Poverty and the Role of Business

by

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Declaration

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at my university for a degree.

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Abstract

As poverty continues to impact billions of people across the world – to the extent that millions die daily simply because they are too poor to live – there is a pressing ethical question to ask: Who, if anyone, should be taking moral responsibility to end extreme poverty?

The key moral problem that my thesis addresses is that *those individuals who should primarily be taking moral responsibility to eradicate extreme poverty because they have the power and thus responsibility to make a real difference are not*.

My contention is that capitalism as it is currently practiced perpetuates extreme poverty and that the very individuals who have the greatest power to eradicate poverty do not view this as a real ethical challenge nor as their primary responsibility to address. I argue that these individuals are global corporate business leaders and that extreme poverty will only be eradicated when these leaders take moral responsibility to apply capitalism in a far more sustainable way - a way that has continuity for future generations and that is fundamentally just towards all human beings. The practice of sustainable capitalism as a solution to extreme poverty is dependent on a 'critical mass' of business leaders acting in a way that displays virtuous moral character and sets the example for others to follow.

I will assume as a starting point that global poverty does exist and that people dying of poverty when others have far in excess of their needs cannot be ethically justified, irrespective of which moral theory it is viewed from.

My thesis will commence by assessing the virtue of virtue ethics theory in comparison to other moral theories and I will illustrate that virtue ethics theory is

most appropriate in addressing the moral problem of extreme poverty because it places moral responsibility firmly on the individual human being rather than on any metaphysical principle or context that exists 'above' the individual.

In my analysis of the relationship between virtue and justice, I will specifically argue that capitalism as it is currently being practiced is unjust and unsustainable. I will further argue that it does not represent Aristotle's ideal of 'the good life' for all and that the outdated modernist principles on which capitalism is currently premised, need to be challenged.

Since global corporate business leaders are both the architects of capitalism as we currently experience it and the greatest beneficiaries of it, they have the corresponding greatest moral responsibility to act to eradicate extreme poverty. Business leaders need to take primary moral responsibility to eradicate extreme poverty through practicing a more just and sustainable form of capitalism that is inclusive of all, balancing society and profit needs.

In closing I will propose that the African humanist concept of 'ubuntu' provides a unique opportunity in South Africa to inform an ethical consciousness that could underpin a future sustainable capitalist approach and perhaps serve as an example to influence global corporate business leaders.

Dedication

To my mother, and to all mothers, the way we live our lives is inextricably linked to the way you loved and nurtured us.

Table of Contents

Chapter One: Introduction

1.1.   Setting the context

Given that this thesis is limited in length, but aims to deal with the seemingly limitless topic of *Poverty and the Role of Business*, it has been necessary for me to draw on certain assumptions and rely on prior philosophical research so that I can clearly define the boundaries of the particular hypotheses that I have chosen to argue. Indeed, without this approach, my thesis could run the risk of becoming too cumbersome and the value it will add could otherwise be distracted by numerous arguments and counter-arguments regarding all possible aspects of poverty and the role of business.

Therefore, before I clearly state what particular hypotheses I have chosen to argue, I would like to start by setting the context for my argument and spelling out concisely what I am *not* planning to argue.

Firstly, it is *not* my intention to prove that poverty exists and is recognised as a global problem of epic proportions. Statistics prove that we have a problem of global poverty, and the problem in Africa specifically has worsened in the past fifty years – this fact is undeniable. Numerous people have comprehensively researched poverty and written extensively on the topic, including authors like Jeffrey Sachs and C.K. Prahalad who I refer to in this thesis, and several global organisations have been created to assist the poor, including the World Bank, Oxfam and Amnesty International.

Possibly one of the most helpful books on the topic from a statistical and factual perspective is written by Jeffrey Sachs, a well-known economist, and is entitled *The End of Poverty: How we can make it happen in our lifetime.* Jeffrey Sachs'

book is one of many which prove that poverty is an enormous global phenomenon. 'All told; the extreme poor (at around 1 billion) and the poor (another 1.5 billion) make up around 40% of humanity. The overwhelming share of the world's extreme poor, 93% in total, live in three regions: East Asia, South Asia, and sub-Saharan Africa. Almost half of Africa's population is deemed to live in extreme poverty' (Sachs, 2005: 20-21).

Having said that I will *not* be proving that poverty exists, I will however later in the thesis be using the high income inequality example in South Africa to argue that current capitalism is *unjust* and therefore unsustainable, and in this context I will provide statistics to support the argument (see section 3.3).

According to Sachs, 'it is useful to distinguish between three degrees of poverty: extreme (or absolute) poverty, moderate poverty, and relative poverty. Extreme poverty means that households cannot meet basic needs for survival. They are chronically hungry, unable to access healthcare, lack the amenities of safe drinking water and sanitation, cannot afford education for some or all of the children, and perhaps lack rudimentary shelter and basic articles of clothing, such as shoes. Unlike moderate and relative poverty, extreme poverty only occurs in developing countries. Moderate poverty generally refers to conditions of life in which basic needs are met, but just barely. Relative poverty is generally construed as a household income level below a given proportion of average national income' (Sachs, 2005: 20).

My interest in this thesis is specifically around 'extreme' (or absolute) poverty, as Sachs defines it, and to some degree around 'moderate' poverty. The key reason I exclude 'relative' poverty is that this largely represents a moving target in relation to others' wealth, and my inclusion of this expanded definition of poverty would fundamentally alter my argument because I would need to consider the ethics of all people having relatively similar resources, which I am neither

convinced of myself, nor do I believe is as pressing an ethical problem as people dying of hunger or lack of medical care. In World Bank terms, I am specifically concerned with those people who are beneath the poverty line in that they earn less than two dollars a day.

Secondly, it is also *not* my intention to argue that poverty is an ethical problem. Countless philosophers before me have argued this well, and almost irrespective of which philosophical theory is applied, there are good arguments to support approaching poverty as an ethical issue.

Certainly from my own perspective, the most persuasive argument is an Aristotelian one, based on virtue ethics, which argues that the normative ideal of 'the good life' cannot possibly include the notion of millions of poor people dying of hunger when rich people have in excess of resources that could prevent this. There are also good deontological arguments – where duty to others less fortunate should drive our behaviour – and utilitarian arguments – where greatest utility for all should drive our behaviour – to support this.

I would like to briefly refer to two specific examples of ethical theory that have been applied by philosophers to argue that dealing with extreme poverty represents an ethical issue.

Firstly, Peter Singer's article entitled *Famine, Affluence, and Morality* (1972: 229-243) argues in summary the following hypotheses: Firstly, 'suffering and death from lack of food, shelter, and medical care are bad.' Secondly, 'if it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, we ought, morally, to do it.' And, finally, 'the result of everyone doing what he really ought to do cannot be worse than the result of everyone doing less than he ought to do.'

This philosophical argument represents a strong utilitarian view, where Singer argues that assisting fellow human beings who are dying of hunger due to poverty would result in the most beneficial outcome for all.

A second example is presented by Hennie Lötter, a Professor of Philosophy at the University of Johannesburg, who wrote an article in May 2006 entitled *Ethics and the Eradication of Poverty* where he asks the question: 'Does a moral obligation exist to eradicate poverty?'

In answering this question, he argues the following hypotheses: Firstly, 'If I assume that humans have a general moral responsibility to intervene when fellow human beings suffer inhuman treatment or conditions, then we have to intervene if it can be proven that poverty is an inhuman condition.' And secondly, 'I want to claim that poverty is a distinctively human condition that denies human beings opportunities to live lives that express their humanity and thus forces them into lifestyles not worthy of their species' (Lötter, 2006). Therefore, people who are not poor have a moral responsibility to assist those who are poor.

Lötter's perspective supports an ethics of obligation or duty where he argues that poverty denies poor people access to living 'a good life', and therefore rich people have an obligation to change this.

Having said that I will *not* be arguing that poverty is an ethical problem, I will certainly be arguing that the current application of capitalism is unjust and therefore unsustainable (see chapter three) and that this application of capitalism needs to be challenged in order to fundamentally address global ethical problems like extreme poverty and global warming.

Although addressing extreme poverty from an ethical perspective that challenges capitalism in its current form is the key focus of my thesis, I do not want to

discount the fact that poverty is also a problem that needs to be addressed from economic, political and social perspectives.

The comments I will be sharing now are specifically based on South Africa, but many of them are applicable globally as well. Where South Africa is unique is that for many decades its political infrastructure was formally set up to discriminate against black people, with the effect that an even greater percentage (than would otherwise have been) of poor people in South Africa are now black. Another negative aspect of the 'apartheid' era was that South Africa was subjected to economic embargos by developed countries in an attempt to put pressure on the country to stop its racist practices. Although my view is that this was the right thing to do, it did slow down economic progress for South Africa in terms of its journey from a developing to a developed country.

In addition, though, South Africa shares common characteristics with other developing countries in its infrastructure. Some examples include: inadequate education facilities for poorer children; insufficient access to medical care; and lack of appropriate economic vehicles (like micro-financing) to assist entrepreneurs to develop viable businesses. It is critical that any long-term solution to extreme poverty must also include social, political and economic aspects because these have (consciously and unconsciously) systematically conspired over time in discriminating against poor people.

Poverty therefore does need to also be addressed at economic, political and social levels, but, to reiterate, I believe that the single most concerning reason why poverty continues to represent a global problem, is that it is currently not viewed as an ethical problem. We go about our daily lives largely untouched by the fact that our fellow human beings are dying of poverty even though we cannot be ignorant of this fact that is documented in the media.

To summarise then, in setting the context for my argument, I am making two key assumptions, namely, that poverty is a global problem caused by capitalism as it currently operates, and furthermore, that poverty is a global ethical problem.

1.2.   The ethical problem and proposed solution

Before I define the ethical problem at hand and the proposed solution, I would like to clarify upfront that although I will argue that it is primarily the moral responsibility of corporate business to address the ethical issue of extreme poverty, I am not arguing that it is *exclusively* the moral role of business. In other words, all humans have a moral responsibility to address ethically unjustifiable issues within society and corporate business will certainly need to work with a number of other key stakeholders (including government and civil society) in order to eradicate extreme poverty. With greater power comes greater responsibility and where harm has occurred, those who harmed, even if unintentionally, need to repair the harm, especially since they have gained benefit.

If anyone reading this thesis is unsure of whether they fall into the group that has a moral responsibility to address poverty, then Robert McNamara's definition of rich is very helpful: 'The absolutely affluent (in contrast with the absolutely poor) choose their food for the pleasure of the palate, not to stop hunger; they buy new clothes to look good, not to keep warm; they move house to be in a better neighbourhood or have a playroom for the children, not to keep out of the rain; and after all this there is still money to spend on stereo systems, video-cameras, and overseas holidays' (Cuilla, 2007: 211).

I am not discounting the value that other stakeholders can have in addressing the ethical problem of extreme poverty – instead, I will argue that the *greatest* moral

responsibility lies with corporate business and consequently my thesis will focus on what their moral responsibility ought to be.

My thesis proposes that the key moral problem to be addressed is that extreme poverty persists because capitalism as it is currently practiced perpetuates extreme poverty. I argue that the very individuals who have the greatest power to eradicate poverty do not view this as a real ethical challenge nor as their primary responsibility to address. I will argue that these individuals are global corporate business leaders and that extreme poverty will only be eradicated when these leaders take moral responsibility to apply capitalism in a far more sustainable way – a way that has continuity for future generations and that is fundamentally just towards all human beings. I will argue that the practice of sustainable capitalism as a solution to extreme poverty is dependent on a 'critical mass' of business leaders acting in a way that displays virtuous moral character.

My argument will be based on virtue ethics' theory about 'the good life' and the corresponding virtues and character that each person (particularly business leaders) needs in order to act in the most appropriately virtuous way. This ethical approach can originally be traced back to Aristotle's times but since then many other philosophers (like Thomas Aquinas and Alasdair MacIntyre) have helped to build on his theory.

What appeals to me most about approaching a complex ethical issue, such as poverty or global warming, from the virtue ethics perspective, is that a rule-based approach alone has proved ineffective. For instance, within the global warming example, the Kyoto Protocol was a pact drawn up by global nations committing to reduce carbon emissions over time which the United States government signed in 1997 (as a symbolic gesture), yet despite this international commitment and the fact that the United States is a leading contributor to global warming, the USA has still not ratified this. Indeed, it is only as some of the key leaders in the

United States have started recognising the *ethics* of global warming, or lack thereof, and acknowledging their individual moral responsibility, that eight north-eastern states of the USA involved themselves in the Regional Greenhouse Gas Initiative (RGGI) from 18 January 2007, in order to start actively addressing this enormous global problem (http://en.wikipedia.org/wiki/Kyoto_Protocol). So, rules alone will not address these complex ethical issues – instead we need moral commitment of leaders.

