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## MANAGING THE CORPORATION AS COMMUNITY

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Roman Catholic education seeks to foster the development of personal virtue. Catholic business education should also seek to foster virtuous business practices. How is this to be accomplished?

Two general models suggest themselves. The first emphasizes characteristic patterns of thought, emotion, and behavior which define the virtuous person. The second emphasizes a set of rules or procedures the virtuous person will follow. The first is more typical of traditional moral theology, while the second aligns more closely with rule contractarian approaches to business ethics. We might say the first focuses on the Good and the second on the correct or the Right.

It has proven difficult to maintain and defend systems of virtue based on particular conceptualizations of the Good in an increasingly secularized and multicultural business environment. However, reliance on the procedures of pure rule contractarianism provides an uncomfortably thin basis for moral decision making and often produces troubling results.

This paper explores a third model related to Amitai Etzioni's "good society" which attempts to emphasize characteristics of both the Good and the Right in its approach to ethics. The virtuous person is characterized by a small set of core virtues upon which there is general agreement, and commitment to a pluralistic and more procedurally oriented approach to other issues. This model, while attractive, presents at least two important challenges. How are we to come to agreement on the core virtues; and how can this model produce an ethical business enterprise organization sensitive to the Good of the individual with Right procedures which are morally compelling but not compulsory?

In the final section, the United Nations Global Compact Initiative is proposed as an appropriate guide for addressing this dual challenge based on the distinction between observed community norms and reasoned global hypernorms as presented by Thomas Donaldson and Thomas Dunfee. John S. Dunne's theological concept of "crossing over" is presented as a means of assuring the unique cultural values of the individual are preserved within the broad demands of the enterprise.

### 1. THE NATURE OF GOOD

In attempting to define "The Good," ethicists generally rely on the ideas of virtue and morality. Tavis and Tavis (forthcoming) have argued that a distinction can be made in terms of the tension between our natural tendency to relate to one another and our individual drive for personal

expansion--our social embeddedness versus our drive for more. In terms of this model, both philosophy and theology would define the good person as one whose appreciation of her social embeddedness constrains or outweighs her drive for more.

### 1.1 The Psychological Drive for More

A wide range of secular and religious observers have noted a consistent human tendency to seek expansion of the individual self. Depending on particular personality characteristics, this may be expressed as a striving for superiority (Adler), the pleasure principle (Freud), the will to power (Rank), or self-actualization (Maslow, Rogers).

In commerce this is often expressed as the profit motive; in politics as the ambition for power. While most religious traditions do not see the drive for more as inherently evil, it is often seen as problematic. Most Christian definitions of sin emphasize the mistake of focusing on oneself and one's own desires rather than on God and one's relationship with God. Buddhists argue that this tendency to relate to the world in terms of its usefulness for self-aggrandizement and/or self-preservation is at the root of all suffering. Muslims consider sin to be assertion of the individual will in opposition to the will of Allah; "Islam" means "submission to Allah."

Some, such as Thomas Hobbes, argue that the drive for more is the fundamental human motivation. However, it is difficult to explain altruism and self-sacrifice within a Hobbesian framework. Most theologians and moral philosophers recognize another, social dimension of the human character.

### 1.2 Our Natural Social Embeddedness

Progoff (1956, p.55) argued, "Adler, Jung, and Rank...based their work on a social conception of the psyche in contrast to Freud's insistence...on the fundamental conflict between the individual and civilization." Most of Western psychology has followed Freud in seeing the individual as the smallest unit of analysis, discrete and complete in and of herself. However, both developmental neuropsychology and evolutionary anthropology point to the crucial and inextricable role the social matrix plays in the life of the individual.

Human infants appear prewired both emotionally and perceptually to "immediately seek out, register, and exuberantly respond to" caregivers (Balbernie 2001, p.237; for details see Tavis and Tavis 2002; Johnson and Morton 1991; Easterbrook, Kisilevsky, Muir, and Laplante 1999; Trevarthen 2001). Healthy emotional and relationship experiences in infancy and childhood appear crucial to the development of brain systems which play central roles in emotional regulation, impulse control, language, symbolic thinking, stress tolerance, and empathy (Balbernie 2001; Eliot 2001; Schore 2000, 2001a, 2001b, 2001c; Seigel 1999, 2001). Abuse and neglect appear to impair brain development (Bownds 1999; Glaser 2000; Karr-Morse and Wiley 1997; Nelson and Bosquet 2000; Perry 1997).

Prominent anthropologists (Dunbar 1993; Whiten 2000; Wright 1996) have argued that this mutual influence of social and neurological development characterized human evolution as well as individual development. They cite evidence that the neocortex, the most uniquely human part of the brain, co-evolved with language and social complexity. Indeed, "Hominid evolution may have become a feedback loop of ever-increasing social intelligence, producing our ever-expanding brains" (Zimmer 2001).

### 1.3 The Virtuous or Moral Person

It is increasingly apparent that the notion of a human being as independent of social context is inaccurate and misleading. Any attempt to address motivation and moral choice must recognize the multiple linkages between the individual and the social networks in which she participates. A good person is often defined as "virtuous" or "moral." Although the two concepts are distinct (Solomon 1992, p.194), they both are directed to characteristic patterns of thought and behavior in which social embeddedness dominates the drive for more.

Aristotle defined virtue in terms of individual excellence where excellence is measured by its *telos* or purpose (Solomon 1992, p.158). For Aristotle, virtue is closely associated with social embeddedness--as "...an exemplary way of getting along with other people, a way of manifesting in one's own thoughts, feelings, and actions the ideals and aims of the entire community" (p.192). Aristotlean virtues include both social virtues of congeniality as well as those that can be categorized as moral (p.194).

Religious traditions stress the web of relationships within which individuals function. In Christianity, beginning with the teachings of Christ followed by theologians such as Augustine and Thomas Aquinas and formalized in doctrine, faith is expressed through our interaction with one another. "What good is it, my brothers, if a man claims to have faith but has no deeds? Can such faith save him? Suppose a brother or sister is without clothes and daily food. If one of you says to him, 'Go, I wish you well; keep warm and well fed,' but does nothing about his physical needs, what good is it? In the same way, faith by itself, if it is not accompanied by action, is dead. But someone will say, 'You have faith; I have deeds.' Show me your faith without deeds, and I will show you my faith by what I do" (James 2:14-18, *NIV*). "Human nature, as Augustine always insisted, was always created social" (Markus 1997, p.252). Thomas Aquinas recognized that people are essentially social and cannot be good by themselves.

Buddhist recognition of the essentially social nature of moral and religious activity is exemplified in the three middle elements of the Eightfold Path (Right Speech, Right Action, and Right Livelihood) and in the Third Refuge of the Sangha. While each of the eight elements making up the Eightfold Path may be seen as having a social dimension, these three are explicitly social: It is not possible to achieve the release from suffering which is the Buddhist goal without interacting properly with others. Indeed, Theravada Buddhists argue, "*Sila* (virtue, moral conduct) is the cornerstone upon which the entire Noble Eightfold Path is built" (See [www.accesstoinsight.org](http://www.accesstoinsight.org)). Nor is it possible to achieve release from suffering without the

assistance and support of the well-intentioned community. The Sangha (literally, congregation) refers in the narrow sense to the community of Buddhists, especially ordained monks and nuns. In its broader sense, Sangha refers to all those who are trying to live a good and moral life and striving for wisdom (See [www.buddhamind.info](http://www.buddhamind.info)).

