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Integrated Risk Management and Global Business Ethics Las propuestas comunitaristas en América y en Europa

After three decades of existence, some claim for Business Ethics the status of a new, distinctively modern branch of Philosophy (White 199 3). This seems reasonable, although not for the purpose of Business Ethics substituting religious morality, as the rational-secular approach proper of business persons. The novelty of Business Ethics lies partly in its subject matter, partly in its methods. Regarding the former, despite the time spent by Socrates in the Athenian marketplace inquiring about the good, truth, beauty and the virtues, he never concerned himself directly with Business Ethics. Regarding methods, Business Ethics stands out in its interdisciplinary approach. Nowadays, Business Ethics requires near-expert knowledge of Law, Economics, Business, Management, Information and Environmental Technologies, apart from Psychology, Sociology and Cultural Anthropology. Furthermore, its teaching demands certain expertise in the case-method. In no other area of Philosophy is theory more closely linked to practice.

From "corporate social responsibility" to "integrated risk management"

The historical roots of Business Ethics could be traced to legal debates over two issues: the first concerns 'corporate responsibility' in relation to the responsibility of individual persons, and the second, the scope of 'corporate responsibility', whether this should be limited to law or extend to socially accepted and ethically approved practices. Consequently, there were strongly opposing views on what was obligatory and enforceable, and what was simply commendable and supererogatory for a company.

In Dartmouth College v. Woodward (1819) the US Supreme Court recognized the firm as a 'legal person', with rights to acquire property, hire workers and produce goods and services for the benefit of society. Just like physical persons, the firm became a subject of rights and duties. In New York Central Railroad v. United States (1909), the US Supreme Court established that the firm, aside from "civil responsibility", also held 'criminal responsibility' for the activities of its employees. These legal doctrines heavily influenced the mindset of 'corporate legal responsibility' with which Business Ethics was born in the 1970s (Kaplan and Walker 1999).

After the legal status of corporations as fictitious 'persons' had been established, several problems began to surface for the fledgling discipline. Business persons resisted to widen their responsibilities to include ethical and social matters. They reckoned that, apart from honoring contracts and paying taxes, society should not burden them with 'corporate social responsibilities'. Essentially, the belief was that there was no difference between corporate and individual responsibilities with regard to social and ethical duties, beyond compliance with the law. In the words of Milton Friedman (1970: 33), 8there 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, engaged in open and free competition without deception or fraud.á

It"s not that business persons simply avoided responsibility for the harm or damage caused by corporations. Despite the legal vacuum, American courts accepted cases against companies on social and ethical grounds. Take the case of Lockheed which, in 1972-197 3, paid a $12M bribe to the Japanese Liberal Democratic Party and high-ranking government officials, including then Prime Minister Kakuei Tanaka, to facilitate the purchase of 21 'Tristar' jets by the All Nippon Airways (Kotchian 1977). At that time, there were no laws in the US by which such 'grease payments' could have been declared illegal. Nevertheless, investigations were allowed to proceed and these resulted in the fall of the Tanaka government and the passing of the Foreign Corrupt Practices Act by US Congress in 1977.

During the same period, a court battle was being waged against the Ford Motor Corporation over its vehicle 'Pinto' (Hoffman 1984). The 'Pinto' had a defect by which the fuel tank readily bursts into flames in rear collisions. Ford engineers were aware of these dangers. Nevertheless, after comparing the costs of product-recall with that of litigation, Ford managers decided to go ahead with the sale, deliberately keeping silent about safety risks. They preferred to take chances with serious disfigurement and loss of lives, rather than cede market-share in the lucrative subcompact segment.

It was also around that time when we first received notice about ecological disasters. From 1942 to 195 3, Hooker Chemicals had been using the Love Canal in Niagara Falls, New York as a dumping ground for trichlorophenal and dioxin (Mescon and Vozikis 1982). Hooker Chemicals did not inform the local government about this when the canal was conveyed. Soon after, residences and a school were constructed on the site. Years later, chemical burns, miscarriages, congenital defects, liver ailments and different types of cancer were reported among residents and schoolchildren. Finally, in 1980, the Carter administration authorized the release of $5M for the cleaning and recovery of the area.