Conceptually, 'moral commitment' is commitment with ethical depth to it which is reflected in an individual's actions. In other words, an individual who morally commits to something has first considered what is ethically right or wrong and has then taken personal responsibility to act in accordance with this commitment. If I expand on the Kyoto Protocol example, the USA might have *committed in writing* to support the protocol, but their consequent lack of action in ratifying the protocol meant that they had *not been morally committed*.

The solution for many of the world's current pressing ethical problems (like poverty, terrorism and global warming) cannot be found in any 'rule book'. They require moral commitment in order to be resolved, and it is for this reason that I believe that virtue ethics is pivotal to our future sustainability. Virtue ethics theory is most appropriate in addressing the moral problem of extreme poverty because it places moral responsibility firmly on the individual human being rather than on any metaphysical principle or context that exists 'above' the individual.

In summary, the key moral problem is that *those individuals who should primarily be taking moral responsibility to eradicate extreme poverty are not* – namely, global corporate business leaders. And, the proposed solution to eradicating extreme poverty is that a 'critical mass' of these individuals, acting from the basis of a virtuous moral character, need to set the leadership example of practicing a more sustainable type of capitalism that is just towards all human beings.

1.3. Thesis structure and methodology

Following the introduction, my thesis is structured into four broad themes: virtue ethics; unsustainable capitalism; the power of corporate business; and sustainable capitalism and 'ubuntu'.

My thesis commences, in chapter two, with the first theme of virtue ethics. Here I assess the virtue of virtue ethics theory in comparison to other moral theories and I illustrate that virtue ethics theory is most appropriate in addressing the moral problem of extreme poverty because it places moral responsibility firmly on the individual human being (or 'agent') rather than on any metaphysical principle or context that exists 'above' the individual.

In doing so, I refer largely to Stan van Hooft's book *Understanding Virtue Ethics* (2006).

The second theme of unsustainable capitalism is dealt with in chapter three where I argue that the way in which capitalism is currently being applied is unjust and therefore unsustainable. In doing so, I sub-divide this chapter into three sections – a history of poverty and capitalism (section 3.1); the link between virtue and justice (section 3.2); and an example of income inequality in South Africa (section 3.3).

The key reference works that I utilise in this chapter are: Athol Fitzgibbons' book *Adam Smith's System of Liberty, Wealth and Virtue: The Moral and Political Foundations of* The Wealth of Nations (1995); John Rawls's book entitled *A Theory of Justice* (1999); *Reading Nozick: Essays on Anarchy, State, and Utopia* edited by Jeffrey Paul (1981); Ann Crotty and Renée Bonorchis in their book entitled *Executive Pay in South Africa: Who gets what and why* (2006) and several of Amartya Sen's works, including his essay *Conceptualizing and*

Measuring Poverty (in a book called *Poverty and Inequality* edited by David Grusky and Ravi Kanbur, 2006).

The third theme of my thesis, in chapter four, looks at the power of corporate business and argues that current capitalism is based on outdated modernist values that need to be challenged, and that the individuals who have the greatest power and responsibility to do so are corporate business leaders. This chapter is also sub-divided into three sections – outdated modernist values (section 4.1); moral character of corporate business (section 4.2) and moral responsibility of business leaders (section 4.3).

To support my argument, I will refer to the following sources: Zygmunt Bauman's *Intimations of Postmodernity* (1994); Jose Mesa's paper '*Primacy of the Individual or the Community?* (2003); Alasdair MacIntyre's work (1981) especially with reference to John Horton and Susan Mendus' critique *After MacIntyre: Critical Perspectives on the Work of Alasdair MacIntyre* (1994); and Stephen Mulhall and Adam Swift's book *Liberals and* Communitarians (1993); Oliver F. Williams' article entitled *Responsible Corporate Citizenship and the Ideals of the U.N. Global Impact* (2007); Manuel Velasquez in his book called *Business Ethics: Concepts and cases* (2006); and Joanne Cuilla in her book entitled *Ethics, the Heart of Leadership* (2004).

The final theme, sustainable capitalism and 'ubuntu', is dealt with in chapter four. Here I contemplate what a future just and sustainable capitalist solution would look like, and I propose the African humanist concept of 'ubuntu' as a unique example of a future ethical consciousness to inform us.

The key reference works I utilise are: Jeremy Baskin in his article entitled *Value, values and sustainability: Corporate responsibility in emerging market companies* (2006); Jeffrey Sachs in his book called *The End of Poverty: How we can make it*

happen in our lifetime (2005); Danah Zohar and Ian Marshall in their book entitled *Spiritual Capital: Wealth we can live by* (2005); Dirk Louw in an article called *Ubuntu and the Challenges of Multiculturalism in post-apartheid South Africa* (2003); Johann Broodryk's work as reflected in his paper entitled *Ubuntu: African life coping skills* (2006) and in his book *Ubuntu Management Philosophy* (2005); Andrew West's (2006) article *Theorising South Africa's Corporate Governance*; and Augustine Shutte (2006) in his paper on *African Ethics*.

Having mentioned the key books and authors I will be utilising in my thesis (above), I would now like to make some points regarding the use of reference material accessed using the internet.

Firstly, I am conscious that many internet sites are not considered credible academic reference sites, so I focused on using reputable internet sites, including articles from the *Harvard Business* Review and statistical reference work like the *United Nations Human Development Report*. Secondly, of the total reference sources that I have utilised throughout my thesis, less than one third of them represent internet information, with the balance of reference material coming from credibly published books. Thirdly, as a business individual who is also a part-time student, I needed to manage my time as effectively as possible and since it was not always possible to access the university library reliable internet information was used to supplement more solid academic reference material. Finally, the world is fast becoming technologically dependant and I believe access to academic material will increasingly become available online, especially with the growing numbers of part-time students who need immediate access to information.

Chapter Two: The virtue of virtue ethics

In considering the first key theme of my thesis, namely that of virtue ethics theory in comparison to other moral theories, I will illustrate that virtue ethics theory is most appropriate in addressing the moral problem of extreme poverty because it places moral responsibility firmly on the individual human being (or 'agent') rather than on any metaphysical principle or context that exists 'above' the individual. In doing so I refer largely to Stan van Hooft's book *Understanding Virtue Ethics* (2006).

Before I start to look specifically at the virtue of virtue ethics, primarily in comparison to the moral theories of either a utilitarian approach or a deontological approach, I will commence with addressing two generic questions, namely 'what is moral theory?' and 'what is the purpose of it?'

Van Hooft (2006) says that 'moral theory (or ethics) is the study of morality and that essentially it aims to achieve four tasks (or purposes): to understand morality; to prescribe norms; to justify those norms; and to describe how they fit into our lives (Van Hooft, 2006: 4). Here 'morality' can be defined as 'principles concerning the distinction between right and wrong or good and bad behaviour; a system of values and moral principles' (*Concise Oxford English Dictionary*, 2006: 927-928).

According to van Hooft (2006), even though different moral theories will do so differently, they all need to meet the above four goals to be considered valid moral theories. Consequently, I will keep these goals in mind as I proceed to analyse the virtue of virtue ethics theory against utilitarian and deontological moral theories respectively. I will start by elaborating on what these four purposes of moral theory actually mean.

Firstly, moral theorists will ask ethical questions to attempt to understand why we as human beings need morality – why we need to understand the difference between "right" and "wrong".

Once we understand why it is important for human beings to be able to distinguish between "right" and "wrong", moral ethicists then try 'to establish what we are obliged to do, what we are forbidden from doing, what we are permitted to do and what it would be good for us to do even when it is not obligatory. In this sense, moral theory is *prescriptive.* It prescribes to us what our duties are or what it would be virtuous to do' (Van Hooft, 2006: 2).

Thirdly, moral theorists will then ask why these prescriptions are justified. After all, 'It might be prudent to avoid such actions, but just why is it *wrong* to lie, to cheat or to commit murder?' (Van Hooft, 2006: 3). And finally, moral theorists then help us to understand how we apply this theory in practice. In other words, they describe what our actions would need to look like in order to be regarded as ethical.

In addition to acknowledging the purposes of moral theory (above), I would like to define what is meant by virtue ethics, deontology, and utilitarianism, in order to progress with a comparison across these theories.

Virtue ethics 'play down the importance or even deny the existence of generally valid moral rules or principles, and claim that morality is most fundamentally to be understood in terms of inner traits, virtues, that cannot be cashed out in terms of rules or goals. Aristotelian virtue ethics regards matters of right and wrong as unencapsulable in rules, and describes the virtuous individual as someone who perceives and fairly effortlessly acts upon situationally unique moral requirements' (*The Oxford Companion to Philosophy*, 2005: 947). Famous virtue ethicists include Aristotle and Alasdair MacIntyre.

Deontological ethics or deontology (Greek: δέον *(deon)* meaning *obligation* or *duty*) is an approach to ethics that focuses on the rightness or wrongness of actions themselves, as opposed to the rightness or wrongness of the consequences of those actions' (Olsen, 1967: 343). Well-known duty ethicists include Immanuel Kant and Thomas Nagel.

Utilitarian ethics is guided by 'the principle of utility, by which is meant that principle which approves or disapproves of every action whatsoever according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question' (Norman, 1998: 91). Notable utilitarian ethicists include Jeremy Bentham and John Stuart Mills.

I have already indicated my preference for a virtue ethics approach to dealing with the problem of poverty. My fundamental argument for this is that virtue ethics focuses primarily on the individual or the 'moral agent' and the degree to which their actions reflect excellent or virtuous human behaviour. In contrast, both deontological and utilitarian moral theories depend on a more metaphysical reference in order to determine what 'good' human behaviour is. What I mean by this is that utilitarian theory, for example, is based on the absolute and objective concept of 'greatest good for all', whilst deontology theory, for example, is based on universal rules or principles that exist 'above' human beings, like God's commandments or Immanuel Kant's 'categorical imperative' regarding what it is our objective duty to do.

In both utilitarian and deontological theories,' the characteristic stance of the human agent in relation to the demands of morality is that of obedience. The moral law is conceived of existing over and above us, in some sense, and our duty is to obey it (Van Hooft, 2006: 16). This then makes it far easier for individuals not to take responsibility for their actions, by saying that they simply

followed what they '*had to*' do, rather than, as is the case with virtue ethics, an action was guided by a virtuous character who '*wants to*'.

Van Hooft (2006) has depicted the differences between virtue ethics and deontology (or what he refers to as 'the ethics of duty') quite extensively in the extremely useful table below.

Table: Some distinctions between the ethics of duty and virtue ethics

Theme		The ethics of duty	Virtue ethics
What morality is about	1.	Defines the moral sphere	Extends beyond the moral sphere
	2.	Assumes the centrality of altruism	Accepts that the self is ethically important
	3.	Asks "What should I do?"	Asks "What should I be?" or "How should I live?"
Moral terminology	1.	Deontic	Aretaic
	2.	Focus on action	Focus on character
	3.	"Thin" concepts	"Thick" concepts
	4.	Goodness defined in terms of rightness	Goodness defined as human excellence
The nature of norms	1.	"Practical necessity" seen as obligation and obedience	"Practical necessity" seen as expression of character and response to values
	2.	Absolute, leading to moral dilemmas	Varying in stringency, requiring judgement
	3.	Based on general principles	Responsive to particular considerations
	4.	Justified by reason	Influenced by emotion
	5.	Justice perspective	Caring perspective
	6.	Impartial	Partial
	7.	Reasons externalism	Reasons internalism
	8.	Moral realism	Social construction of ethics
The basis of norms	1.	Based on metaphysics or *a priori* reason	Intuitions grounded in community traditions
	2.	Foundationalism	Hermeneutics
	3.	Universal	Culture-relative
Moral psychology	1.	Dualism: goodness inheres in the will or the soul	Holism: virtue inheres in the whole person
	2.	Assumes the lucidity of consciousness to ground voluntariness	Accepts the opacity of consciousness; decisions are often obscure to the agent
	3.	Persons are "social atoms"	Human beings are interdependent and social
The nature of moral judgements about others	1.	Agent-neutral	Agent-relative
	2.	Supererogatory actions are difficult to understand	Supererogatory actions seen as virtuous

(Source: Van Hooft, 2006: 8)

Given the length constraints of this thesis, I will only comment on a few of the key differences that help to explain my preference for virtue ethics in comparison to an ethics of duty (and, by extension, utilitarianism).