The Hindu concept of *dharma*, often translated as morality or righteousness, is central to both individual conduct and the well-ordered society. Bansi Pandit explains:

*Dharma* (morality or righteousness) is the cornerstone of a just and equitable state. *Dharma* preserves the individuals and the society. The oft-quoted axiom is: “Hunger, sleep, fear, and sex are common to all animals, human and sub-human. It is the additional attribute of *dharma* that differentiates man from the beast.” Thus, the political philosophy (*danda-nîti*) of the state must be grounded in *dharma*. In ancient literature, the righteous king (state) is believed to be *Dharma* itself, created by God for the protection of all beings (Manu 7.3 and 7.14).

In personal life *dharma* is expressed as virtues and duties. In the political life *dharma* is expressed as the just and equitable laws which restrain evil and promote virtuous life. In the Hindu polity, politicians are required to inspire virtue and loyalty to the laws of the state by their own example. In Hindu legal literature, the word *dharma* conveys the same meaning as the words ethical, reasonable, and equitable in Western legal literature (Pandit 1996).

In the Confucian view, morality consists primarily in the cultivation and conduct of proper social relationships. This emphasis on proper social relationships has often been misunderstood in the West as an emphasis on etiquette for its own sake. However, the core Confucian concepts of *ren*, *li*, and *yi* are much deeper, linking individual morality with social order. *Ren* includes notions of benevolence, kindness, kindheartedness, humanity, and virtue (Chuanshu 2001). It can also be understood as a commitment to moral improvement (Li 2003). *Ren* is expressed in and governed or shaped by *li*, the proper ordering of social relationships. In its narrowest sense, *li* refers to correct conduct of rituals, but in its broader sense it refers to the ordering of social life and conduct in harmony with *ren*. *Yi*, a refinement to Confucian thought introduced by Mencius, emphasizes the importance of duty and righteousness in sustaining *li* (Chan 2000).

The deep interconnections between virtue ethics and religion are not accidental.<sup>1</sup> It is difficult to form a basis for defining what constitutes virtue without appealing to some transcendent moral authority. Christians, Jews, and Muslims ascribe that authority to a personal God. While many nonWestern religions are not monotheistic (and in some cases not theistic at all), they nonetheless make some claim to transcendental authority for their moral positions. Even Aristotle appealed to the nature of the Unmoved Mover.

## 1.4 Virtue and Morality in a Secularized and Multicultural World

The model of the Good presents a vision of the virtuous and moral person as exhibiting a definitive set of personal characteristics (the virtues) formed through the individual's interaction with others. At its core, values-based moral management is dependent upon the capability of individual managers to put their sense of social embeddedness ahead of their drive for more. Excess careerism, vicious corporate cultures, and most of our recent corporate scandals are the result of perverse priorities involving these two basic human motivations--a failure on the part of the individual to pursue the Good.

Virtue theorists' definition of the Good provides a kind of moral clarity, but at a price. It is difficult to draw together the efforts of people with disparate interests and motivations and direct these efforts toward common goals. But this is precisely the nature of the business enterprise. With rare exceptions, large secular business organizations are not composed exclusively of people who agree on all aspects of a moral code and all issues regarding its implementation. In the case of multinational corporations, members of the business enterprise are likely to hold quite different religious and cultural beliefs regarding the nature of the Good. How is *ren* to be expressed in *li* if the members of the group disagree on the nature and elements of *ren*? How is personal *dharma* to be translated into *danda-nîti*?

The model to be discussed next approaches the problem from the other direction, focusing on the rules and procedures which can coordinate interactions between individuals and groups. This emphasis on correct behavior rather than personal virtue (the Right rather than the Good) provides a means of linking the disparate interests of individuals in efforts toward some kind of group goals.

## 2. PROCEDURAL-BASED CORRECTNESS--THE RIGHT

A concentration on the individual, albeit as an individual formed through interaction, does not provide a structure of interaction and process through which group efforts can readily be directed toward common goals. In a business enterprise, the relationships among the associates is organized, in some manner, through sets of rules or procedures directed at creating the correct behavior (the Right).

The procedural model is less sanguine about the positive dimensions of social embeddedness and the individual concern for others, and therefore focuses upon the procedures within which the individual participant is directed toward the correct or Right behavior. These structures take many shapes, in terms of the law, requirements for fair negotiations, corporate codes and compliance procedures or, on a macro basis, Adam Smith's (1976, 1978) invisible hand. Aside from Hobbesian constructions, these models generally do not envision the person as devoid of virtues or morality and totally motivated by the drive for more. However, the focus is on the procedures for interaction rather than the personal qualities of the actors.

## 2.1 Procedural Models

Proceduralist approaches can be grouped roughly into three categories: Deontological (e.g., Kant, Rawls, Kohlberg); utilitarian (e.g., J.S. Mill, some readings of Adam Smith); and contractarian. The basis of the claim for moral authority is different in each case. The first relies on abstract analysis based on principles of fairness which are asserted to be universal; the second on maximization of benefit; and the third on the importance of honoring contracts in order to establish and maintain social order. However, the essential argument is the same for all three: The common good is best achieved by structuring the interaction among a group's members rather than by attempting to improve the character of each member.

## 2.2 Contractarian Models

Whatever their philosophical basis, proceduralist models focus on rules and their application. These explicit and implicit rules guide the interaction among individuals, between individuals and the communities of which they are members, and among the communities. At all of these levels, the concentration on procedure as the determinant of correct action leads to a focus on contracts, first among individuals, and then extending to contracts among organizations, among countries, and among global systems. Rule definitions can be approached on a macro basis with a view toward the rules and constraints imposed by the systems, or at the more micro level of interaction among individuals.

On a micro basis, in a perfect economic system, the behavior of the manager is fully determined by the competitive interaction of the market, forcing economic optimization within the constraints of the law and regulation of governmental agencies. Here, the market and regulatory rules of the system completely dominate, allowing the manager no decision freedom. In this economically perfect system, morality would apparently have to come from either the market or the government rather than the manager. The market itself would be amoral, so any social values which constrain the market must be expressed through governmental regulation. This is essentially Friedman's view when he states, "There is one and only one social responsibility of business to use its resources and energy in activities to increase its profits so long as it stays within the rules of the game" (Friedman 1962, p.133). But note Friedman's acknowledgment of a cultural dimension, beyond law and regulation, when he accepts "the rules of the game" as a legitimate constraint. This hints that the market is also affected by expressions of cultural values outside the formal workings of law and regulation. Reality, of course, is far from perfect.