Although no specific laws governed such actions, the firms submitted themselves to the courts and state agencies. They acknowledged their -initially, at least- 'extra-legal' responsibilities and paid damages to the affected parties.

Business persons had difficulty in accepting the transformation of the narrow, legal notion of 'corporate civil and/or criminal liability' into the broad, ethical concept of 'corporate social responsibility'. This challenged what they held to be common sense, that companies, unlike individuals, 8have no bodies to be jailed nor souls to be damned.á To this extent, they surmised, companies, although subject to the law, were beyond ethical claims. Libertarians and economic conservatives were quick to denounce in this move the imposition of a thinly-veiled socialism.

Entrepreneurs and capitalists dislike societal demands for obligatory acts of collective philanthropy. These go against 18th c. liberal beliefs that individuals should be free to dispose of their property as they please, so long as they cause no harm to others. Business persons tended to confuse 'corporate social responsibility', the key concept in first-generation Business Ethics, with 'corporate philanthropy'. The firm is a profit-seeking institution, not a philanthropical one. While public authorities legitimately use force in punishing or preventing socially harmful acts, no such force should be applied for the performance of (corporate) acts of virtue. Otherwise these actions would be 'corrupted' by the lack of freedom.

The turning-point of Business Ethics from the first to the second generation may be situated in 1991, with the passing of the 'Federal Corporate Sentencing Guidelines' (FCSG) by US Congress. This does not mean, however, that no relevant events occurred in the "80s. During those years, 'merger-mania' in Wall Street provided til then unimaginable wealth opportunities. A case in point was Drexel Burnham Lambert which. in 1985, reported earnings of $1,100M for the issue of 'junk bonds' (Time Magazine 1986). Investigations by the SEC and the police later on revealed that most of those earnings came from 'insider-trading'. In November of "86, Ivan Boesky of Drexel Burnham Lambert, was fined $100M, and cases were filed against him and his colleagues, Michael Milken and Dennis Levine.

Throughout the "80s, public sensitivities were stoked by episodes of deceptive advertising, tax fraud and sexual harrassment in firms. At the decade"s end, numerous ideological debates took place, occasioned by the fall of the Berlin Wall and the thawing of the Cold War. The academic community refused to remain on the sidelines and founded professorial chairs, departments, research institutes and publications dedicated to Business Ethics (Center for Business Ethics 1996). The American Assembly of Collegiate Schools of Business even set a Business Ethics requirement as part of program accreditation.

But not until the FCSG did Business Ethics "show its bite", attracting serious attention from social actors. The FCSG spelled-out the risks that firms run by ignoring ethics, and measured these risks in monetary terms. The 'value' of Business Ethics could then be established through the fines, damages and sanctions that courts impose. As a consequence, Business Ethics has become not only socially 'beneficial', but also economically 'profitable'.

Risk is a fact of life no one could ignore. Everyone is familiar with the nervousness, excitement and anxiety it causes. Yet one thing is the experience of risk, and another, the knowledge about it. The first allows us to recognize risk when it comes as a threat; the second is a bit more problematic. In principle, scientific knowledge of risk should allow us to predict, prevent or control it; a genuine science of risk should give us the power to almost eliminate it.

Our difficulties in understanding risk are philosophically well-founded. Aristotle"s Metaphysics has always distinguished 'being-in-itself' ('substance') from 'being-in-another' ('accident'). Risk, without its own 'nature' or 'essence', is assimilated to the latter. For all his brillance however, Aristotle was unable to master risk -the accidental, fortuitous or chaotic. This is because risk does not have proper causes, whereas 'science' is 'knowledge through causes'. We may learn that the coincidence of certain efficient causes produces a risk; but we do not know why efficient causes coincide. We ignore the 'final cause' upon which the lesser causes depend. We may analyze the factors that contribute to a risk, but we know little about the risk in itself. In the end, not having a science of risk, neither do we have the means to control it.