Van Hooft (2006) talks about 'thin' and 'thick' concepts – essentially what he means by this is that an ethics of duty tells us very little about an action other than it is morally wrong (i.e. a 'thin' concept or single dimensional idea), whereas virtue ethics actually assists us in describing what excellent human behaviour would look like and not just that it is either wrong or right (i.e. a 'thick' concept with several dimensions). For the same reason, utilitarianism too is based on a 'thin' conception of goodness.

Referring to the virtue ethics focus on self, Van Hooft (2006) talks about morality being inherent in the moral agent – what he refers to as 'reasons internalism'. This is in contrast to both deontology, with its focus on duty and consequences, and utilitarianism, with its focus on greatest good and intentions – both of which represent 'reasons externalism.' Again this represents for me an uncomfortable position where morality appears to be out of our control as individuals if we look at morality through the lenses of either a utilitarian or a deontologist.

In comparing the moral theories, virtue ethics is superior for three key reasons. Firstly, it puts the choices for our actions fairly and squarely where they should belong – with the individual. Secondly, virtue ethics is arguably more accessible to the 'ordinary man in the street' because it does not appeal to a metaphysical realm, but instead relates to living in the real world. Finally, when considering Van Hooft's (2006) four goals of a valid moral theory, I believe virtue ethics achieves all four namely that it helps us to understand morality by focusing it through the eyes of the individual who needs to make the moral choice; it provides some prescription on what is right and wrong through urging the individual to talk personal responsibility to aspire to excellence as a human

being; and it is a 'thick' concept that not only gives us guidance about what is right or wrong but also achieves the fourth goal of describing what our actions need to look like (perhaps through observing the example of other excellent human beings, like Nelson Mandela and Mahatma Ghandi).

I would however like to be clear that although I believe virtue ethics theory to be the most appropriate for the purposes of assessing the moral problem of extreme poverty in this thesis, I will acknowledge that it is not a perfect moral theory. Perhaps the greatest criticism of the value of a virtue ethics stance is that there is the danger of 'relativism'. By this I mean that undue focus on the character of the individual and the particular context that he or she lives in, could have the negative impact of being subjectively biased to a particular tradition or culture. Despite my view that there will probably always be the risk of relativism when applying a virtue ethics moral theory, I feel I need to offer some defense to the relativism claim so as to maintain sufficient credibility for the value that I believe virtue ethics can and does add.

My defense is twofold. Firstly, to ask the question: what is better? In other words, contemporary critics like Alasdair MacIntyre (1981), argue that we have lost our moral way and that we cannot agree on universal moral principles. It is for this reason that disillusioned postmodernist thinkers have turned increasingly to the 'particular' rather than the 'absolute' in search of a more ethical future world.

My second point is that it is exactly because virtue ethics refers to the particular and not to the absolute that it remains a relevant moral theory irrespective of the times within which we live. What I mean by this is that it was relevant in Aristotle's times (384-323 BCE) and yet even though we could not have predicted a future of such extreme poverty or global warming or pervasive terrorism, virtue ethics remains a relevant moral theory today because it is premised on what represents 'the good life' *today*.

In summary therefore, despite its flaws, virtue ethics theory provides the most appropriate ethical theory to understand the moral problem of extreme poverty because of its overriding focus on individuals taking personal responsibility for their moral choices and actions and because of its continuing relevance for contemporary application.

Chapter Three: Unsustainable capitalism

I now turn to the second key theme of my thesis, namely that of unsustainable capitalism. In arguing that the current application of capitalism is unjust and therefore unsustainable, I sub-divide this chapter into three sections – a history of poverty and capitalism (section 3.1); the link between virtue and justice (section 3.2); and an example of income inequality in South Africa (section 3.3).

3.1.   A history of poverty and capitalism

To understand why extreme poverty has become an ethical problem, we need to look at a history of poverty which is inextricably linked to the journey of capitalism.

Why then does poverty exist?
According to Jeffrey Sachs (2005) and other economists, the enormous gap between very rich and very poor is a fairly recent problem in historical terms, which only started developing in the last century due to the advent of industrialisation and the creation of a free market capitalist system, and that certain countries, currently first world countries like the United States, commenced this development earlier than other countries, currently third world countries, like Africa – hence the wealth gap.

'The move from universal poverty to varying degrees of prosperity has happened rapidly in the span of human history. Two hundred years ago the idea that we could potentially achieve the end of extreme poverty would have been unimaginable. Just about everyone was poor, with the exception of a very small minority of rulers and large landowners. A few centuries ago, vast divides in wealth and poverty around the world did not exist' (Sachs, 2005: 26).

It is with the advent of capitalism that this vast divide between rich and poor has emerged. Capitalism can be defined as an 'economic system characterized by the following: private property ownership exists; individuals and companies are allowed to compete for their own economic gain; and free market forces determine the prices of goods and services. Capitalists believe that markets are efficient and should thus function without interference, and the role of the state is to regulate and protect' (http://www.investorwords.com/713/capitalism.html).

From a positive perspective, the growth of capitalism has improved living standards across the world, increasing life expectancy and reducing infant mortality.

Statistics show that life expectancy rates have improved over the past 50 years: 'Average life expectancy before the health transition of the modern era is thought to have varied between about 20 years and 35 years. For Americans, life expectancy today is approximately 77 years of age (versus) an average of 47 in 1900 and life expectancy in India in 1950 was 32 years (compared with) 64 years in 2000' (http://en.wikipedia.org/wiki/Life_expectancy).

Furthermore, statistics illustrate the improvement of infant mortality rates increased over time. 'For the world, and for both Less Developed Countries (LDCs) and More Developed Countries (MDCs), IMR (Infant Mortality Rate) declined significantly between 1960 and 2001. World infant mortality rate declined from 198 in 1960 to 83 in 2001. In 2001, the Infant Mortality Rate for

Less Developed Countries (91) was about 10 times as large as it was for More Developed Countries (8). For Least Developed Countries, the Infant Mortality Rate is 17 times as high as it is for More Developed Countries' (http://en.wikipedia.org/wiki/Infant_mortality).

However the growth of capitalism has also brought negative impacts like inequitable access to wealth and power, economic instability and extreme poverty.

The corresponding growth of extreme poverty in developing countries and the widening wealth gap between rich and poor highlights the fundamental reason why extreme poverty has become an ethical problem today. Centuries ago everyone was generally poor but with the advent of a free market capitalist system a huge disparity between rich and poor has been created to the point that rich people *now* have the resources to prevent poor people from dying of hunger. *This* is the crux of why extreme poverty has become an ethical issue.

I would like to quote a few sources that illustrate statistically that the gap between rich and poor countries is indeed widening.

Firstly, according to Sachs (2005), 'the gulf between today's rich and poor countries is therefore a new phenomenon, a yawning gap that opened during the period of modern economic growth. As of 1820, the biggest gap between the rich and poor was a ratio of four to one in per capita income (even after adjusting for differences in purchasing power). By 1998, the gap between the richest economy, the United States, and the poorest region, Africa, had widened to twenty to one. Today's vast income inequalities illuminate two centuries of highly uneven patterns of economic growth' (Sachs, 2005: 28-29).

Secondly, one need only look at the United Nations report presented in February 2006 (entitled *Review of the first United Nations Decade for the Eradication of*

Poverty (1997 – 2006)) to appreciate that although certain developing countries have made progress in alleviating poverty, others have not, thereby widening the economic inequality between rich and poor countries.

'The average per capita income growth in developing countries in the 1990's was1.5 per cent per annum. Since 2000, the average annual growth rate of per capita income in developing countries has increased to 3.4 per cent, although this result is influenced by the high rate of growth recorded in East Asia, notably in China, and the recent economic take-off in India. In other regions of the world, the recorded growth in per capita income is less encouraging. Sub-Saharan Africa, for example, has posted an average growth rate of 1.2 per cent a year since 2000. Some countries are at severe risk of falling short of the (United Nations Millennium 2015) goal. Sub-Saharan Africa is the least likely to achieve the income poverty target, having made no progress in reducing the incidence of poverty in the 1990s. In sub-Saharan Africa, if current trends continue unchanged, only eight countries are projected to halve extreme poverty by 2015' (http://globalpolicy.igc.org/socecon/develop/2005/1212unpoverty.pdf).

Thirdly, this United Nations report quotes statistics of Gini coefficients (a globally accepted measure used to evaluate income inequality) for developing countries, warning that anything above a 50 score indicates high income inequality: 'In broad terms, OECD (Organization for Economic Cooperation and Development) countries and South Asia have the lowest income inequality, with a Gini coefficient of 36.8 and 33.4, respectively. In contrast, sub-Saharan Africa and Latin America register the highest levels of inequality, with a Gini coefficient of 72.2 and 57.1 respectively' (http://globalpolicy.igc.org/socecon/develop/2005/1212unpoverty.pdf).

Finally, according to the United Nations 1999 Human Development Report, an analysis of long-term trends shows the distance between the richest and poorest

countries was about: 3 to 1 in 1820; 11 to 1 in 1913; 35 to 1 in 1950;44 to 1 in 1973; and 72 to 1 in 1992 (http://hdr.undp.org/en/reports/global/hdr1999/).

These statistics show that sub-Saharan Africa has actually gone backwards in addressing income inequality (and therefore alleviating extreme poverty) in the past decade.

I am *not* suggesting that capitalism has created poverty. Instead, history shows that the majority of human beings were poor prior to the introduction of free trade and capitalism. The point I *am* trying to make is that before the advent of capitalism as we know it, everyone (other than the few super elite individuals, like members of royalty and nobility) was poor, so there was no need to ask the ethical question about the poor dying from hunger when the rich had so much in excess that they could prevent this extreme poverty. In other words, capitalism has indeed created the current situation where there is a huge gap between rich and poor globally, and there are relatively far more rich people than existed historically, to the extent that their cumulative wealth could effortlessly prevent poor people dying from hunger and curable diseases. So, *now* we do have an ethical problem regarding extreme poverty, which did not exist prior to capitalism.

The purpose of my thesis is not to suggest a future where there is no difference between rich and poor because given people's differing personal goals, I believe that they will always have the choice, desire and opportunity to earn more or less money. Instead, I am suggesting a future which is defined by two key ideals: that the difference between rich and poor should be a 'relative' one – in other words, 'extreme' poverty is morally unacceptable and should be eradicated – no-one should be dying of poverty when their fellow human beings collectively have the power and resources to change this; and the difference between rich and poor should be ethically justifiable – people should earn more or less based on indicators like individual merit and performance, provided that basic resources

and opportunities are in place for all - access to food, water, healthcare; and opportunities to work. In other words, all individuals should have equal access to becoming wealthy if they so choose. So, a reasonable gap between rich and poor is morally acceptable provided that this is based on a just system accessible to all, and that the gap is relative and not extreme, as is the present case.

3.2.   The link between virtue and justice

I will now turn to the work of Fitzgibbons' (1995), Rawls (1999) and Nozick (1981) regarding virtue and justice, specifically as it can be applied to the ethical problem of extreme poverty. I argue that capitalism as it is currently being practiced is unjust and unsustainable, and therefore does not represent Aristotle's ideal of 'the good life' for all. In doing so, I will put forward that there is sufficient evidence that Adam Smith, father of the concept of 'free trade' which underpins the capitalist model, advocated 'self-interest' but that he did not intend for this to be interpreted as greed and injustice.

Adam Smith:

Reviewing the history of capitalism would be incomplete and perhaps impossible without giving significant recognition to the Scottish philosopher, Adam Smith's work, specifically to two of his books entitled *The Theory of Moral Sentiments* (1759) and his more famous book *The Wealth of Nations* (1776). Smith is well-known for his concept of the 'invisible hand' where he argues that in a free trade system, self-interest would guide the supply and demand of goods and one of the outcomes would be public good.

Smith's work, especially *The Wealth of Nations*, has been critiqued by countless individuals over the past two hundred years. The constraints of this thesis do not

permit me to do justice to all this analysis. Instead, my intention is to utilise a key text, namely that of Athol Fitzgibbons' book *Adam Smith's System of Liberty, Wealth and Virtue: The Moral and Political Foundations of* The Wealth of Nations (1995) to make my fundamental point that Adam Smith intended his concept of free trade, and consequently capitalism, to be applied within the context of virtue rather than one dominated by 'self-love', greed and injustice.

I am well aware that many individuals would oppose this interpretation of Smith's work (including John Galbraith in his book *A History of Economics: the Past as the Present*, 1989). However, since there are sufficient other individuals (like Patricia Werhane in her book *Adam Smith and his Legacy for Modern Capitalism*, 1991) I feel confident in at least making the point that there is sufficient evidence, which is detailed in Fitzgibbons' book (1995), to illustrate that Adam Smith would be uncomfortable in supporting the current overtly greedy and unjust application of capitalism.