The market itself consists of multiple contractual relationships among individuals and organizations. Coase initiated this view in 1937 when he defended the existence of the business enterprise as a necessary means of minimizing the contractual transaction cost in those cases where long-term effects cannot be anticipated and thus explicitly included in a contract. (Coase 1937). Building on the work of Coase, Jensen and Meckling define the business enterprise, indeed all organizations, as a mere nexus of contracts (Jensen and Meckling 1976, pp.310-311).

For financial theorists, among the multiplicity of contracts involved in the business organizations, shareholders, as residual claimants, are given a priority. Contrary to appearances, a model based on contracts is not devoid of values beyond those reflected in law and regulation. Certain social values are implicit in the contractual relationship itself. For example, trust among the individual contracting parties is a necessary foundation for the pyramid that becomes the market. Adam Smith was deeply concerned about the need for trust among market participants; this is one of the linkages between *Wealth of Nations* and *Theory of Moral Sentiments* (Muller 1995).

Audi makes this point from philosophy. “Utilitarians maintain that to maximize the good we must not only cooperate with others but also respect their rights, even when we have no ongoing relationship with them. Instrumentalists tend to hold a similar view concerning desire satisfaction: Concentrate exclusively on your own and you will tend to get little of it. Kantians see us as properly aiming at coexistence in a kingdom of ends, and they insist, as do virtue theorists, on honesty with others and, within certain limits, beneficence toward them” (Audi 2000a, p.19).

De George proposes that a fair negotiation is one in which each participant must be satisfied with the fairness of the process itself, distinct from the outcomes. “All interested parties must be allowed to have a say” (De George 1993, p.34). “Agreements in general are fair if both parties enter into them freely, both sides benefit from the arrangement, and both sides believe the terms fair” (p.40). De George thus extends the moral requirement from the individual to the process itself. Storme and Gordley emphasize the legal tradition that contracts be negotiated in good faith (Storme 1994, Gordley 1997).

The contractarian emphasis also exists in organizational theories which have been developed to counter traditional shareholder models. For example, the difference between the stakeholder and shareholder models is in the priority given to shareholders, not in the underlying contractual base. In stakeholder theory, the manager becomes the arbiter among the interests, needs, and rights of the stakeholder, each possessing an implicit or explicit contract with the firm. Corporate codes of conduct and the auditing of compliance with these codes may also be seen as essentially contractual. The corporate code of conduct either adds terms to the nexus of contracts which comprises the firm or makes previously “implicit” terms more explicit. The code provides general guidance with the specifics generated in the corporation’s procedural guidelines.

### 2.3 Assessment of the Procedural Model

Procedural systems provide a framework within which human interactions based on individual appetites or desires can be translated into socially beneficial outcomes. Adam Smith’s “invisible hand” is an example of channeling the drive for more toward the social good through the rules of the marketplace.<sup>2</sup> For Smith, individual values are crucial to the viability of a specific contract. Each contract is intended to produce individual goods for the parties without regard for the larger social good. However, broad social benefits accrue as unintentional consequences of the

aggregate of specific contracts. Corporate codes of conduct and De George's notion of fair negotiations extend the recognition of the influence of moral virtues further into the contractual process. Organizational procedures within the business enterprise are created, often with the intent of introducing values and morality, as counters to the mechanistic amoral market drive for efficiency.

Such procedural emphases, however, can lose track of the individual--the importance of virtue as self-fulfillment; personal faith as a guide to morality; the individual's influence on the procedures and vice versa. Their basic fallacy is in mistaking the means (correct procedure) for the end (the common good). Elements of both the Good and the Right are needed. Missing is a sense of community, a notion that combines the importance of the individual and procedures within which the individual can contribute to the common good. The communitarian model attempts to make this connection.

### 3. THE COMMUNITARIAN MODEL

The communitarian model as proposed by Etzioni includes elements for the Good of individual morality and the Right of correct procedure. It envisions a minimal set of core values in a pluralistic society with an emphasis on procedural structures.

There is a natural flow from a person's social embeddedness to participation in a community. As noted in the earlier discussion, virtue for Aristotle was in the context of a community. The Hebrew Bible and the New Testament emphasize this community context, as do Augustine, Aquinas, and Roman Catholic tradition. The transition also exists in the Buddhist, Hindu, Confucian, and Islamic traditions.

Robert Audi is careful in his extension of social embeddedness, what he terms "the social side of our nature," to our involvement in communities. "It is not unnatural to go further and to maintain that human good itself is realizable only in community" (Audi 2000a, p.19). He ties the added dimension of community to notions of the common good in communitarian terms. "In addition to an individual's good being in part socially constituted, communitarianism reflects an emphasis on 'the common good.' Aquinas described law itself as 'ordained toward the common good,' and communitarians themselves have criticized the political theory of Rawls and others as insufficiently providing for it" (Audi 2000a, p.20).

This addition of a communal purpose to individual morality introduces the possibility of conflict between individual and communal goods. "If...the individual is inextricably intertwined with the social group in which she participates, then it follows that her personal fulfillment, her individual good, is also intertwined with the common good. But, 'intertwined with' does not mean 'subsumed under'; there are always tensions between the person and her social matrix. It is a mistake to attempt to resolve these tensions in favor of either pole" (Tavis and Tavis forthcoming, p.23).

This tension then leads to the necessity for correct procedures within which these tensions can be resolved. Thus, communities must define their communal good in parallel with the Good of the individual members and establish procedures through which both sets of goods can be nurtured and balanced--a major task. The communitarians address this task.

### 3.1 Communitarian Thought

Etzioni has recently described communitarian ideals in terms of a "good society" which he describes as "...a society that fosters a limited set of core values and relies largely on the moral voice rather than upon state coercion" (Etzioni 1999, p.10). There are two instruments of his good society. One is a moral voice, the second is the reality of overlapping communities.

#### 3.1.1 Sources of the Communal Moral Voice

Etzioni ties his moral voice to social embeddedness. "One main instrument of the good society, the mainstay of 'culture,' is the moral voice which urges people to behave in pro-social ways. While there is a tendency to stress the importance of the inner voice, communitarians recognize the basic fact that without continual external reinforcement, the conscience tends to deteriorate" (Etzioni 1999, p.4).

This moral voice is what distinguishes the communitarian ideal from the notion of civil society. While most proponents of civil society avoid any prioritization among its voluntary organizations in terms of substantive values, communitarians stress a values core. "The concept of the good society differs from that of the civil one in that while the former also strongly favors voluntary associations--a rich and strong social fabric, and civility of discourse--it formulates and seeks to uphold some particular social conceptions of the good. The good society is, as I have already suggested, centered around a core of substantive particularistic values" (Etzioni 1999, p.7).

In our reading of Etzioni, he would accept personal religious beliefs as part of a personal "inner voice." However, he is suspicious of religious influence in defining the common social morality or the common good. He has a deep distrust of coercion by the state and a keen awareness of the possibility that religious groups might impose their values through the state. This is the basis for his emphasis on voluntary organizations of civil society as a counterbalance to the state. "All that I argue here is that good societies promote particularistic, substantive formation of the good; that these are limited sets of core values that are promoted largely by the moral voice and not by state coercion" (Etzioni 1999, p.8). Thus, while the state may be the only institution in our society with the right of coercion, Etzioni is in a continuous search for offsetting influences.