Schumpeter was probably the first to cite innovation as the defining trait of an enterpreneur. But what else is innovation, if not the assumption of risks? Surely, it"s not just a matter of taking risks haphazardly, but of knowing how to manage them. An enterpreneur does not limit herself to parrying risks" blows; she pursues her objectives bravely and creatively, uncertainty notwithstanding. Risk is so fundamental to the enterpreneur, that Business Ethics could no longer delay in paying it attention. Even the advertising campaigns of corporations, from banking to insurance, management consulting to information technology, energy to pharmaceuticals, all began to focus on the "control", 'hedging' or 'spread' of risks. "Integrated risk management" has taken the place of "corporate social social responsibility" as the paramount concern of Business Ethics.

Thanks to the FCSG and their measurement and valuation of risks, Business Ethics began to speak a language that business persons understand. The first time that the Court issued a ruling based on these directives was in United States v. The Daiwa Bank, Ltd. (1996). A Daiwa Bank broker in the US had failed to register transactions properly for the past 11 years. Management was unable to detect these irregularities all throughout. Meanwhile, the broker had lost around $1,000M in bank funds. The judge then sentenced Daiwa to pay a $ 340M fine for inadequate supervision and for failing to inform authorities of the losses within the prescribed period.

In May, 1999, the US Department of Justice uncovered proof of cartel-formation and price-fixing in vitamins by Roche and BASF (Barboza 1999, Labaton and Barboza 1999). In an out-of-court settlement, Roche agreed to pay $500M and BASF, $225M. (The FCSG could have authorized fines of up to $1, 300M for Roche and $ 300M for BASF.) Although Rhone-Poulenc was initially part of the cartel, it exonerated itself by collaborating with authorities when investigations began. Rhone-Poulenc was then seeking US government approval for a $22,000M merger with Hoechst. Several Roche and BASF executives of Swiss, German and American nationalities turned themselves in to the US Department of Justice, ready to accept charges, pay fines, and do time in jail. Earlier, some American companies had also been caught for practices prohibited by the Sherman Anti-Trust Act. Archer Daniels Midland, a producer of citric acid and lysine, paid a $100M fine in 1997, while SGL Carbon and UCAR International, manufacturers of graphite electrodes, disbursed $1 35M and $110M respectively, in early 1999.

Albeit indirectly, these figures show the price of corporate ethical recklessness. Surely, the aforementioned misdemeanors are not the only ethically significant ones, nor does FCSG compliance necessarily guarantee corporate ethical superiority. The real cost of unethical behavior on the 'human capital' of a firm is difficult to gauge with the available parameters. Yet, these examples should suffice to dissuade organizations from unethical practices, if only for the legal, social, environmental, moral and financial risks or costs.

The FCSG, as part of state-regulation and bureaucracy, are not entirely free from criticism however. They may be seen to transfer issues inappropriately, from the private sphere of Ethics to the public sphere of Law and Economics. Then they haplessly fall short of their goal, because the ethical improvement of firms and workers depends not so much on the state as on self-regulation, beginning from the personal level, through to the professional and the sectoral ones. But the limits between the public and the private are not definite; nor is it clear that Ethics decides over matters of private, individual choice, while Law and Economics, over public and social issues.

Rather, the division between the public and the private seems best left as the object of democratic deliberation.