Fitzgibbons (1995) argues that 'according to Smith's *The Theory of Moral Sentiments*, virtue, and not self-interest was the most workable standard of life (and that) there is indirect but compelling evidence that Smith developed a comprehensive and integrated system of economics, politics and morals' (Fitzgibbons, 1995: 3-4).

Fitzgibbons uses the following diagram to depict Smith's 'system' of wealth and virtue. This diagram shows 'the overall structure of Smith's system, describing the relationships between his metaphysical ideas and his sciences of morals, jurisprudence and economics. The prime mover in the system was Nature, which was the manifestation of the Stoic God, meaning God who worked in the world and not God who sat apart in heaven' (Fitzgibbons, 1995: 19-20).

Figure: The system with wealth and virtue
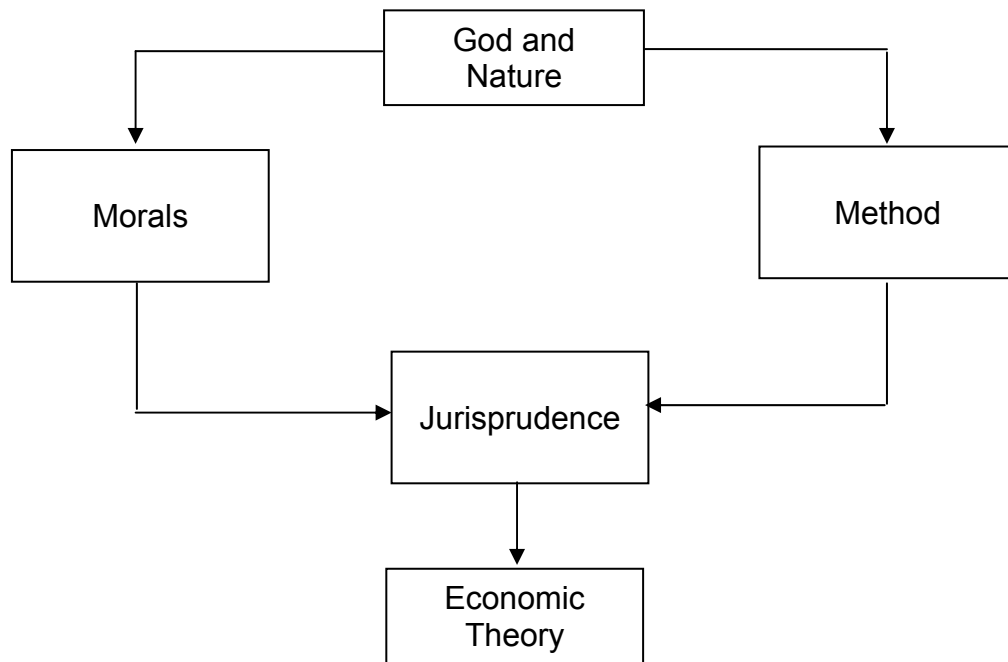
(Source: Fitzgibbons, 1995: 20)

Essentially, Fitzgibbons argues that Smith was influenced by the time in which he was writing, which was in Scotland in the 1750s ahead of the Industrial Revolution where poverty was rife, and that he was caught between the dominant religious tradition of the time (which was based on Aristotelian virtue philosophy) and the anti-Aristotelian's (like his friend David Hume) who wanted to replace this tradition with a more scientific, impartial, and amoral Newtonian philosophy.

Although Fitzgibbons acknowledges that Smith's 'system' is not clearly spelt out in any of his works, and that this is one of the reasons that Smith's philosophy has been misunderstood by many, Fitzgibbons argues that Smith's 'system' was an attempt to illustrate that wealth could be pursued without the degeneration of morals in society. 'We will see that Smith's purpose was to define a set of laws, a constitution in the widest sense possible, that would permit Britain to benefit from

liberalism without triggering the fearful process of long-run cultural degeneration. Smith believed he could resolve the conflict between morals and material goods by discovering the scientific laws that regulated society and morals (Fitzgibbons, 1995: 14).

According to Fitzgibbons, 'there are different explanations of this moral system. O'Brien (in Wood, 1984: *Adam Smith: Critical Assessments*) suggests that Smith's moral philosophy was derived from the natural law tradition that began with Aristotle (whilst) Werhane (1991: *Adam Smith and his legacy for Modern Capitalism*) concludes from her analysis of *The Theory of Moral Sentiments* that Smith advocated social co-operation and the "virtue of fair play"' (Fitzgibbons, 1995: 7).

My personal view is that I find it very difficult to accept that Adam Smith intended a greedy and unjust application of his 'free trade' concept when he had specifically gone to the lengths of publishing a book called *The Theory of Moral Sentiments* in 1759 (which preceded the economic views expressed in his later book, *The Wealth of Nations*) detailing his moral philosophy. Surely a strictly amoral economist would not have taken this trouble, and therefore, despite criticisms to the contrary, I believe that Fitzgibbons convincingly argues that 'Smith did not regard self-love as the foundation of society; or in modern words the capitalist system was not originally meant to be based on greed' (Fitzgibbons, 1995: 139).

Interestingly, Fitzgibbons states that 'what Smith actually said was much more explicit; the foundation of society was *justice*. "Justice is the main pillar that upholds the whole edifice", because the whole object of the laws, without which society could not exist, was to *constrain* the useful motives of greed and self-love' (Fitzgibbons, 1995: 140). The reason I am particularly drawn to this comment is that it aligns well to the argument that follows, which references

Rawls (1999) and Nozick (1981) and their views regarding the relationship between virtue and justice, and helps to build my argument that the current application of capitalism is unjust and therefore unsustainable.

John Rawls:

Rawls is famous for his advocacy of the vital role of justice in contemporary democratic society. His work is concerned with social justice and its importance in living a good life. Rawls argues that 'justice is the first virtue of social institutions (where) each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override. For this reason justice denies that the loss of freedom for some is made right by a greater good shared by others. Therefore in a just society the liberties of equal citizenship are taken as settled' (Rawls, 1999: 3).

Rawls also introduces his idea of 'justice as fairness' and stresses the need for justice in a stable and democratic society. For Rawls, 'the primary subject of justice is the basic structure of society, or more exactly, the way in which the major social institutions distribute fundamental rights and duties and determine the division of advantages from social arrangements' (Rawls, 1999:6). In other words, there needs to be fair 'rules of the game' in order for all individuals to cooperate in a justly functioning society. To achieve this, Rawls proposes conditions that would result in fairness and he builds on John Locke's concept of a 'social contract' in order to achieve this.

Rawls argues that 'all social values – liberty and opportunity, income and wealth, and the social bases of self-respect – are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage' (Rawls, 1999: 54). In doing so, he differentiates between 'primary goods - things

that every rational man is presumed to want' and 'higher-order interests' (Rawls, 1999: 54, xiii).

What Rawls is advocating is not a type of socialism or redistributive justice, but rather a just social system where the 'playing fields' are level and everyone has equal access to 'primary goods'. If I apply this back to the moral problem of extreme poverty, he would be morally accepting of differences between rich and poor provided that all individuals had access to a just social system that allowed them opportunity to, for instance in this example, accumulate income and wealth. 'And so the advantaged are entitled to whatever they can acquire in accordance with the rules of a fair system of social cooperation' (Rawls, 1999: 89).

'The natural distribution is neither just nor unjust; nor is it unjust that persons are born into society at some particular position. These are simply natural facts. What is just and unjust is the way that institutions deal with these facts' (Rawls, 1999: 87). In referring to privileged classes in society, Rawls argues that 'the basic structure of these societies incorporates the arbitrariness found in nature. But there is no necessity for men to resign themselves to these contingencies' (Rawls, 1999: 88).

In other words, if a social system (which includes the existence of just laws in relation to property and taxation, and access to financial assistance based on a just system) has been set up in a just way then it is morally acceptable to receive one's 'just deserts' in life.

The final point I want to make about Rawls' work is that in the last part of his book he concentrates on linking justice with what is 'right' and what is 'good'. He does so by looking at the 'Aristotelian Principle' (which essentially asserts that man aspires to be good for no other reason than to be good and that he improves at being good the more he does so) and concludes that this principle

has 'a central position in the moral psychology underlying justice as fairness' (Rawls, 1999: 380). Simply put, to act justly is thus inextricably linked to living 'the good life'.

Critics:

Rawls's work has indeed been invaluable in influencing our contemporary notions on social justice and fairness. Although he has essentially argued this from a Kantian perspective where 'justice as fairness' represents a universal rule, I concur with his argument that social justice can be achieved if all individuals have equal access to goods through a just social system. What I further support is that the lack of a just system will result in social 'instability', or as I term it, an unsustainable system.

However, what I am uncomfortable with, as are critics like Robert Nozick, is that in the absence of a just social system, Rawls advocates high State intervention to ensure a fair distribution of goods for all. Like Nozick (1981) I support limited government intervention in order for free trade and capitalism to work most efficiently. Unlike Nozick, however, I believe that optimal efficiency of capitalism can only occur where individuals, particularly global corporate business leaders, act from virtuous moral motivations rather than from selfishness and greed to ensure that capitalism is practiced on a just and fair basis for all.

Nozick (1981) argues that high State intervention and redistribution of 'goods', as Rawls suggests in order to deal with the problem of poverty, is unacceptable in that it infringes on other basic human rights. However, Nozick provides no credible alternative to dealing with the problem of poverty and thus I agree with critics like Peter Singer who complains that Nozick's 'antiredistributive conclusions are morally disreputable' (Nozick, 1981: 5).

If I reflect on extreme poverty and the growing gap between rich and poor globally, this moral problem has emerged exactly because wealth at birth is considered *contingent* in the way that capitalism is currently applied. What I mean by this is that the capitalist 'system' makes it far easier for those born into wealth to gain greater access to more wealth than for those born into poverty to become wealthier.

As an example, one need only look at the traditional premises behind granting financial loans or mortgage bonds – the more starting wealth you have, the more this is valued as collateral by financial lending institutions, and therefore the more access to wealth you are granted. Conversely - no wealth; no collateral; and consequently no financial assistance granted – a vicious cycle.

Both Sachs (2005) and Prahalad (2005) refer to this debilitating cycle for poor people, and suggest that the poor need at least assistance to get onto what Sachs terms the 'first rung of the economic ladder' if we are ever to break this vicious cycle. We need to 'ensure that all the world's poor have a chance to climb the ladder of development; we should ensure that the international rules of the game in economic management do not advertently or inadvertently set snares along the lower rungs of the ladder in the form of inadequate development assistance, protectionist trade barriers, destabilizing global financial practices, poorly designed rules for intellectual property, and the like, that prevent the low-income world from climbing up the rungs of development' (Sachs, 2005: 24- 25). I will be referring again to Sachs' work in chapter five when I look in more detail at a future sustainable capitalist approach.

Again, although I believe we are ultimately aiming for a similar outcome – that all individuals have a just and fair chance to gain wealth at least to the extent that they can live 'the good life' – the solutions that Rawls, Sachs and Prahalad suggest differ from mine. I concur in some part with Rawls that there is a role of

the State in the eradication of poverty and I agree with both Sachs and Prahalad that economic policy and law needs to change to accommodate the aspirations of the poor and thereby eradicate poverty. In contrast, however, I believe that the *primary* starting point is that global corporate business leaders need to take moral responsibility to practice a just and more sustainable approach to capitalism. I will argue this point in greater detail later in chapter four.

3.3.   Income inequality in South Africa: an example

Given this brief history of capitalism and poverty and the need for justice to be linked to goodness and virtue for a flourishing society, I would now like to turn to the example of income inequality South Africa, and argue that this example proves that capitalism as we know it is unjust and therefore unsustainable both because of the economic instability it continues to reinforce and because of the outdated modernist principles it is based on that perpetuate a highly individualistic set of corporate business values. Given the current global context of extreme poverty and South Africa's own context as a developing country, this income disparity is ethically unjustifiable. I would like to stress that this is merely *one* example of the unjust and unsustainable way that capitalism is currently being practised.

I start by looking in detail at a book written by Ann Crotty and Renėe Bonorchis entitled *Executive Pay in South Africa: Who gets what and why* (2006) which focuses on executive pay in South African listed companies between 2004 and 2005.