The appropriate role of religion in determining state policy for liberal democracies (as distinct from theocracies such as ancient Judaism or modern Islam) is a hotly debated topic in the philosophy of law, generally in the framework of the separation of church and state. Neuhaus,

for example, supports the religious voice. “As with individual citizens, so also with the associations that citizens form to advance their opinions. Religious institutions may understand themselves to be brought into being by God, but for the purposes of this democratic polity they are free associations of citizens. As such, they are guaranteed the same access to the public square as are the citizens who compose them. It matters not at all that their purpose is to advance religion, any more than it matters that other associations would advance the interests of business or labor or radical feminism or animal rights or whatever.... What opinions these associations seek to advance in order to influence our common life is entirely and without remainder the business of citizens who freely adhere to such associations” (Neuhaus 2000, p.90).

Alternatively, Conkle objects to some aspects of religious input. While he accepts a public role for religion, he does not accept a role for religious fundamentalism which he defines as “...a type of religion that regards its sacred texts (or other religious authority) as a source of truth that is absolute, plain, and unchangeable” (Conkle 2000, p.318).<sup>3</sup> He sees this fundamentalist approach as interdicting the appropriate “deliberative, dialogic decision-making process, a process that at least permits the possibility that argument or discourse will lead to a change of mind” (p.318).

Thus, faith and religion play an important role in the way we think, in the way we interact with others, in the way communities are organized and governed, all the way to the broadest systems of national and international governance. In these ways, faith, religious tradition, and institutionalized religion have a role--both beneficial and potentially problematic--in the social definition of the business enterprise and in its management.

### 3.1.2 Overlapping Communities

Communities are the structures through which social interactions take place. They are a central part of our moral formation. Each of us is a member of multiple communities, some defined by common values, others by work, still others by geography. Richardson describes the interaction among communities in terms of “nesting boxes.” “Communities are the most important sustaining source of moral voices other than the inner self.... Communities are best viewed as nesting boxes. Less encompassing communities (families, neighborhoods) are nestled within more encompassing ones (villages and towns), which in turn are situated within still more encompassing national and cross-national communities. Nongeographic communities criss-cross the others” (Richardson 1998, p.46). Thus, the community and nests of communities provide the means by which the person is linked to the larger society, as distinct from the web of contractual relationships that comprise the market.

The communal linkage is not without difficulties:

The challenge to the communitarian paradigm is to point to ways in which the bonds of a more encompassing community can be maintained without suppressing the member communities. In many ways, the sociological formation required is similar to what is needed in the relations between an individual and a single community: autonomy that is bounded rather than unfettered. And just as individual rights must

be balanced with a commitment to a shared core of values, so the commitment to one's community (or communities) must be balanced with commitments to the more encompassing society" (Etzioni 1996, p.191).

Addressing the problem, Etzioni stresses the importance of what he calls "thick shared frameworks" of layered loyalties which nurture a split loyalty between a person's immediate community and the more encompassing community (Etzioni 1996, pp.203-205). He makes an important point relative to the individual freedom within the community. "Most people in contemporary free societies are able to choose, to a significant extent, the communities to which they are psychologically committed, and can often draw on one to limit the persuasive power of another" (Etzioni 1999, p.5). On the part of the community, the framework needs to recognize people as members of multiple, overlapping, and interlaced communities (Etzioni 1996, p.205).

Richardson sets nongeographic communities as different from the others, a distinction of importance for the business enterprise. "Nongeographic communities, which are made up of people who do not live near one another, may not have foundations as stable and deep-rooted as residential communities, but they fulfill many of the social and moral functions of traditional communities. Work-based and professional communities are among the most common of these" (Richardson 1998, p.47).

### 3.2 Assessment of the Communitarian Model

The communitarian model is rich in its consideration of the common good for the community and procedures which direct our efforts toward those ends. For the individual, most of the communitarian literature is concerned with individual freedom, the protection of human rights, and limiting the ability of the majority to impose its will on the minorities. There is little attention to the social embeddedness of the person as the key to human flourishing. The concern for human rights, for example, can easily become depersonalized, losing the face of the deprived. The emphasis on concern for individual others, embedded in most religious belief systems, can offset this isolation which can occur even within a communitarian setting.

Communitarian thought clearly has much to contribute to managing the business enterprise as a community, although surprisingly little of the work that is generally classified as business ethics begins with the communitarian tradition.

## 4. BUSINESS AS COMMUNITY

To view the business enterprise as a community involves a different approach from our traditional organizational guidelines. It is the management of relationships rather than contracts. It involves careful attention to the good of the individual, his or her personal virtue, flourishing, and morality. Individual rights are defined and assured by the community while individual responsibilities are determined with respect to communal goals. The enabling structures within

which these personal relationships are nurtured must benefit the community as well as the individual.

Individuals associated with the business enterprise are members of multiple communities. Each person in a business enterprise or business unit of a multinational corporation is a member of numerous communities--family, voluntary organizations, religious institutions, governmental units--each with its, perhaps subtle, differences in core values. As noted, membership in overlapping communities provides protection for the minorities in each community from coercion by the majority. In terms of the business enterprise, this protection would be the institutions that represent the various stakeholder groups (Tavis 1997, pp.104-105).

The multinational enterprise embraces a number of communities. Many of the business units can be located in different and often disparate societies. As communities overlap and nest within one another, societies are formed (Richardson 1998, p.46) with institutions that reflect the particular values of that society (Etzioni 1999, p.5). This is what creates the unique challenge for the multinational enterprise as an organization that spans multiple societies. The issue is which cultural characteristics of which society should be established as the standard for the multinational network and which should be part of local managerial discretion for the local business unit (BU) (See Figure 1).

There is a role for faith and religion in these determinations. Faith in something beyond oneself is an integral part of each persons' psyche. The faith experience is expressed in various religious traditions which stress social embeddedness and constraints on the personal drive for more. These traditions are formalized into religious institutions which have social authority. Faith as a part of one's psyche is an essential element in the human concept of what it means to be Good. As such, the community is always influenced by and must be attentive to the religious commitment of its members.<sup>4</sup>

In managing the business enterprise as a community of communities, bridging different cultures and faith communities, three dimensions must be addressed:

- the determination of uniform moral standards to be applicable across the enterprise network while allowing for the particularity of each individual community;
- appropriate governance procedures that are morally compelling but not legally compulsory;
- respect for pluralism within and across the communities.

#### 4.1 Network Ethical Standards

Corporations must standardize their ethical stance across their organizational networks just as they standardize dimensions of their product designs, production processes, and brands. Ethical standardization is far more difficult due to the subtleties of cultural differences and the normative judgments involved. This is the core problem for a community of communities such as the multinational corporation. Each of us is shaped within her own cultural and religious

communities; each cultural enclave embeds and defines its own idea of virtuous behavior as does each religion its own morality. Still, commonalities are evident within this matrix, both across cultures and between secular and religious value systems. These commonalities and uniquenesses create the ever-present tension between universal and local norms.