In Neoclassical Economics, state intervention is justified mainly as a remedy for 'market failures' (Stiglitz 1997:15 3-16 3). We need state regulation, firstly, to deal with 'externalities', providing an incentive for positive ones (non-excludable and non-rivalrous 'public goods' as R&D), and a disincentive for negative ones (e.g. enviromental pollution). Secondly, given the natural tendency of market players towards monopoly and abuse, we need state laws to promote competition. Thirdly, since market information is neither free nor instantaneous, we have to avoid its becoming a source of unfair advantage. Each of these problems finds a solution in Business Ethics: pollution control and environmental protection, anti-trust regulation and laws against insider-trading. Certainly Business Ethics could never substitute state-regulation, but it could sure diminish its need. Business Ethics creates a helpful "buffer zone" between the public and the private, ensuring autonomy while making effectiveness possible.

The FCSG are to be heralded, therefore, as a sign of Business Ethics" maturity and institutionalization. These represent the culmination of sustained efforts by individuals and associations to respond to the multifarious challenges of business life. These symbolize the triumph of personal responsibility and the freedom of association in a truly civic or social movement that has positively influenced government, in its various levels and functions.

The 'Federal Corporate Sentencing Guidelines'

The FCSG apply to 'white-collar crimes' (besides corrupt and monopolistic practices) involving individuals and organizations of whatever type (corporations, partnerships, unions, etc.) (Kaplan, Murphy and Swenson 199 3). These refer to misdemeanors committed by workers insofar as linked to the profit-seeking objectives of a company.

The FCSG are effective in two ways. Firstly, they offer economic incentives for firms to institute corporate ethics programs. In case a violation were to occur, punishments could be substantially reduced in a company with a compliant corporate ethics program. Secondly, they specify the conditions for a valid corporate ethics program and 'good corporate citizenship', thus setting the trend companies should follow.

The FCSG establish seven requirements for corporate ethics programs. First of all, standards and procedures should be tailored to the particular needs of the firm. It"s not enough for a company to make vague declarations of good intentions, or to encourage good behavior in the abstract. The firm ought to be proactive, foresee ethical difficulties and prevent wrongdoings, rather than belatedly react and apply damage-control measures. Information on government standards, court rulings and relevant experiences in critical or emergency situations should be available. This obliges the firm to take stock of and prioritize its legal, financial, social and environmental risks. For example, a mining company in a developing nation with security problems would have different ethical concerns from a local savings and loan in an EU member state.

Secondly, high-ranking personnel should be responsible for the implementation of corporate ethics programs. Some firms have even created the post of a 'Corporate Ethics Manager' or a '~ice-President for Corporate Ethics'. In smaller organizations, these tasks may be delegated to a committee. Ethics officers should have substantial decision-making capacities and ready access to the CEO. Ethical concerns are of utmost importance and this idea should be reflected in organizational structure.

Thirdly, due diligence must be taken that no one with a propensity for illegal conduct is given discretionary power over crucial matters. It would be grossly imprudent, for example, to allow a felon to manage treasury. Background checks may be recommended on candidates for key positions, without compromising privacy rights however. It may be enough to inform candidates about such investigations. These precautions apply not only to new employees, but also to old employees aspiring to new posts.

Fourthly, compliance standards should be communicated effectively to employees and other relevant actors, as long-term suppliers and customers. Effective communication does not consist in the mere distribution of old copies of the 'code of conduct'. The code has to be up to date and explain behavior that is prohibited, what is to be avoided and what should be fostered or promoted. The ethics office may keep documents signed by employees expressing their knowledge and conformity. A continuing program in Ethics education may also be helpful.

A fifth requirement concerns monitoring and audit systems for wrongdoings (Dubinsky 1999).

Thus criminal conduct could be nipped in the bud. Certain sectors, as finance or the defense industry, should be extremely careful with security systems. The FCSG provide for anonymous communication channels and emergency hotlines to protect whistle-blowers. The corporate ethics manager as 'ombudsperson" may also appeal to confidentiality. At the same time, complementary legislation exists entitling whistle-blowers or 'qui tam' relators to monetary rewards, if they have acted in favor of government interests.