Crotty and Bonorchis make it clear that any significant disparity in wages is a commonly accepted cause for concern on two levels – firstly, within a company it represents an unsustainable value system, and secondly, at a country level, it

represents an unsustainable approach to building a solid economy. 'In many instances, the relationship between the highest- and lowest-paid employees in a single company is used as a metric of value addition. Simultaneously, it is read as an indication of the value system of the company. Taken across all of society, this measure is frequently used as a proxy for the levels of equality. There is a body of literature that suggests that vastly unequal societies impede their own growth into the future' (Crotty & Bonorchis, 2006: 9).

Crotty and Bonorchis make an important point about vastly unequal societies impeding their own growth into the future, and this must surely provide a convincing incentive for business leaders in challenging the current values that capitalism is premised on.

Included in Crotty and Bonorchis's book is a paper written by Sara Ryklief and Trenton Elsely, director and senior researcher respectively at the Labour Research Services, stating that: 'The South African economy forms two distinct pictures, depending on which indicators you choose to focus on. One approach sees modest but consistently rising economic growth (as measured by GDP) (and) another approach sees widening levels of societal inequality (as measured by the Gini coefficient), wide and sometimes widening levels of racial, gender and occupational inequality in the workplace, and persistently high levels of unemployment close to 30% as an indication that all is not well in South Africa. It raises the question: "Whose growth are we witnessing?"'(Crotty & Bonorchis, 2006: 137-138).

The following table (sourced from the South African Regional Poverty Network website) shows progressive South African Gini coefficient statistics and reflects a decline in this measure over a ten year period (which is further exacerbated in the South African context by the historical racial discrimination of 'apartheid').

Gini coefficient by population group – South Africa:

	1991	1996	2001
African	0.62	0.66	0.72
White	0.46	0.50	0.60
Coloured	0.52	0.56	0.64
Asian	0.49	0.52	0.60
Total	**0.68**	**0.69**	**0.77**

(Source: http://www.sarpn.org.za/documents/d0000990/)

As mentioned earlier in the thesis, any measure in excess of 50 (or in this case 0.50 depending on how the measure is presented) is considered as high income inequality and cause for concern. South Africa is therefore defined as having an above average income inequality. In response to the question above: "Whose growth are we witnessing?" the paradox of the current economic growth that South Africa is experiencing is that it is either positive or negative depending on whose lenses it is perceived through. It is unquestionable that the South African economy has grown in the past decade however this has made very little difference to the lives of those who still experience extreme poverty.

Ryklief and Elsely go on to say that: 'given the extent of the severity of the problem, it is no wonder that South Africa (is one of) the most unequal nations in the world. Systemic low wages and high unemployment that give rise to the low floor of incomes are only one part of the problem. The other is the enormously high earnings of corporate leadership and management. The prevalence of poverty wages amongst a substantial proportion of the population in the midst of an exponential rise in incomes of the wealthy is a recipe for social disintegration.

Our society demonstrates many indicators of such disintegration taking place' (Crotty & Bonorchis, 2006: 137-138).

To illustrate it more bluntly, if I look at the South African retail sector in which I work as an example, why is it ethically acceptable for senior business leaders to earn in excess of a million rand a year when their lowest paid employees earn less than thirty thousand rand a year and when the majority of people in our country earn less than five thousand rand per year? (The 'less than five thousand rand a year' that I am referring to correlates to the World Bank guideline of less than two dollars per day which defines extreme poverty levels.) This represents a ratio of 1:35:200 where senior executives in the retail sector earn in excess of 35 times the amount that their lowest paid workers do, and in excess of 200 times the income that the poorest person in South Africa exists on.

Crotty and Bonorchis agree that the levels of executive remuneration in South Africa are concerningly high relative to the South African context. 'Some (executives) have fallen into the trap of believing that they are worth every cent they are paid. From 2004 to 2005 the total pay packages for the 10 best executives increased by an average of 200%. Behind every well-paid executive lurks a generous share option plan. In fact, the sharpness of the escalation in executive pay, from South Africa to the UK to the US, can be attributed to one thing: the increases in the grant of share options' (Crotty & Bonorchis, 2006: 14-25).

The figures I quoted earlier were exclusive of share options. The situation becomes even more concerning when share options are added to executives' pay. Whereas a senior business leader in the retail sector can earn a salary exceeding R 1 million per annum, he can easily earn double this when the value of his share options are added. That translates then to a 1:70:400 ratio of

business leaders' earnings compared to lowest paid employee earnings and compared to the lowest paid income of the majority of South Africans.

'The sharp increase in executive remuneration since 2002 has occurred at a time when there has been considerable downward pressure on wages for unskilled workers ... The result of these two trends over the past 10 years has been an increase in the 'Gini coefficient' in South Africa …. A survey that was published in 2006 by trade union group Solidarity calculated that the average pay package received by a chief executive of a listed company in 2005 was R 4.6 million. This was equivalent to 53 times the average workers remuneration of R 85,000 … The Solidarity data for the whole economy suggested a wage gap of 33:1 for the resources sector, 31:1 for the financial sector and 223:1 for the retail sector' (Crotty & Bonorchis, 2006: 125).

I would like to clarify that this income inequality is not uniquely a South African issue. Instead, excessively high executive compensation is characteristic of most corporate businesses globally. What makes the situation more untenable in South Africa though, is that we are a developing country that is still experiencing high levels of poverty that are not necessarily representative of developed countries.

One might well then ask what I believe a more sustainable approach to executive compensation could be. As I will argue throughout this thesis, the solution lies in the moral character of business leaders who *want* to find a more sustainable approach. Having said that, I think that any solution would certainly also need to address a few key structural aspects of executive remuneration.

Firstly, all executive compensation should be linked to long-term performance against a balanced set of indicators of success (including society and profit measures), unlike the current scenario where it is determined largely by annual

performance against a one dimensional profitability indicator and a stock exchange that is driven by shareholders' short-term need for return on their investments.

Secondly, executive compensation should be contextualised within the country or society that an organisation trades in. Here the key consideration should be the wage inequity between richest and poorest especially as this is widely acknowledged as the primary indicator of economic and social stability within a country.

James Canton is a well-known futurist who has written a book called *The Extreme Future* (2006) where he proposes future global trends within the next twenty years. Unlike many other books I have read, Canton spells out the potential future risk of not dealing with global poverty in a most unsubtle and unsettling way: ''If you have nothing, then you have nothing to lose. If you have no possibility of a future, then you have no concern for the present. The undeniable reality is that the largest growth in the global population will be in the developing world. If these children grow up poor and disenfranchised the global organisation of terrorism would be able to easily recruit the next generation of terrorists. If this comes to pass, I forecast, the West will actually be helping to organise the global forces of terrorism and crime' (Canton, 2006: 200-206).

Perhaps Canton's predictions are a little exaggerated but it certainly takes no more than a simple common sense deduction to calculate that unsustainably high income inequality and extreme poverty will be disastrous in the long-term for the economic growth for all South Africans and therefore the development of a healthy South African society.

By using the detailed research provided by Crotty and Bonorchis I believe that I have adequately argued that an excessive income inequality is *one* example that illustrates that the current model of capitalism is both unjust and unsustainable.

Even though this example was based in South Africa, it has relevance globally for both developed and developing countries. Essentially this high income inequality reflects the current underlying value system of capitalism which I will explore in greater depth in section 4.1 where I argue that the contemporary application of capitalism is grounded on outdated modernist values.

Amartya Sen:

Continuing with the topic of measuring inequality and poverty, I would now like to look at some of Amartya Sen's work, as found in his essay *Conceptualizing and Measuring Poverty* (in a book called *Poverty and Inequality* edited by David Grusky and Ravi Kanbur, 2006); as well as in an essay by Martha Nussbaum entitled *Poverty and Human Functioning: Capabilities as Fundamental Entitlements* (also in Grusky and Kanbur's book).

Although Amartya Sen admits that empirical evidence has been important historically in the understanding of poverty, he argues that we need to question poverty at a conceptual level to fundamentally understand why this moral problem persists. Sen argues that it is critical to use conceptual measures when assessing poverty rather than simply depending on empirical information, like income inequality and Gini coefficients, because 'economic data cannot be interpreted without the necessary sociological understanding' (Sen, 2006: 45). I would like to share an example of the potential danger of looking solely at empirical information when addressing complex issues like poverty. The topic of poverty data has recently been widely publicised in the South African media. On the one hand, the South African Institute of Race Relations released poverty data

(in November 2007) that 'made the case that between 1996 and 2001 the number of South Africans living at less than a dollar/day rose from 1.9 million to 3.6 million' and during the same time 'the number of unemployed South Africans rose from 2.0 million to 4.4 million' (www.sairr.org.za).

In contrast, the office of the Presidency issued a briefing note which made the case that data is inconsistent and that the more important question is 'What then should guide our understanding of the realities of poverty in South Africa? Perhaps the starting point should be the South African Constitution and the socio-economic rights it asserts should be progressively realised. These include access to housing/shelter, education, social assistance, health provision, food and water' (www.thepresidency.gov.za). There are clearly other ways of assessing poverty than simply looking at empirical income equality data. The deeper question is whether people are in a better position now to live fuller lives as human beings.

Sen continues by acknowledging that 'relative income in assessing poverty' is worth defining because 'capability poverty relates inseparably to income inequality' (Sen, 2006: 36). In other words, the relative wealth of individuals *within* the society or community in which they live is very relevant to their ability to maximise their capability to live 'the good life' in *that* community, Thus, as Sen argues, it is conceivable that someone living in 'New York may well suffer from poverty despite having a level of income that would make him or her immune from poverty in Bangladesh or Ethiopia' (Sen, 2006: 37).

If I then extend this argument to the earlier South African example of income inequality, the poor in South Africa are in a sense doubly impacted because not only do they earn' less than the two dollars a day' World Bank measure which makes them uncontroversially extremely poor (unlike the New Yorker above) but

they are also *relatively* extremely poor when one considers the enormously rich individuals living side by side them in South Africa.

Both Sen (2006) and Martha Nussbaum (2006) support a 'capability' approach when assessing inequality. (Nussbaum's work focuses more on gender equality whereas Sen is better known for his work on inequality and social justice.) Essentially, their argument is that development does not simply refer to the acquisition of wealth (in the social justice debate) but rather as 'development in terms of enhancement of human living and the freedom to live the kind of life that we have reason to value' (Sen, 2006: 35). What this means is that not only should human beings have access to basics like food, education and medicine in order to live 'the good life' but they should be able to function fully in society.

Nussbaum argues that this 'capabilities' approach is superior to alternative approaches to social justice, including those approaches premised on the notion of 'social contracts' (as in the case with Rawls's work mentioned previously), because it takes into consideration the conception of care and concern for others. Unlike Sen, however, Nussbaum has found it essential to quantify what these 'capabilities' are which might initially appear as if she is being prescriptive about a universal list, but which she stresses 'is open-ended and subject to ongoing revision and rethinking' and therefore not grounded on a metaphysical level (Nussbaum, 2006: 59). This concurs with my earlier sentiments that moral theory needs to remain relevant to the society in which we need to make ethical choices.

What I specifically appreciate about both Sen and Nussbaum's arguments, is that they have lifted the understanding of inequality from a purely empirical analysis to a conceptual level that questions the underlying moral premises of contemporary society which have either allowed or disallowed all human beings from participating freely. They have helped us to identify the fundamental moral

questions that will hopefully result in us finally learning lessons from history through addressing issues like poverty and gender inequality firstly from an ethical stance.

'Sen and I argue that if we ask not about GNP (gross national product) only, but about what people are actually able to do and to be, we come much closer to understanding the barriers society have erected against full justice for women and the poor' (Nussbaum, 2006: 48).

Taking both Sen and Nussbaum's caution about relying too heavily on empirical information to assess poverty, I would now like to consider poverty in a more conceptual light by understanding what principles and values lie behind the current application of capitalism which have resulted in poor people being unjustly excluded from living a good life.

Chapter Four: The power of corporate business

The third key theme of my thesis looks at the power of corporate business. Here I argue that current capitalism is based on outdated modernist values that need to be challenged, and that the individuals who have the greatest power and responsibility to do so are corporate business leaders. This chapter is also sub-divided into three sections – outdated modernist values (section 4.1); moral character of corporate business (section 4.2) and moral responsibility of business leaders (section 4.3).

4.1. Outdated modernist values

Having argued extensively in the preceding chapter that the current application of capitalism is unjust and therefore unsustainable, I would now like to expand on the relationship between virtue and justice in order to understand why the continuation of extreme poverty does not represent Aristotle's ideal of 'the good life' for all, as well as to understand why the outdated modernist principles that capitalism is currently based on need to challenged.