Within the business organization, managerial teams comprised of members from different cultures must be attentive to and resolve cultural differences. As an organization, the multinational must distinguish between those norms which will be standardized across the organization and those where local business units will have flexibility. This is especially difficult for the multinational business enterprise, since many cultural norms are asserted to have their origins in divine mandate.

#### 4.1.1 A Framework

Donaldson and Dunfee propose a framework within which these distinctions can be made. They provide a careful, insightful structure in which the tensions between uniform global standards and unique community norms can be analyzed. They define a dual base for ethical norms. One is a set of global hypernorms valid across all cultures and communities. The other is a set of micronorms valid within specific communities. The hypernorms, then, determine the moral freespace within which each community can establish its own norms. This hierarchy and distinction are built upon what Donaldson and Dunfee term integrated social contract theory (ICST). ICST is an “attempt to find a middle course between ethical universality and cultural particularity” (1999, p.81).

In Donaldson and Dunfee’s conceptual structure, local communities generate their own ethical norms. To be “authentic,” these norms must be “supported by the attitudes of a clear majority of the community as well as reflected in community behavior” (p.38). “Authentic ethical norms represent the consensus of the individuals who constitute a given organization or group on the propriety of particular behaviors.... An authentic ethical norm exists within a group or community whenever a substantial majority of membership holds the attitude that a particular behavior is right (wrong) and a substantial majority act consistently with that attitude” (p.102).<sup>5</sup> These ethical norms are generated for their members through “extant” or “micro” social contracts.

Local community norms must, however, be within the boundaries of global hypernorms. These hypernorms reflect crosscultural truths such as human rights (p.6). Hypernorms define the moral freespace within which local communities define their own norms. Authentic local norms must be within the requirements of the hypernorms if they are to be “legitimate.”

Hypernorms transcend communities, creating obligations for all communities. “No matter how large, however, any community is capable only of generating authentic ethical norms, not hypernorms” (p.89). Hypernorms are based on macrosocial contracts that reflect hypothetical

agreement among rational members of a community. Thus, while hypernorms transcend communities, authentic norms must be grounded in specific communities.

Hypernorms can be grouped into three distinct categories. Procedural norms are based on the right of exit and voice, norms essential to the consent necessary for authentic microsocial contracts (p.51). Structural hypernorms provide the foundation for political and social organizations. These principles “establish and support essential background institutions of society” (p.53). Donaldson and Dunfee describe structural hypernorms, such as the right to private property, to fair treatment under the law, or the condemnation of bribery, all in terms of an “efficiency” hypernorm (pp.51, 117-138). Substantive hypernorms specify fundamental conceptions of the good. These hypernorms represent the “convergence of human experience and intellectual thought” (p.53). They cover a broad range from the promisekeeping of the contractarians to respect for human dignity as the foundation for human rights.

Structural hypernorms are based on macrosocial contracts at the level of the overall economic system, and procedural hypernorms are found within the macrosocial contract (p.53). Alternatively, substantive hypernorms are not part of the social contract. They exist outside these contracts.

Donaldson and Dunfee expend great efforts to clarify the foundation for their microsocial community norms and their hypernorms, and they tie the determinations of measured authentic, legitimate, local norms, as well as theoretical hypernorms, to individual management decisions. However, in both cases, they resist the temptation to define a preferred set of norms. For microsocial contracts, the emphasis is on how to make ICST useful in day-to-day decisions (p.175). They cite eleven examples of authentic, legitimate norms indicating, “There are million of examples of norms like these” (pp.172-173). A major concern is competing norm sets that arise from the uniqueness among communities. They consider tensions: (1) within communities which, as indicated earlier, could arise from an individual’s membership in multiple communities, or the tension between individual and community goals; (2) horizontal tension where two communities have competing microsocial norms as could be the case of business units located in different cultural settings; (3) vertical relationships where a community is subordinated to a larger or broader community, similar to the nesting of communities described above (p.180).

Stressing flexibility, Donaldson and Dunfee pose six rules of thumb to guide managers in resolving these tensions:

- Transactions solely within a single community, which do not have significant adverse effects on other humans or communities, should be governed by the host community’s norms;
- Existing community norms indicating a preference for resolving conflicts of norms should be utilized, so long as they do not have significant adverse effects on other individuals or communities;
- The more extensive or more global the community that is the source of the norm, the greater the priority that should be given to the norm;

- Norms essential to the maintenance of the economic environment in which the transaction occurs should have priority over norms potentially damaging to that environment;
- Where multiple conflicting norms are involved, patterns of consistency among alternative norms provide a basis for prioritization;
- Well-defined norms should ordinarily have priority over more general, less precise norms (pp.184-190).

Donaldson and Dunfee are careful not to endorse any set of general principles as a specific basis for substantial hypernorms, in spite of the many calls for this list since their early published work on ICST. They see the statement of a preferred set as a form of absolutism (p.54). Instead, they note, “Most communities must, as a matter of moral necessity, find and articulate their own [substantial] hypernorms, using the concepts and linguistic terms that are right for them” (p.55). They look primarily to the uniformity among cultures as the source of commonality: “Rather, ethics is inevitably expressed in ways that are ‘thick’ with culture, tradition, and institutional significance. Thus limited, the claim for the existence for hypernorms becomes the claim for a significant area of overlap among local cultures.... Because hypernorms are by definition capable of gaining an overlapping consensus of reasonable religious, philosophical, and moral doctrines, then *if* they exist, we should hope to discover a real world convergence of religious, philosophical, and cultural beliefs” (p.57).<sup>6</sup> Further they argue, “While granting that a convergence of ethical views is likely, we do not take a position about whether hypernorms have a purely rational basis as Kant argues, or a partially empirical and historically basis as Hegel argues...instead, we propose to use the existence of the convergence of religious, cultural, and philosophical beliefs around certain core principles as an important *clue* to the identification of hypernorms. We proceed in this manner because, again, even if hypernorms are certified solely through the light of reason, we should expect to encounter patterns of the acceptance of hypernorms among people around the world. Hence, patterns of religious, cultural, and philosophical beliefs can serve as a clue, even if not as complete validation, for the identification of hypernorms” (p.59).<sup>7</sup>

Thus, in applying their conceptual structure, Donaldson and Dunfee go to great lengths to provide enterprise management with guidelines for specific decisions, emphasizing extant authentic, legitimate community microsocial contracts as the primary sources of ethical norms and looking to the commonality among community norms as the basis for generalization informed by a thin set of reasoned hypernorms.

However, within the Donaldson and Dunfee structure the multinational enterprise must anticipate the generalization of ethical norms that apply to all corporate decisions--norms that apply uniformly across the enterprise network. These would be akin to the crosscultural set of community norms reinforced by hypernorms. Within this uniformity, then, local managers

would have the responsibility to be attentive to unique local norms not located in the overlapping set. The United Nations Global Compact is an example of such a uniform standard.