A sixth directive ordains that programs be enforced consistently, through a system that specifies violations and punishments. Sanctions include formal and informal warnings, demotions, fines, suspensions and terminations of contract. It is important is that employees know what conduct the company deems inappropriate and the consequences of such behavior. A clear and transparent system avoids arbitrariness, unfairness and injustice.

Lastly, if violations occur despite preventive measures, the FCSG instruct companies to inform authorities immediately and to cooperate with them. Improvements on the weak points of the program should soon be made. Understandably, some violations extend beyond the scope of internal security or control systems (e.g. the escape of toxic substances), and the company will then have to count on government for their remedy.

Corporate ethics programs and Globalization

Apart from the FCSG, there are other pieces of American legislation that have contributed to the institutionalization of Business Ethics. The oldest one would probably be the 'Sherman Anti-Trust Act' (1911), which prohibits any contract, alliance or agreement with a competitor that restrains trade or the freedom of markets. Among the business practices forbidden are price-fixing, boycott and arbitrary limitations in the sale of products or contracting of services.

We have already referred to the 'Foreign Corrupt Practices Act' by which the payment or offer of payment, in cash or in kind, directly or indirectly, to civil servants, elected officials, candidates to elective posts and political parties of foreign governments, in exchange for a favorable decision on a business proposal, has been declared illegal. There are also laws against corruption in all levels of the US government and for political parties: the Anti-Kickback Act of 1986, the Byrd Amendment, the Federal Election Campaign Act, etc..

The financial sector has to pay special attention to the directives of the Securities and Exchange Commission, particularly, to the Securities Exchange Act (19 34) and the Insider Trading Sanctions Act (1984). Whoever possesses insider or non-public knowledge about the operations of a firm is prohibited from trading in that firm"s shares and from revealing such information to third parties.

It is likewise convenient to recall the multitude of laws affecting the environment, such as the Environmental Protection Act (1995), and the regulations issued by the Environmental Protection Agency and the Nuclear Regulatory Commission. Companies are obliged to report when regulated substances, harmful materials and toxic wastes have been improperly used or disposed of, thus posing a danger to the community and ecosystem. Similarly, there have been a slew of regulations concerning well-being in the workplace, such as the Occupational Safety and Health Act (1970) and the norms issued by the Occupational Safety and Health Agency, the Omnibus Drug Initiative Act (1988) referring to the consumption and sale of drugs, and the directives from the Department of Health and Human Services, regarding the provision of health products and services under the Medicare and Medicaid programs (1997). Not only an employee"s health, but also her self-esteem and dignity are protected by the state. The Equal Employment Opportunity Commission ensures that firms recruit and deal with employees fairly, that is, on the basis of relevant capacity, performance and experience, instead of extraneous considerations about race, creed, gender, place of birth, physical disability or veteran status.

Lastly, one should take into account the different self-regulation initiatives -each endowed with varying degrees of obligatoriness- of particular industries (Telecommunications Compliance

Forum), sectors (Internet Corporation for Assigned Names and Numbers), professional groups (Chartered Financial Analysts), government agencies (Defense Industry Initiative), etc. Plainly, most of the legislation in the institutionalization of Business Ethics comes from the US, and this country is reaping the benefits of the 'first mover' (McMahon 1999). In fairness, the US deserves acknowledgment for the awareness and responses -many, enshrined in law- it has generated to critical Business Ethics issues. This is so despite the contention that rules and regulations have been designed and pursued in a self-interested manner, with the welfare of other countries considered, if ever, as a marginal factor by and large. Since laws are binding only where they have been promulgated, what validity do American laws have in other countries? A quick answer would be none, unless the other countries, for whatever reason, decided to adopt these American laws as their own.