I am very interested in Crotty and Bonorchis's statement that: 'In many instances, the relationship between the highest- and lowest-paid employees is read as an indication of the value system of the company' (2006: 9). My specific interest is in the underlying principles of the current capitalist model and how they have created a contemporary corporate business value system which appears to easily accept the significantly negative consequences of capitalism, like high income inequality, a potentially unstable economy and continuing extreme poverty.

Capitalism:

Capitalism as we know it now has been greatly influenced by modernist thinking, where the terms of 'Modernity' and 'Enlightenment' are interchangeable, and reflect a philosophical approach that encourages 'individualist rationalism' and is also referred to as the 'Age of Reason' (*The Oxford Companion to Philosophy*, 2005: 253). This has encouraged a self-orientated approach to the world, which along with the positive benefits it has brought, like self-actualisation, has also had negative impacts, like greed and individual gain at all costs.

'Capitalism as a way of thinking is fundamentally individualistic, that is, that the individual is at the centre of capitalist endeavour. This idea draws on all the

Enlightenment concepts of individuality: that all individuals are different, that society is composed of individuals who pursue their own interests, that individuals should be free to pursue their own interests (this, in capitalism, is called "economic freedom"), and that, in a democratic sense, individuals pursuing their own interests will guarantee the interests of society as a whole' (http://www.wsu.edu/~dee/GLOSSARY/CAPITAL.HTM).

I believe that it is exactly this 'modernist' approach to capitalism that has created the current individualistic corporate business value system, and it is precisely this pursuit of wealth driven entirely by individual needs that is unsustainable. The premises that capitalism is currently based on, are at best outdated, and at worst, are resulting in unintended ethical consequences of almost insurmountable proportions. These consequences include extreme poverty, global warming, and crime and terrorism.

Earlier in the thesis I agreed with Fitzgibbons' (1995) argument that Adam Smith had not intended for capitalism to be practiced in a greedy and unjust way. Unfortunately though, Smith has been (and continues to be) greatly misunderstood. Perhaps, therefore, his conception of 'the invisible hand' – where he asserted that the interests of society will be indirectly served if each individual pursues his own self-interest in a free market society – is too idealistic and needs further explicit definition and argument. In the absence of this clarity, I believe many individuals will continue to misunderstand Smith's intentions which will continue to lead to devastating consequences.

This is well depicted in Garrett Hardin's *Tragedy of the Commons* (1968), an essay looking at the dangers of an unregulated primacy of self-interest. To illustrate this, Hardin uses an example of herdsmen and cattle, where he shows greater individual gain over communal cost and challenges Smith's (1776) notion that 'the invisible hand' will always result in the best outcome for society. Hardin

was probably most concerned with population growth and its impact on global resources and therefore proposed that our moral framework needs to shift where 'freedom is the recognition of necessity' (http://www.garretthardinsociety.org).

Although I support Hardin's general observation that our moral framework needs to shift in order to resolve moral problems like the growing lack of global resources for all, I do not support his alternative that to do so would require losing fundamental individual freedoms like the right to reproduce. I feel that by suggesting this, Hardin essentially only achieves the replacement of a liberalist dominated set of morals with a communitarian dominated set of morals.

Instead, my view that capitalism itself is not flawed persists. My primary reason for saying this is because capitalism, evenly unjustly applied, has resulted over time in better lives for millions of individuals. This improvement is at minimum reflected in the empirical statistics I put forward in section 3.1 around life expectancy and infant mortality improvements, and also I believe is reflected against Nussbaum's (2006) list of greater 'capabilities', including, for example, greater 'protection of free speech and association', which has enabled many individuals over time to participate more meaningfully in society (Nussbaum, 2006: 58-59).

My argument is *not* that the original conception of capitalism, based on ideals like private property, free market and profit motive, is essentially flawed and has to be discarded. Instead, it is the values underpinning capitalism, or more specifically the dominance of modernist ideals like individualism and liberalism at any cost that need to shift. I believe that the 'pendulum has swung too far', subjugating community needs to individual ones – we have lost the delicate balance (what Aristotle refers to as 'the mean') between virtue and vice. In other words, it is ineffective to ask the question 'either individual or community?' and that instead, we need a moral framework that allows for an 'and' approach to ethical choices.

To echo Sen's (2006) views, the real question is whether the society in which we live allows us all equal access to the 'goods' that enable us to live 'the good live' – are the systems and institutions that we have created acting fairly and justly for the good of all humans? To expand on this then, it is not the economic foundations of capitalism – like private property, the free market, and the profit motive – that are in question, but rather the *access* that everyone has to these that needs addressing. My argument is that the greedy, individualistic principles that capitalism is currently premised on are by their very their nature exclusive to certain people, and therefore poor people cannot gain access to basic and 'higher order goods' to capacitate them to live their lives fully. Specifically, poor people do not have equal access or opportunity to achieve the economic ideals of capitalism, namely to private property ownership, free market trading, and to profit gain. The application of contemporary capitalism is therefore unjust and unsustainable.

The Good Life:

To advance this argument, I believe it is essential now to reflect on what Aristotle meant by 'the good life' and also to understand how his notion of 'the mean' can assist us in a virtue ethics approach to the moral problem of extreme poverty.

Aristotle was a pupil of Plato but differed from him in his rejection of metaphysical 'forms' as the universal basis for ethics. Instead, Aristotle argued for 'ethical knowledge which could guide our *actions*, and would therefore have to be a knowledge of things that can be changed, a knowledge of particulars' (Norman, 1998: 27-28). Aristotle argued for the relevance of ethics to everyday life, something more tangible than universal rules which could guide our daily moral choices.

Similar to Plato though, Aristotle argues that a 'life lived in accordance with the virtues will be the happiest life' (Norman, 1998: 28). Happiness then is the ultimate 'end' that we are striving for. For Aristotle, a life worth living is one that is lived to its greatest degree of virtue rather than one which is focussed on obeying absolute rules. To extend this, humans who are unable to live their lives to the fullest, are deprived of being fully human.

What does this mean for extreme poverty and Aristotle's notion of 'the good life' for all – in other words, how does poverty undermine 'the good life'?

'In the fourth century BC, Aristotle pointed out, at the very beginning of the *Nicomachean Ethics*, that income and wealth are only instrumentally valued, and we have to go deeper to understand what makes human life rich and human freedoms effective' (Sen, 2006: 35). Thus, wealth is important to help us in reaching our goals and functioning as human beings but it is not the 'end' in itself. Extremely poor people are excluded from functioning at a fully human level because they do not have access to some of the basic 'goods' or inputs that would result in them participating fully in 'the good life'.

What would human excellence or virtue look like in relation to dealing with the ethical problems of poverty, inequality and social justice? What would a virtuous person do (or be) when confronted with extreme poverty? What would an excellently virtuous character look like?

In order to answer these questions, we need to understand that Aristotle's thinking was teleological by nature in that it saw human flourishing as the striving to achieve the ultimate goal of human existence which 'is to do those things that are distinctly human and to do them well: to be good *as a human being*. We shall be happy, he says, when we act in accordance with virtue and we shall be most

happy when we act in accordance with the highest form of virtue' (Van Hooft, 2006: 51).

To measure whether we were indeed living 'the good life', Aristotle introduced the notion of 'the mean' where 'virtue consists in observing the mean between excess and deficiency' and by observing this mean, individuals will not act in the extreme (Norman, 1998: 35). As an example, courage can be regarded as the mean between cowardliness and foolhardiness. In addition, Aristotle talks about the concept of 'phronesis' or practical wisdom which grows as one increasingly acts in a virtuous way.

So, in order to choose how we act in relation to ethical problems like poverty, we need to utilise our 'phronesis' to select an appropriate response according to 'the mean' continuum. This will ensure that we act in a virtuous way that represents 'the good life' for both ourselves and others.

What is very useful is Van Hooft's (2006) consideration of Aristotle's use of the term 'philia' ('love and caring between individuals as shaped by tradition'). In Aristotle's times, this would have been relevant to the comparatively small society within which one lived. However, in today's times of globalisation, this extends to everyone we have a relationship with, both those geographically near us and those we do not come into direct physical contact with.

Consequently, 'the essence of the virtue of justice then is to stop seeing oneself as the centre of the world and to attest to oneself as one among many. It is to stop being the centre of a circle of "philia"' (Van Hooft, 2006: 121). In other words, our world has increased with globalisation and in order to live a virtuous life in contemporary society one must shift one's conception of 'philia' to include the virtue of justice for all. As my reference to MacIntyre (1981) will explain later, this represents a shift from Aristotle's 'unified conception of the good life' in that

with the enormous diversity of today's world, we would not be able to agree on any *one* ideal of 'the good life'. Instead, we will need to measure 'the good life' against practices and traditions of the particular society we live in.

Postmodernism and capitalism:

I would now like to compare the highly individualistic nature of modernism with the more relationship based nature of postmodernism and consider what this might mean for future capitalism and for eradicating extreme poverty.

Modernism emerged as an attempt by mankind to provide order in an otherwise chaotic world. To do this, we subscribed to universal moral values to guide our behaviour and focussed on the primacy of our own rationalism and self-interest. In contrast, 'the ethical paradox of the postmodern condition is that it restores to agents the fullness of moral choice and responsibility while simultaneously depriving them of the comfort of the universal guidance that modern self-confidence once promised' (Bauman, 1994: xxii). In other words, postmodernism does not try to replace one set of absolute values with another set. Instead, it argues that there is no universal set of principles to guide our moral actions. In so doing, it places moral responsibility squarely with the individual and consequently creates fear for those who would prefer a prescribed set of moral norms to guide their ethical choices.

'Postmodernity is a *state of mind* – a state of those minds who have the habit to reflect upon themselves, to search their own contents and report what they found' (Bauman, 1994: vii). It represents a mind that is constantly critical, constantly questioning. Bauman argues that historically this was the realm of philosophers, but moral responsibility in a contemporary world requires us all to assume the role of constant morally questioning. This, I believe is necessary if we are ever to successfully solve ethical dilemmas like global poverty. We cannot

continue to depend on philosophers to ask the moral questions – instead we each need to take responsibility for asking such questions.

'Under the circumstances, there are no obvious social agencies that may guide the choice (of postmodernists). The choice will eventually have to be practical (and) will have to be built from the bottom up, out of the ethical convictions and moral conduct of the multitude of moral agents' (Bauman, 1994: xxiii).

Obviously, this will neither be easy nor risk free. Moral agents will need to find a balance in their moral choices between individual needs and community needs and it is indeed here that Aristotle's notion of 'the mean' is useful to us. (I would just like to note here that Bauman's reference to building moral choices 'from the bottom up' is well aligned to the example of 'Ubuntu' consciousness that I will look at later in chapter five.)

What postmodernity offers us is the choice of *many* ways of living a moral life rather than either the modernists' universal *only* way or the relativists' morally dangerous *any* way. Represented on a continuum, this would look as follows:

Modernists' *only* way	Postmodernists' *many* ways	Relativists' *any* way

What postmodernism requires of each of us in relation to dealing with ethical problems like extreme poverty is that we take responsibility to constantly question ourselves. What would human excellence or virtue look like in relation to dealing with the ethical problem of poverty? What would a virtuous person do (or be) when confronted with extreme poverty? What would an excellently virtuous

character look like? Is this particular action morally appropriate? Postmodernity requires then that we be our own moral conscience.

I am therefore not suggesting that the solution is for us to return to pre-modernist ways. The traditionalist approach which was entirely communitarian in nature, focussed wholly on community to the extent that individual needs and aspirations were not met, and it can be argued that individuals were merely considered as 'means' to the 'ends' of society. This approach too is unhealthy and unsustainable.

Instead, postmodernist thinking allows for individual and community needs to be addressed despite the tensions that will always exist between the two. In fact, I believe that it is entirely *because* of this potential conflict between the two that capitalism can become sustainable, because checks and balances will automatically prevail. This conflict was very succinctly summarised in an article written by Jose Mesa from Columbia University, in 2003, entitled '*Primacy of the Individual or the Community?:* '(Emmanuel) Mounier recognizes that at a metaphysical level there cannot be a conflict between the person (individual) and the community because true communities and persons need and complement each other. As Mounier argues: "Instead of harmony (there is) a *"creative tension"* but this tension is the source of life. It protects the individual from anarchy and societies from conformity" (and) can help both the individual and the community to overcome their dark sides' (Mesa, 2003).

This post-modern philosophical approach has as its cornerstone the concept of 'and' versus the modernist or even traditionalist thinking of 'or'. In other words, it is in being able to consider alternative ideas *at the same time* that gives postmodern thinking its unique value. It is actually in the tension of considering seeming paradoxes that we find better, more sustainable solutions.