#### 4.1.2 The United Nations Standard

The United Nations Global Compact Principles are an application of the U.N. Declaration of Human Rights to guidelines for business conduct.<sup>8</sup> At the Davos World Economic Forum in 1999, the Secretary General of the United Nations, Kofi Annan, challenged the business community: “I call upon you--individually through your firms, and collectively through your business associations--to embrace, support, and enact a set of core values in the areas of human rights, labor standards, and environmental practices.”<sup>9</sup> Following a year of intense interaction among business CEOs, business organizations, and four agencies of the United Nations, a set of nine Principles was articulated (see Appendix A for these Principles). The advantage of the Global Compact Principles is its foundation on the Declaration of Human Rights. The broad acceptance of the Declaration provides a touchstone virtually anywhere in the world.<sup>10</sup>

The Global Compact is a voluntary initiative with no framework for legal enforcement.<sup>11</sup> The decision to embrace the Principles is left to the individual enterprise. There is no screening of the firms joining the Compact and no U.N. endorsement. At this point, close to 200 European firms but only a handful of United States corporations have embraced the Principles. Incorporating these Principles into the life of a multinational corporation has proven to be a major challenge.<sup>12</sup>

The U.N. Global Compact Principles contain an interesting disjuncture that raises two distinct managerial challenges. Principles 1 and 2 are the fundamental core for Principles 3 through 9. The first two Principles call for the overall defense of human rights whereas the other seven define and particularize the basic tenets of Principles 1 and 2. While the labor and environmental Principles (3-9) call for specific implementation, performance relative to the general Principles (1-2) is dependent upon the culture of the organization. Also, note that all nine Principles focus on the individual and her rights with little emphasis on the individual's responsibility to the community; in Catholic Social Thought the latter emphasis complements the former.

#### 4.2 Governing Procedures for the Enterprise Network (Figure 1)

In its broadest sense, governance consists of those systemic factors that direct the activities of the firm--the efficiency of product and financial markets and the effectiveness of governmental regulation. These are often termed the “hard” constraints on corporate action. These systems, particularly the regulatory component, often reflect the faith-based input from religious groups.

The first managerial step in governance is the negotiation of this external environment in a manner that reflects the goals of the enterprise community. This step generally involves legal compulsion on the part of external regulatory authorities. The second, internal step in governance, involving “soft” constraints, usually involves the development of procedures which reflect the norms of the organizational culture in ways persuasively compelling but not legally compulsory.

Attempts to adopt the United Nations Global Compact Principles can be instructive here. The CEO is the one asked to sign the Compact. This introduces external standards to be implemented from the top of the organization. For the labor Principles (Principles 3-6) and those for the environment (Principles 7-9), the challenge for the corporate leadership is to communicate the nature and importance of these Principles and to establish a set of procedures that drive them deeply into line management decision making.

Most managers, in most cultures, are not comfortable factoring a concern for human rights into their decision making. This is particularly true for second-generation human rights. While the so-called first generation of political and civil rights have become part of our consciousness, the second generation of human rights, the economic, political, and cultural rights which are deeply embedded in human flourishing and strongly influenced by the enterprise community, can be disquieting. Civil and political rights tend to be clearly perceived. The threshold that constitutes a particular right, and the distinction between this threshold and individual needs or interests, is socially distinguishable. This is not the case for second-generation rights. The thresholds of economic, social, and cultural rights are more complex and usually not clearly defined by society. "These second-generation rights are far more difficult to specify; society is continually redefining its human rights concerns and acceptable thresholds; while national legislation supports these rights, they have received only modest recognition in the constitutions of modern Western cultures; they can easily become politicized; they can contradict one another; and protecting second-generation rights can be expensive" (Tavis 2003, p.742).

Multinationals, particularly in developing countries, can be the dominate force in effecting second-generation rights. The business enterprise is the direct source of economic benefits for its constituents and exerts a major impact on the social and cultural dimensions of those stakeholders who are affected by its activities.

The social context of second-generation rights is also changing. In some industries such as pharmaceuticals, for example, societies across the world are changing their expectations of the industry relative to the right of access to medicine.

In the case studies of U.N. Global Compact implementation reported to date, the emphasis has been on procedures and attempts to achieve credibility (Tavis 2003). The implementary guidelines reflect attempts to ensure the application of U.N. Global Compact Principles 3-9 as the enterprise network standard.

#### 4.3 Beyond Procedure: Pluralistic Corporate Cultures

The term corporate culture has developed as a spanning consideration of the ethos in a particular business enterprise.<sup>13</sup> A preferred culture would be one supporting the communitarian standards --a balance between individual flourishing and community goals--the same balance as is sought by internal governance procedures.<sup>14</sup> The notion of corporate culture necessarily involves how

members personally interact within the community. Respect for differences and empathy for colleagues are at the core of corporate culture.

The concern for corporate culture is of a different dimension from the question of uniform moral standards and their governance. It must be initiated individually, a requirement well beyond corporate procedures. It can be envisioned in terms of managerial decision-making freedom within the hard and soft constraints. As noted, hard constraints are those imposed on the enterprise by the external forces of product and financial markets, national regulatory regimes, global governance networks, and the expectations of society. The soft constraints are corporate policies and procedures such as those intended to operationalize Principles 3-9 of the Global Compact. Within these guidelines, multinational managers need to be attentive to the Good of local people who are part of their particular business unit and to the common good of the communities of which these people are members. The behavior of good managers reflects a genuine, socially embedded concern for their colleagues.

Two examples will make this point. The first has to do with implementing Principles 1 and 2 of the Global Compact--those of unspecified human rights. The second example focuses on the critical issue of understanding cultural differences among the members of the enterprise community.

#### 4.3.1 United Nations Global Compact Principles 1 and 2

As noted, the first two principles of the U.N. Global Compact are different from Principles 3-9 as these others are specifications of the generality of Principles 1 and 2 applied to labor and the environment. Principles 1 and 2 call for a local sensitivity on the part of business unit management. The identification of specific rights-related activities will come from the grassroots, from the bottom up. This is the flexibility side of the network--the relative side of the universal/relative division.

Serving these needs is beyond the corporate guidelines initiated to ensure compliance with Principles 3-9. Virtually all enterprises have examples of grassroots responses to local needs, the denial of which reach the human rights threshold. An example is the response to a lack of access to potable water, sanitation, and access to medicine in a squatter community near a Castle & Cooke Pineapple Plantation in the southern Philippines. Local management identified these needs and responded within the hard-driving business model of Castle & Cooke (Tavis 1997, Case 1, p.169)

#### 4.3.2 Understanding the Culture of Another

Many different cultures are represented in the multinational community of communities. The second example is the requirement that a moral corporate culture must be based on true understanding and acceptance of another person's cultural heritage. Such a movement beyond tolerance to appreciation requires a movement beyond intellectual understanding to empathy. John Dunne offers a way into this empathic understanding and acceptance through his notion of "passing over." Starting with one's own most central concerns, one explores another person's life and beliefs in terms of how these concerns are addressed: "You find yourself able to pass over from the standpoint of your life to those of others, entering into a sympathetic understanding of them, finding resonances between their lives and your own, and coming back once again, enriched, to your own standpoint" (Dunne 1977).

