mean ethical endeavours are worthless. Derrida says in his Force de Loi (Derrida, 1992) that justice cannot be deconstructed which means justice transcends every possible state and legal system. It is a hope or wish which transcends every particular ethical or political system. It also means no achieved state is satisfactory, there is always a possibility for a better or more ethical state.

Analogical situation Derrida analyses in his conception of the gift which is an attempt to transcend the real economical relations in a perfect, but unreachable idea. Gift is for him an ideal that nullifies itself at the beginning. Its possibility contains its impossibility. Neither the giver nor the recipient can be aware of the giving act as they would give something in return and that would cancel the gift. Gift cancels the economic system, but is impossible. However it is a regulative idea directing the efforts of many good men. The economy of the gift is not possible as it is aporetic, but it is always present in the society based on exchange relations.

To allow these processes of differing to happen we need a free space full of respect and that would be the public space or its modification. It is not without contradictions but lets them happen and evolve. For the public space respect to other is necessary. And that is the point where business ethics should start.

5.2.1 Public space

In The Human Condition (1960) Hannah Arendt conceives of the public realm as a space produced by particular forms of citizen interaction. For its existence respect for other human beings and their opinions is necessary.
Public space is a space where the man’s deeds are seen and evaluated by others. As H. Arendt (1960) writes, public freedom consists of “deeds and words which are meant to appear, whose very existence hinges on appearance”. Such appearance, however, requires the public space. The real meaning of this idea is that other than the actual perspectives have the same value and validity and we thus come to the being of others the point of view of which we thus acknowledge. The public space comes into existence through the recognition (respect) that my perspective is only one of many and the internalization of the public situation of man. Respect is an ethical component as was shown above.

It is true the companies’ operations are seen by others, but they are not public (political) in the strict sense of the word. The motivation of their activities is private (self-interest), they show respect for other opinions only if it brings some advantage. The focus is not on the thing itself, but on the profit it will bring. Actors behaving according to the principles of homo oeconomicus cannot enter the public space as they see their private interests only. One of the basic ethical principles is unconditional respect for other human being. The world of homines oeconomici is a totality if it doesn’t allow and respect another perspective. And there are always other perspectives.

5.2.2 Business ethics

To conclude business ethics is in its ideality possible as an unreachable ideal only. As such it is the platform for the critique of every business behaviour. In the real world the clash of oppositions will always happen, but ethics must be the hope guiding our efforts.

Ethics must be a little bit unrealistic to allow freedom and change. People interested in ethics were always concerned about the world and wanted to change it. So there is certainly a place in the world and in the business world for ethics even though it provokes. But it has always provoked. Nothing has changed, people only mustn’t forget.

Acknowledgement: This article was prepared with support of the Internal Science Foundation of the University of Economics Prague IGA VŠE IG409040 (VŠE IGA 34/2010).

References


[22] PRASKEY, S., Putting ethics into technology, *Canadian Grocer*, 117(8), 2003, October, p. 85,87