However, instead of wishing that modernity had never occurred, 'modernity has made an important contribution to the debate: individuals cannot be seen as mere means for the good of the community, as traditional views argue. The liberation of the individual from some of the oppressive communities of the past is a welcome event that could not have happened without the language of autonomy, inwardness, affirmation of ordinary life, and inner moral sources that modernity brought' (Mesa, 2003).

I find Mesa's paper very convincing in that he is not saying that the era of modernist thinking was completely wrong and therefore we need to return to the traditional era where concern for community was at the centre of our moral framework. Indeed, in this era, the reverse from the present situation was true – individuals were simply regarded as a 'means' to the 'end' of community. Individual aspirations were largely disregarded, and in fact, considered to be selfish and bad for society's progress.

Instead, Mesa argues that modernity has assisted us to recognise that any satisfactory ethical approach needs to consider *both* the community and the individual. However, the pendulum during the phase of modernity has swung too far, because our ethics are currently dominated by the aspirations of the individual, and as a consequence, our ethical foundation is unconcerned with the aspirations of community. Unless our ethical reference shifts to be inclusive of community, pervasive global ethical problems, like extreme poverty and global warming, will continue.

Alasdair MacIntyre:

Alasdair MacIntyre, a postmodern philosopher, is arguably best known for his extensive critique of modernism and the lack of appropriate virtues it has brought

to society. MacIntyre wrote several books of which *After Virtue* (1981) spells out his severe disillusionment with the morality of modernism.

MacIntyre's critique, simply translated by John Horton and Susan Mendus in their critique *After MacIntyre: Critical Perspectives on the Work of Alasdair MacIntyre* (1994), 'is that modern morality is in a state of grave disorder, perhaps of chaos. We argue endlessly about the justice of wars, the morality of abortion, the nature of freedom, but not only do we not in fact reach agreement about these matters, we do not even agree about what criteria a satisfactory resolution to these disagreements would need to meet' (Horton & Mendus, 1994: 5). Furthermore, modernist philosophy 'promised a conception of rationality independent of historical and social context, and independent of any specific understanding of man's nature or purpose' (Horton & Mendus, 1994: 3).

In essence, modernism has at one level created the isolation of individuals from society, but at an even deeper intrinsic level, it has taken away our basic moral reference framework which determines what we ought to be and ought to do. As a result, we are floundering in an ethical vacuum, unable to resolve the enormous moral dilemmas of our time. Indeed, we cannot even agree on where to start!

In contrast, McIntyre argues for a return to Aristotelian philosophy, where '... the good life is the life lived in accordance with virtue (*arête*), where virtue is to be understood against the background of a teleological conception of man – on his account, the virtues are excellence of character which enable people to move towards their goal (*telos*), and are an essential part of the attainment of that goal' (Horton & Mendus, 1994: 6). According to MacIntyre, these goals help each of us distinguish between where we currently are and where we need to develop, and we can only achieve this within the context of the society in which we live.

I believe that MacIntyre's work is significant in challenging the weaknesses of modernist philosophy. This philosophy has become pervasive in our lives today. Indeed, it is difficult for any of us to conceive of ourselves as anything other than individuals who have all important goals that need to be achieved in our lifetimes. Wherever we go and whatever we do, we are defined by our own individuality, whether at work or in our personal lives – how we dress; how we speak; what we achieve; how much we earn; how much we own; and so on.

MacIntyre succeeds in forcing us to ask ourselves a fundamental question: How is it that we have allowed ourselves to value individual fulfilment and growth ahead (and even at the cost) of community growth?

And his answer, I believe, forms the cornerstone of any future sustainable attempt to deal with the seemingly insurmountable global ethical problems like extreme poverty. The answer lies in our virtues, in our moral characters, in our striving to be who we ought to be in relation to the normative ideal of 'the good life''. MacIntyre states that: 'The unity of a human life is the unity of a narrative quest' (MacIntyre, 1981: 203) where 'the narrative of an individual's life is to be understood against the background of the wider social context within which that individual finds himself or herself' (Horton & Mendus, 1994: 11).

I appreciate MacIntyre's analogy of life as a 'narrative' because it implies that life is a story and that the events of our lives do not just sit on their own, independently. Instead they are interconnected in a way that brings us purpose and meaning. Often our modernist rationality actually isolates us and we quickly forget that we are on a journey to achieve the 'good life'. The analogy of a 'narrative quest' actually helps connect all of us to a common purpose or life goal, and consequently to what it is that makes us essentially human.

For contemporary virtue ethics theory, MacIntyre's 'narrative quest' of the good life replaces Aristotle's 'unified' notion of the good life. In the context of the current boundary less world of diverse cultures, Aristotle's 'unified' ideal is no longer valid. Instead, we must look to the particular society we live in to help us define and live 'the good life'.

MacIntyre's linking of a 'narrative' to 'the good life' is critical because it highlights that in order to live 'the good life' we cannot rely on fixed rules – instead 'the good life' emerges through our particular stories of what we find meaningful in life and how they are situated in our unique historical contexts, and through our particular 'practices' and 'traditions'.

The fact that MacIntyre has contextualised individual moral choices in 'practices' and 'traditions' has resulted in the criticism of relativism. In his defence, Mulhall and Smith argue that 'the fact that there are so many and varied practices, and so wide a variety of internal goods and virtues, signifies a healthy pluralism in MacIntyre's conception of what is valuable in human life' (Mulhall and Smith, 1993: 85).

Van Hooft (2005) claims that 'what Aristotle means by ethics may be discerned if we consider the ancient Greek root of the term: *ethos.* This term refers to the customs of a society. To speak about ethics in this sense is to speak about the customary behaviour of a people, the standards of excellence they hold themselves bound to. Aristotle is offering us a theory about human beings and what it is for them to flourish' (Van Hooft, 2006: 49).

Fundamentally then, Aristotle's notion of 'the good life' where virtue plays a central role has been instrumental in developing the moral theory of virtue ethics. This theory is premised on the moral 'agent' taking personal responsibility for his

moral actions by reflecting these against the question: 'how best do I live my life?'

According to Mulhall and Swift in their book *Liberals and Communitarians (*1993) one of MacIntyre's most important contributions has been to 'reconstruct Aristotle's conception of ethics, in particular the central role accorded to the virtues and the need for a communal context for the living of the good life' (Mulhall and Smith, 1993: 81-82). Essentially, MacIntyre understood that Aristotle's world of a unified notion of what 'the good life' represents was impractical in a globalised contemporary world. This concurs with Van Hooft's (2006) comments on 'philia' earlier, which reinforce the need to expand our circles of relationships in our contemporary world, in order to stay morally relevant.

The way that MacIntyre achieves this is to expand on Aristotle's notion of 'the good life' through his conception of a person as inclusive of the 'practices' and 'tradition' he finds himself living. This is contrary to the modernist view of an asocial individual who can achieve 'the good life' in absence of any connection to the society in which he finds himself. 'MacIntyre is arguing that the asking of the question ("How best may I live out the narrative unity of my life?") and attempting to answer it in word and deed, are what provide the moral life with its unity – the unity of the narrative quest for the good' (Mulhall and Smith, 1993: 88).

In summary, with the assistance of Aristotle, MacIntyre (1981) and Bauman (1994), I believe I have sufficiently argued that the current application of capitalism is premised on outdated modernist principles which need to change because they are isolating us from the vital 'practices' and 'traditions' that help to shape us as humans and are thereby inhibiting our ability to live 'the good life' and to flourish as full human beings.

4.2.   Moral character of corporate business

Having argued that capitalism is unsustainable because of the outdated modernist principles it is premised on, I would now like to consider who has the greatest power and moral responsibility in society to change this? And, if the greatest moral responsibility lies with corporate business leaders, what does this say about their moral characters?

In Aristotle's times (and maybe even to a degree when Milton Friedman (1970) and Peter Singer (1972) published their famous articles) one could argue that the State (or 'polis') was the most powerful institution in society and that the moral responsibility to ensure that a just and fair society prevailed consequently lay largely with the State or government.

According to Oliver Williams, in his article entitled *Responsible Corporate Citizenship and the Ideals of the U.N. Global Impact* (2007: 616), he argues that times have changed significantly and that corporate business now has the greatest power in society to drive change and therefore ought morally to do so – 'Where there is power, there is also responsibility.' Indeed, times have changed to such an extent that certain multi-national companies (especially based in the United States) are far wealthier than many country nation states!

If I refer to the work of Sarah Anderson and John Cavanagh in their report *Top 200: The Rise of Corporate Global Power* (2000) they site that '51 of the world's 100 largest economic entities are now corporations and only 49 are countries.' Since this statistic was quoted in 2000, one can only imagine how much this contribution has subsequently grown and certainly confirms the enormity of power that corporate business now has.

As a result, argues Williams, 'There is growing consensus that with the large aggregates of money and power, multinationals have a moral obligation as corporate citizens to assist the poor in the global community, but the extent of these obligations is unclear' (Williams, 2007: 619). So, power has shifted over time and corporate business (especially multi-national corporations) now holds the greatest power in society. Power no longer lies unequivocally, as it has historically, with either the Church or the State.

He further argues that the notion of "license to operate" has been in existence for a while – 'this notion that organisations that have power have to be accountable to society or else they lose their legitimacy is not a new idea' (Williams, 2007: 617). Capitalism must therefore move with the times and, as Williams argues, business must evolve to remain both relevant and in business.

Williams talks about the dual roles that have evolved for business: 'Just as an individual citizen has two sets of responsibilities, a *role* responsibility (husband, lawyer, father, for example) and a *citizenship* responsibility (taxpayer, volunteer for projects for the common good, for example) so too does a firm. A business has a role responsibility – to produce goods and services while returning on investment – and a citizenship responsibility' (Williams, 2007: 636).

Although I am generally in agreement with Williams' (2007) argument about the changing nature of the role of business, I believe that he unnecessarily divides the responsibilities of 'role' and 'citizenship', and this distinction could actually continue to promote unethical behaviour by corporate business in that business could argue that in the pursuit of its 'role' of making profit, there are times when this will not align with the pursuit of 'citizenship' responsibilities. There are several writers, including Jeremy Baskin (2006), who I will refer to in detail later and C.K. Prahalad in his book entitled *The Fortune at the Bottom of the Pyramid* (2005) who believe that it is *only* when there is a convergence of business

motives (like profit and societal values) that true sustainable capitalism will evolve.

For the same reason, I do not agree with Williams' (2007) view that 'to try to determine whether being a good citizen, as an individual or as a firm, has a cash value in dollar terms is beside the point. Corporate citizenship activities that enhance life both for the firms and for people in the wider society have value' (Williams, 2007: 636-637). I believe that profit should continue to be a major consideration for corporate business but only as it aligns with the values of society. In other words, a healthy business will continue to make profit but in a way that is sustainable within the society that it trades in. Indeed, otherwise, businesses would go out of business through bankruptcy.

Here I concur with Velasquez who states: there has been an increasing realization 'that ethical behaviour is the best long-term business strategy for a company (which) means merely that, over the long run and for the most part, ethical behaviour can give a company significant competitive advantages over companies that are not ethical' (Velasquez, 2006: 6). This realization has led to an increasing number of corporate companies focussing on 'sustainability' and 'triple bottom line' issues instead of the historical focus on profit alone.

Having said this, I believe that Williams' (2007) work overall is most invaluable in that it places the greatest responsibility for extreme poverty where it ought to be – firmly in the hands of corporate business. This is particularly helpful because for many decades now there has been enormous work done by government, NGOs and civil society to attempt to eradicate extreme poverty, but without the involvement of corporate business, these interventions have been unsustainable. Some of these institutions include the World Bank, the United Nations, Amnesty International, Oxfam and various churches; as well as individuals like Mother Theresa and Nelson Mandela.

Prahalad, a renowned management consultant, remarks that: 'For more than 50 years, the World Bank, donor organisations, various aid agencies, national governments, and, lately, civil society organisations have all fought the good fight but have not eradicated poverty - as we enter the 21st century, poverty – and the disenchantment that accompanies it – remains one of the world's most daunting problems' (Prahalad, 2005: 3).

So, having argued that corporate business has the greatest power in society today, and therefore has the corresponding greatest responsibility to address ethical issues like extreme poverty, what does this imply for business leaders?

4.3.   Moral responsibility of business leaders

More and more business leaders are realizing that the concept of 'business ethics' is becoming a non-negotiable term across the world for the way progressive businesses are choosing to do business. However, it is easy to talk generally about business ethics and about the moral responsibility of corporate business, but ultimately it is individuals who act, and therefore we need to consider the moral character of the people who make up corporate businesses in order to be able to assess whether a business is acting ethically or not.