Much of Dunne's work rests on a belief in core human commonalities. For individuals, a core commonality is the centrality of death (Dunne 1985). The great religions, each in unique ways, offer "insight into the common experiences of mankind" (1978, p.xii), and opportunities to experience an ineffable "peace that is spoken of in all the religions" (2000, p.5).

Passing over is not a form of spiritual tourism. It rests on the deep-seated awareness that the key issues in our own lives are unresolved, and the hope that another person's life or culture will offer us new insights into our own. Dunne understands that empathy is rooted in uncertainty; in order to truly appreciate another person's life experience, I must not be satisfied that my own perspective is the final word. Throughout his writings, Dunne argues for the assurance of faith rather than the certainty of dogma. This distinction may suggest both an avenue for transcultural cooperation within the multinational corporation and a means of recognizing and encouraging the role of faith and virtue in the lives of individuals (and therefore of groups) without falling into the moral certitude which characterizes fundamentalism of all stripes.

Empathic understanding poses a deep communitarian challenge to our notions of management. Still, for a multinational enterprise, this kind of local appreciation must exist if local stakeholders are to flourish within the procedures of the enterprise network and if responsibilities such as those espoused in the first two U.N. Global Compact Principles are to be met.

The rapid growth of the global business environment has demonstrated that we cannot predict the cultural clashes and ethical dilemmas which lie ahead.<sup>15</sup> The sort of principled flexibility offered by a communitarian approach to business ethics may help us develop an ethic for the multinational enterprise which will promote both the flourishing of individual stakeholders and local communities and the furtherance of the goals expressed in the Principles of the U.N. Global Compact.

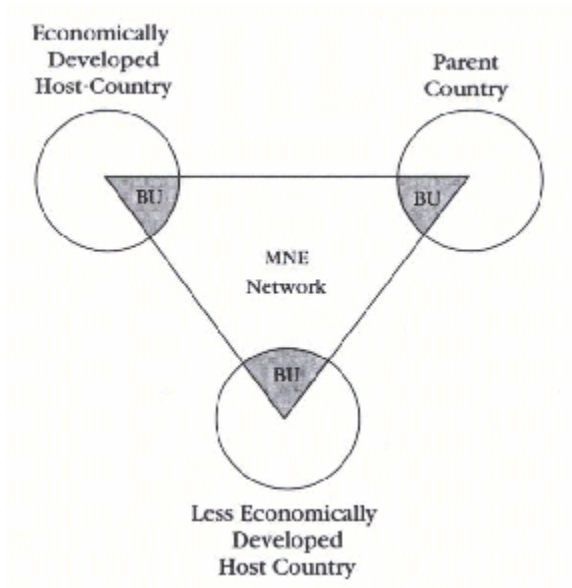
## 5. ENDING POINT

This paper has argued that personal flourishing depends on our ability to embrace our need for social fulfillment over our inherent drive for more. This personal characteristic is also central to the achievement of worthy communal goals and the contribution of the community to the common good. Faith, and organized religion to the extent it expresses and supports faith, support this ordering of personal characteristics. Therefore, we advocate the inclusion of faith, religious traditions, and organized religious institutions as supporting both individual growth through dominance of the sense of social embeddedness over the drive for more and individual interaction through nested, overlapping communities to seek the common good (with the exception, perhaps, of extreme fundamentalism).<sup>16</sup> The challenge for management is to foster the sense of social embeddedness for the individual benefit of those associated with the enterprise, and to establish procedures which are compelling but not always compulsory in channeling personal energies toward appropriate goals without over-encouraging the personal drive for more.

This sense of balance between the individual and the community is captured in the responsibility of multinational management to ensure a set of uniform ethical norms across the local communities spanned by the organization while, at the same time, ensuring the unique rights of individuals in each local business unit, extending where possible to their multiple communities. Principles of the United Nations Global Compact provide a guide to both the uniform requirements and the call for a response to diverse local needs beyond those uniform Principles.

Creation of a corporate culture where local diversity is recognized and respected is a true challenge. Nothing short of a theological “crossing over” will fully ensure this sensitivity while maintaining the balance with uniform enterprise ethical norms. Support of personal religious belief can be an asset in creating this kind of corporate culture. This means understanding and respecting the faith commitments that form the core of the various communities and cultures comprising the business enterprise community, particularly the diverse communities spanned by a multinational firm.

## Multinational Enterprise Network



At core, the nine Principles are based on fundamental human rights as articulated in various UN documents. The base document is, of course, the 1948 Universal Declaration of Human Rights. Its broad acceptance provides a legitimate touchstone virtually anywhere in the world. The first two Principles ask business to:

1. Support and respect the protection of internationally proclaimed human rights within their sphere of influence.
2. Make sure they are not complicit in human rights abuses.

Principles three through six are based on the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work.

3. Uphold the freedom of association and effective recognition of the right to collective bargaining.
4. Promote the elimination of all forms of forced and compulsory labour.
5. Promote the effective abolition of child labour.
6. Uphold the elimination of discrimination in respect of employment and occupation.

The remaining three Principles relate to protection of the environment, tied to the Rio Declaration on Environment and Development and the comprehensive plan for sustainable development outlined in Agenda 21.

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

The Global Compact is a voluntary initiative with no framework for legal enforcement. The decision to embrace the Principles resides with the individual enterprise. There is no screening of member firms and no UN endorsement. Member companies become participants in a set of embedded networks striving toward the consideration of human rights in business activities.

ENDNOTES

1. Groups looking for common threads across religious beliefs have found substantial commonality. Between 1989 and 1994, a group of distinguished Christians, Muslims, and Jews gathered to address their concerns over morality in business. The commonality they found related to our interactions with one another. Four principles occur in the literature of the faiths.
  - Justice: “All three faiths agree that God created the world and that justice must characterize the relationship between its inhabitants.”
  - Mutual Love: “What scripture expresses as love is here rendered as mutual respect or reciprocal regard--love thy neighbor as thyself--that exists between two individuals.”
  - Stewardship: “The scriptures testify to the beauties and wonders of nature as signs of God’s goodness and providence. Man is set over it all with delegated responsibility....”
  - Honesty: “It incorporates the concepts of truthfulness and reliability and covers all aspects of relationships in human life--thought, word, and action.”

The Interfaith Declaration can be accessed at  
<http://www.banyansociety.org/commmoral/morcodebus/interfaithstatement.html>

An extended statement is available in Webley 1999, pp. 96-108.