Among the fundamental principles of International Law are territorial sovereignty and the equality of independent states. That"s why an 'extra-territorial law' is gibberish. And here"s where most of the criticism rains down on the US. Many countries accuse the US of practicing a newfangled 'imperialism', imposing its laws on them, without regard for their own institutions (Wills 1999). This argument could be used against any of the above-mentioned regulations. Yet it acquires an extra sting in economic sanctions as quotas, tariffs, 'protective barriers', unilateral trade embargoes (as the Helms-Burton Act) and proxy 'commercial wars' (with the EU, over bananas, hormone-treated beef, and genetically modified foods and organisms) (Noland 1999). The US appears to be in want of a clear criterion in its sanctions: China, for example, enjoys a 'most favored nation' status for trade, despite its blatant human rights abuses. Even worse, it seems that selfish economic interests, if not cynicism dominates American foreign policy. The US government is quick to denounce other countries for developing 'weapons of mass destruction', oblivious that to date, it alone has detonated a nuclear bomb in war. Furthermore, the US is slow to admit the damage its embargoes produce on innocent civilians, as with the children of Iran, for instance.

Globalization is the progressive integration of national economies, due to the development of computer networks, telecommunications and transport, together with trade liberalization and the end of the Cold War. Globalization has increased the benefits associated with open commerce, but it has also worsened some social problems, by eroding the sovereignty of the nation-state. As a social phenomenon, however, globalization is in itself 'neutral' or 'ambivalent': it is not the remedy for all our ills, but neither should it be "demonized" as their cause.

With regard to Business Ethics, globalization underscores the growing role of multinational corporations (MNCs) in sociopolitical issues. These firms always have, aside from abundant financial resources and efficient organization, a way of circumventing local laws. Moreover, in certain situations they end-up assuming, or find themselves in a better position than sovereign governments to assume, specific state functions. Over a decade ago, for example, the signatory companies of the Sullivan Principles (mostly American MNCs) helped repeal apartheid policies in South Africa (De George 199 3:56). Recently we have witnessed how firms -as Nike in Indonesiacould positively influence employment practices, assuring just minimum wages and stopping child-labor. Senior management in American headquarters, prodded by adverse public opinion, simply took the corresponding decision and transmited it to affiliates abroad. At times, this manner of proceeding proves more effective than endless partisan discussions in legislative chambers.

Many objectives of these American laws, as the eradication corruption, environmental protection and consumer safety, would indeed be unattainable without the cooperation of other countries. The unilateral application of laws favor 'free-riders' -those who partake of the benefits without sharing the costs. Previously, for example, some Western European countries even permitted 'tax breaks' for 'gratuities' (i.e., bribes) its corporations extended to foreign governments. Ideally, legislative bodies of sovereign countries should agree on common policies for these matters. Ground has been broken with the convergence of directives from the US, the EU, and other inter-governmental platforms such as the World Bank-IMF or the WTO. But meanwhile, a consensus could also be brokered among MNCs with regard to their ethics programs.

Corporate ethics, not corporate tactics

The advent of enabling legislation has given a tremendous boost to Business Ethics, now understood as "total risk-management". The US government, in tandem with American MNCs, makes use of its political and economic clout in applying its laws, willy-nilly, to other countries. However one may choose to interpret globalization, as 'American imperialism' by stealth or the realization of the 'cosmopolitan dream', the fact is that our socioeconomic, cultural and political systems have become increasingly interdependent. Ethics programs of MNCs have acquired extraordinary effectiveness, perhaps surpassing that of states, in improving global business practices and living conditions. The US deserves credit for pioneering the cause of Business Ethics world-wide, yet the time has come for other sovereign nations, or groups of nations, to share in the responsibility and burden of leadership (Huntington 1999, Haass 1999). The solution to most Business Ethics issues involving political and economic sovereignty would be to understand the latter as a country"s 'right to sit at table' and participate as equal in the decision-making process. No longer should sovereignty be construed as the 'lack of accountability' to other nations or even to one"s own people, an attitude that readily degenerates into impunity in 'domestic affairs' (Chayes and Handler-Chayes 1998).