2. The overused phrase, “invisible hand” appears only twice in Smith’s writings, once in his *Theory of Moral Sentiments* and once in *Wealth of Nations*. One of the current authors suggests that its tremendous popularity among free market capitalists is partly due to a tendency to associate lack of visibility with lack of accountability.
3. The authors are reminded of a bumper sticker--“God said it, I believe it, that settles it.”
4. Audi adds an interesting dimension to this discussion of the role that faith and religion do, can, and should play in our interaction with others. He supports a religious voice in liberal democracy but adds that faith-based thought should be similar to philosophical reasoning in that God wants us to be clear thinkers as well as faithful people. Regarding the relationship between religion and secular arguments, Audi asserts that God would support (want) a correctly reasoned secular argument. “Indeed, on the assumption that God is omniscient and omnibenevolent--all-knowing and all good--any cogent argument, including an utterly non-religious one, for a moral principle is in effect a good argument for God’s knowing that conclusion, and hence for urging or requiring conformity to it. How could God, conceived as omniscient and omnibenevolent, not require or at least wish our conformity to a true moral principle?” (Audi 2000b, p.83). “I should think, moreover, that in some cases good secular arguments for moral principles may be better reasons to believe those principles divinely enjoined than theological arguments for the principles, based on scripture or tradition; for the latter arguments seem more subject than the former to extraneous cultural influences, more vulnerable to misinterpretation

of texts or their sheer corruption across time and translation, and more liable to bias stemming from political or other non-religious aims. This turns one traditional view of the relation between ethics and religion on its head; it may be better to try to understand God through ethics than ethics through theology” (Audi 2000b, p.83).

In his Encyclical Letter, “On the Relationship Between Faith and Reason,” Pope John Paul II carefully assesses this same relationship, concluding that reason and revelation should come to the same conclusion, although revelation holds a better position in his hierarchy than in Audi’s.

Fides et Ratio:

[www.vatican.va/holy\\_father/john\\_paul\\_ii/encyclicals/documents/hf\\_jp-ii\\_enc\\_15101998\\_fides-et-ratio\\_en.html](http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_15101998_fides-et-ratio_en.html)

5. The Donaldson and Dunfee definition of community is essentially communitarian. “A community is a self-defined, self-circumscribed group of people who interact in the context of shared tasks, values, or goals and who are capable of establishing norms of ethical behavior for themselves.... This open-ended definition is intended to allow for great variety in the way in which people form relationships capable of generating authentic ethical norms. It recognizes that people may develop authentic norms within informal relationships, as, for example, in the context of a ‘shadow’ or ‘informal’ organization where information and even decision making flows outside formal organizational channels” (1999, pp.39 and 98).
- 6.. This is Audi’s point made earlier, although without the priority given to reason.
7. Throughout their work, Donaldson and Dunfee refer to “convergence of religious, political, and philosophical thought” (1999, pp.44, 50, 59,...). As with other sources of norms, they do not select religion as a unique foundation other than stressing the commonality among religions and overlapping community values. (See pages 27, 66, 204, 221, 226.)

In the Donaldson and Dunfee view, “Most of the history of the Western world reveals a preoccupation with the ‘universalist’ perspective, and a neglect of the ‘unique identify’ perspective. They cite Etzioni and the communitarians and their ‘insistence to take community conceptions of the Good and not merely universal precepts as morally relevant” (p.80).

8. The United Nations Declaration of Human Rights is mentioned twice in passing as an example of hypernorms in Donaldson and Dunfee’s *Ties That Bind*, (pp.66,69).
9. Office of the U.N. High Commissioner for Human Rights, *Business and Human Rights: A Progress Report*, at [www.unhchr.ch/business.htm](http://www.unhchr.ch/business.htm)

10. Hans Küng pursues a similar universality based on religious beliefs. He suggests “...using the *incomparable resources* of the world religions for establishing and implementing a world ethic” (1999, p.114). He expands the embrace of world religions. “...religion has a *basic function which cannot be performed by ethics alone*. This function can be described briefly in a way which applies not only to the three prophetic religions (Judaism, Christianity, and Islam) but largely also to the mystical religions of Indian origin (Hinduism and Buddhism) and to the wisdom religions of Chinese origin (Confucianism and Taoism). It is not a later relativization of a common global ethic, but something which *deepens* it and gives it a foundation. Here are four perspectives:
- No universal ethic, but only religion can provide an unconditional guarantee for unconditional norms, deepest motivations, and highest ideals, and at the same time give them concrete form. In other words: religion can offer an answer to the ultimate “Why?” and “What for?” of our responsibility.
  - No universal ethic, but only religion can provide a basis for protest and resistance against unjust conditions, even when such protest and resistance seem to be unsuccessful, or frustration has already set in. In other words, religion is an expression of a *longing for the ‘wholly other’* which is already at work now and cannot be silenced within the world.
  - No universal ethic, but only religion can through shared symbols and rituals create a home of trust, security, and hope. In other words, religion can offer an ultimate *spiritual community and home*.
  - No universal ethic, but only religion can communicate a specific depth dimension, a comprehensive horizon of interpretation even in the face of suffering, injustice, guilt, and meaninglessness, and provide an ultimate meaning for life even in the face of death. In other words: religion can offer an answer to the question of the *mysterious whence and whither of existence*” (Küng 1999, pp.121-122).
11. There are numerous sources of information on the Global Compact. The UN website is [www.unglobalcompact.org](http://www.unglobalcompact.org)
- For a valuable analysis, co-authored by the Executive Head of the Global Compact Office, see: Georg Kell and David Levin, “The Evolution of the Global Compact Network: An Historical Experiment in Learning and Action” (available on the website under “Articles and Papers”).
12. For a discussion of the Principles in a large multinational pharmaceutical company, see Lee A. Tavis, “Novartis and the U.N. Global Compact Initiative,” *Vanderbilt Journal of Transnational Law*, Vol. 36, No. 2, (March 2003). pp.735-763. Or, find a copy on the United Nations website at [www.unglobalcompact.org/Portal/](http://www.unglobalcompact.org/Portal/)
13. Corporate culture, a recent term in the organizational behavior literature, is generally

defined in communitarian terms. “A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems” (Schein 1992, p.12).

Definitions are often tied to values “...a cultural tradition emerges around values” where “...a value is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence” (Rokeach quoted in O’Reilly, Chatman, and Caldwell 1991, p.492).

Trevino notes, “Culture also can provide the collective norms that guide behavior.... Collective norms about what is and what is not appropriate behavior are shared and are used to guide behavior.... These help individuals judge both what is right and who is responsible in a particular situation” (1986, p.612).

14. In a similar vein, organizational behavioralists have studied the congruence between individual characteristics and corporate cultures--the hypothesis that satisfaction results from a harmonious relationship between the individual and the corporate culture has generally been supported. Following a careful empirical study, O’Reilly, Chatman, and Caldwell conclude, “These results demonstrate that the fit between an individual’s preference for a particular culture and the culture of the organization the person joins is related to commitment, satisfaction, and turnover” (1991, p.512).
15. On a global basis, cultural differences can be the source of major conflicts. Huntington argues that the tension among cultural norms will be the source of global conflict among cultures in the 21<sup>st</sup> Century (Huntington1996). Although broadly challenged, Huntington’s thesis remains a credible argument.
16. This is a normative speculative venture because there is no empirical evidence in the vast literature reviewed by Weaver and Agle to support the observation that a person’s religiosity contributes to ethical behavior in organizations. (See Weaver and Agle 2002). Perhaps personal belief and commitment are too nuanced for measurement given the present state of managerial research, perhaps reason and revelation do, indeed, come to the same conclusions.

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