These recent developments in Business Ethics could lead one to think that the conflict between profits and moral values has finally been solved. A solid corporate ethics program could be used, not only as a publicity gimmick, but also as a real competitive advantage, because it hedges expensive risks. An altogether different issue then arises. Would we not have 'trivialized' Ethics, reducing it into an instrument for profits? Would it be alright to transform Ethics into another element of corporate strategy or tactic?

There is no single valid answer to these questions. Responses would depend on the intention with which each actor carries out his task and on his character, in the context of the firm and society as a whole. We could only speak of an organization as having a 'conscience', acting with an 'intention', possessing 'virtue' or displaying 'excellence of character' by analogy with the individuals who comprise it. However, ethical quality does not come from mere lip-service to values. It requires an excellence of character, which depends on cultivating the right habits (Solomon 199 3, 1999). These habits result from the repeated performance of appropriate actions, which in turn spring from the nurture of suitable inclinations. Part of human nature is the feed-back mechanism among these different levels, such that doing certain actions may alter, weaken or reinforce specific inclinations, and the forging of a type of character may predispose or disengage one from particular habits. Hence a 'virtuous action' is that which a 'virtuous person' (in terms of habits or character) performs.

So the ethical quality of an organization depends on the ethical quality of the individuals who compose it (Danley 1999). Yet it is difficult to find an individual who could -on all counts-authoritatively speak on a firm"s behalf. Furthermore, no objective tool has been invented, capable of determining an agent's pervasive (i.e., in terms of inclinations, actions, habits and character) commitment to the good, which is the ultimate criterion of moral excellence. That is why for a neutral observer, limited to external indicators of economic efficiency, access to the genuine moral sources of human action proves difficult. Often, we have no choice but to proceed on our interlocutor"s word.

Despite the lack of an objective metric, we could still defend the positive impact of personal moral excellence on the firm some other way: through the influence of individual character in corporate culture. Revealingly, the Greek word for 'character' is the same one for 'culture', 'ethos'. Parallelisms could be drawn, therefore, between personal character, on the one hand, and corporate culture, on the other, between habits and standard operating procedures, between actions and corporate goods or services, and finally, between an individual's inclinations and a company's core competencies. Moreover, the same feed-back mechanism among the levels constituting individual character may be found among those comprising corporate culture. Virtuous employees not only work better and contribute more to the company, but they also are ultimately responsible for company success.

Once this ground has been covered, we could then work towards promoting an integral and harmonious development of the virtues among workers in the firm. We would have to focus on the different aspects of 'professional ethics', depending on the kind of work (management or staff, in whatever department or functional area) people perform. Ethical quality is not limited to any specific class of actions, but is co-extensive with all human actions.

Lastly, we should strive to achieve coherence among the personal, professional and corporate or organizational ethics. Surely corporations, like individuals, have rights and responsibilities, in the legal as well as in the social sense (and both the 'legal' and the 'social' are of moral import, if they are to have any force). But corporations are moral agents only by analogy. Companies have structures and functions which mimic those of individuals: 'core competencies' in place of inclinations, products for actions, 'standard operating procedures' for habits, corporate culture for personal character, corporate history for personal biography, etc. We could therefore speak of the individual as a "first-order" moral agent, working in concert with other individuals in the firm, which is a "second-order" moral agent.

The move from 'second-generation' Business Ethics as 'integrated risk management' has become necessary due partly to the suspicion that Ethics has been converted into just another profit-making tool, partly to the conflicts among personal beliefs, professional practices and corporate values. The 'third-generation' Business Ethics seeks precisely to address these needs by developing a corporate culture on sound anthropological basis, attentive to the structures and dynamics of the human being. The integrated excellence in personal character and corporate culture that Business Ethics should now pursue requires a series of norms and incentives, the application of theoretical principles to 'best practices', the setting-up of 'heroes' and 'role-models', the writing of epic corporate narratives, etc.. To the extent that this 'third-generation' Business Ethics succeeds in achieving 'unity amidst the diversity' or harmony among personal, professional and corporate Ethics, it may very well prove to be definitive one.

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