As Velasquez so eloquently says 'the statement that corporate organisations can be ethical or unethical ones is a puzzling issue. The central point when we apply the standards of ethics to business activities is that we must not let the fiction of "the corporation" obscure that human individuals underlie the corporate organisation. We can see our way through these difficulties only if we first see that corporate organisations and their acts depend on human individuals (and these individuals must be seen as the primary bearers of moral duties and moral responsibility' (Velasquez, 2006: 15-16).

What is meant by the 'fiction of *the corporation*'? This fiction is that any corporation is an entity that exists largely in our minds because it is intangible – one cannot specify where the boundaries of a corporation start or stop – but, irrespectively, we attempt to give credit to or to blame the corporation for good or wrongful acts essentially conducted by the people who work within corporations. It can be argued that we do the same in other instances, like blaming 'the Church' or 'the government'. However, 'the corporation' merely exists as a concept and therefore we cannot hide behind the responsibility of an intangible corporate business – instead we must look at the individuals that *make up* corporate business to take responsibility for the actions in corporations.

I will now proceed to argue that it is not simply *any* individual employed in corporate business that needs to take on moral responsibility – instead, I will argue that it is *specifically* corporate business leaders, particularly senior business leaders, that have the greatest moral responsibility because their behaviour has the single biggest impact on corporate culture and therefore on how the majority of corporate business employees justify their own behaviour.

For example, in South Africa, good governance as guided by the King reports (1994 and 2002) recommends a delegation of authority practice where instead of the Chairman or Chief Executive Officer being held personally accountable for all acts by 'the corporation', he or she has the power to delegate some authority to his Directors. In this way, only the most senior leaders (either the CEO or Chairman themselves, or a Director) will be held personally accountable for lack of adherence to key legislation like the Employment Equity Act or NOSA (National Occupational Safety Association) health and safety legislation.

The actions of senior business leaders can therefore result in a morally vicious or virtuous cycle of behaviour in corporate business. 'An action is morally right if in carrying out the action the agent exercises, exhibits, or develops a morally

virtuous character, and it is morally wrong to the extent that by carrying out the action the agent exercises, exhibits, or develops a morally vicious character' (Velasquez, 2006: 113). Corporate business only comes alive through the actions of its people, therefore a 'critical mass' of business leaders who act in a way that displays virtuous moral characters is the key to sustainable change.

Lötter also uses the concepts of *agent* and *agency* which are helpful in that they can be extended generically to corporate business and specifically to the role business leaders need to play. 'The concept 'agent' at its basic level refers to something with the potential to exert power, produce an effect, cause an outcome, or influence its environment. Our agency can thus be seen in our ability to be sources of activity through which we act intentionally, author events, produce effects, make things happen, bring about change, and cause consequences and make decisions about appropriate courses of action in the light of values and goals we have set and appropriated for ourselves' (Lötter, 2006).

Lötter goes on to argue that we, as human agents, are part of the society in which we live and therefore 'not only should we speak of individual humans as interdependent social agents who are empowered to act on their own within a social context, but we must also speak of groups of interdependent social agents who act collectively to achieve shared goals. We can refer to such collective units as agencies. Note how powerful some collective agents such as a developed country or a multinational company can be' (Lötter, 2006). This implies that although it is individuals who act, they can be very influential when they act collectively in a particular way. For me, this connects to the concept of 'critical mass'.

The role of leaders in creating 'critical mass':

What do I mean by the term *critical mass*?

Although this term is also used in the scientific world, my interest in it lies in the social and cultural sense where 'critical mass' is 'a sociodynamic term to describe the existence of sufficient momentum in a social system such that the momentum becomes self-sustaining and fuels further growth' (http://en.wikipedia.org) and it can also be seen as 'a point or situation at which change occurs' (http://encarta.msn.com/dictionary).

The importance of 'critical mass' has been acknowledged by many people particularly those trying to understand the significant impact that leadership has on influencing the culture within an organisation. Critical mass can be achieved with relatively few individuals working in a similar way – the rough measure is that approximately five percent of people in any particular system can collectively influence change.

As an example, the *Harvard Business Review* regularly publishes articles on leadership and culture, and probably one of the most ground-breaking one was a study done by Sears-Roebuck that conclusively proved that employees acting in a particular way could positively impact customer behaviour and in turn could positively impact bottom-line profits, and that the key leverage point for this positive change in employee behaviour was the appropriate leadership. (This article is available in the January / February 1998 edition of the *Harvard Business Review.)*

In her book *Ethics, the Heart of Leadership* (2004), Joanne Cuilla considers 'leadership ethics' and looks at two key normative theories of leadership – the first being the 'transforming leadership' theory proposed by James MacGregor Burns and the second being the 'servant-leadership' theory proposed by Robert

K. Greenleaf. With the 'transforming leadership' theory Burns 'argues that leaders have to operate at higher need and value levels than those of followers. A leader's role is to exploit tension and conflict within people's value systems and play the role of raising people's consciousness' (Cuilla, 2004: 15).

Both normative theories are based on an ethical approach to leadership that can be aligned with Aristotle's notion of a virtuous moral character in that both theories put moral responsibility in the hands of the individual. Both theories put leadership at the heart of corporate business behaviour.

I agree with Cuilla that the 'most attractive part of Burns' theory is the idea that a leader elevates his or her followers and makes them leaders' (Cuilla, 2004: 16). The reason this is so attractive is that 'transformational leaders' not only have enormous influence in changing a culture, but they can create in their followers the future 'transformational leaders' that will ensure a sustainable virtuous cycle of behaviour in the next generation.

Also in Cuilla's book, Al Gini talks about 'moral leadership' and states that: 'I am convinced that without the continuous commitment, enforcement, and modelling of leadership, standards of business ethics cannot and will not be achieved in any organisation. The spirit of morality, said Aristotle, is awakened in the individual only through the witness and conduct of a moral person' (Gini, 1997: 323-330).

This idea that 'morality is awakened through the witness and conduct of a moral person' concurs with Van Hooft's (2006) argument earlier in this thesis (chapter two) where he talks about virtue ethics being based on a 'thick' conception of what is good, because not only does virtue ethics require the individual moral 'agent' to reflect on what is right or wrong in the context of good living, but virtue

ethics offers examples of what good living looks like if we look at the example of other excellent human beings, like Nelson Mandela and Mahatma Ghandi.

The point that good leadership is the crucial starting point for corporate ethical behaviour is a tough message for those who believe that we can influence people's behaviour through legislation, regulation and rules alone. There are more than sufficient examples to prove that legislation alone will not ensure sustainable virtuous behaviour in corporate business. One need only look at the example of the extensive Sarbanes-Oxley legislation of the USA in respect to good corporate governance and despite the exorbitant costs of implementing it, have had little impact in eradicating the corporate corruption that it was meant to. No amount of laws and rules are going to force corporate business to be ethical. Instead, the only measure of the future ethical behaviour of a business is reflected in the moral characters of business leaders and particularly the most senior business leaders.

However, having said this, despite corporate business focussing on employing leaders of high moral character in senior positions, followers will still always have the freedom to choose, and some may still continue to make morally vicious choices. So, virtuous leadership is the most critical leverage point for a virtuous corporate character, but it is not a surety of virtuous behaviour by all. (Authors Zohar and Marshall (2005) refer to the five percent of people that no matter how motivational their leadership will not elevate their moral behaviour.)

The other key point then is that who we choose as our leaders is probably the most significant question any organisation can ask itself. The character of our leaders will ultimately determine the behaviour of all our employees and therefore the corporate culture of our business. Tom Peters and Bob Waterman have been quoted as saying that: "The real role of leadership is to manage the values of an organisation"' (Cuilla, 2004: 34).

This is an enormous moral responsibility for business leaders, and can be either beneficial or destructive to a business. 'In *Character: America's Search for Leadership*, Gail Sheehy (1990) argues, as did Aristotle before her, that character is the most crucial and most elusive element of leadership. (Therefore it is not only useful but essential to examine the character of those who desire to lead us' (Sheehy, 1990: 311). I certainly concur with Sheehy (1990). 'Who am I?' therefore becomes the fundamental question. Indeed, it is more important than 'How much I earn', because by answering the former question it will define the latter – in other words, how I go about earning money and what I then subsequently do with the money is all linked to my moral character in the first place.

As business leaders, we therefore need to approach business from an ethical perspective *first* rather than from the economic perspective that we have traditionally used because 'Economists ask, "What can I do to advance my best interests against others?" Ethicists ask, "In pursuing my best interests what must I do, what "ought" I do in regard to others?" Whereas economics breeds competition, ethics encourages cooperation' (Cuilla, 2004: 30).

Business leaders need to start asking themselves some tough questions, including: Why are poor people dying of hunger when rich people have more than sufficient resources (and many of these rich people are business leaders)? How can we allow the highly inequitable wage gap to persist? What will happen if capitalism continues to be practised unsustainably? What does this say about the moral character of business leaders? And, if business leaders choose not to take on the moral responsibility to deal with ethical issues like extreme poverty, what then will become of humankind?

Academics like Cuilla (2004) and Gini (1997) have clearly shown the interconnectedness between values, leadership and corporate business culture.

What remains is that business leaders need to acknowledge the unsustainable corporate culture that has been created based on modernist and highly individualistic values, and consciously role model a more inclusive, just and sustainable set of values that gives rise to a future corporate culture that shows respect to society and environment whilst balancing it with profitability.

In chapter five I look at the unique opportunity that 'Ubuntu' consciousness can bring to both South Africa and the world. It is certainly an example of how a 'critical mass' of leaders in business can create an environment where the virtuous moral characters of all can flourish.

Having argued that corporate business leaders have the most power to adopt a more just and sustainable form of capitalism, I progressed to argue that corporate business is an intangible entity which only comes alive through its people and that a 'critical mass' of business leaders who act in a way that displays virtuous moral characters is the key to sustainable change.

Chapter Five: Sustainable capitalism and 'ubuntu'

The final key theme of my thesis relates to sustainable capitalism and 'ubuntu'. Here I contemplate what a future just and sustainable capitalist solution would look like, and I propose the African humanist concept of 'ubuntu' as a unique example of a future ethical consciousness to inform us.

5.1. Sustainable capitalism as a just solution

I would now like to contemplate what a future just and sustainable capitalist solution would look like, where a 'critical mass' of corporate business leaders set

the leadership example by adopting a more sustainable capitalist approach which balances society and profit needs.

I think the following extract relating to sustainable development explains the concept of 'sustainable' well: 'In 1987, the World Commission on Environment and Development published its report, *Our Common Future*. This became known as the Brundtland Report after its chairperson, Gro Harlem Brundtland, made explicit reference to the need for the global economy to adopt the aim of sustainable development, which it described as: "... development that meets the needs of the present without compromising the ability of future generations to meet their own needs"' (http://www.un-documents.net/wced-ocf.htm). For me, this represents development that constantly considers both today and the future when making moral choices.

So then, what do I mean by *sustainable capitalism*? For me this represents a future where profit is made in a way that it does not fundamentally impact the ability of future generations to make profit – in other words, our children will inherit at least the same and hopefully better world than currently exists. This can only be done if the profit motive is balanced with 'people' needs and 'planet' needs, which requires a shift in our underlying values. For capitalism to be more sustainable it must be applied in a way that has continuity for future generations and that is fundamentally just towards all human beings.

A sustainable capitalist approach builds on the current capitalist system, but 'If we want to broaden the values of capitalism, it must be done, hands on, by broadening the values of a significant number of businesspeople' (Zohar & Marshall, 2005: 9). A sustainable capitalist approach is therefore primarily dependant on business people taking moral responsibility for the future sustainability of the world, its resources and making profits.

'Human beings have the capacity and intelligence to live a worthy life, but we allow ourselves to be controlled by greed, anger and other harmful motivations. Why do we run businesses today to such a low end – all self-interest, short-term gain, isolationist thinking – instead of one driven by fundamental values and a deep sense of purpose?' (Zohar & Marshall, 2005: 51).

I believe the answer lies in an article written by Jeremy Baskin entitled *Value, values and sustainability: Corporate responsibility in emerging market companies* (2006), where he reviews what corporate purpose is. In doing so, Baskin argues that the 'market fundamentalism' or 'profit maximisation' models that drive capitalism are outdated and that the increase in corporate responsibility awareness has actually forced corporate businesses to review the way that they operate in society.

Baskin investigates in detail what circumstances need to be in place for Corporate Social Responsibility (CSR) programmes to work well in organisations. However, I am more interested in the model he proposes for sustainable capitalism to work as CSR as an intervention is not needed to resolve ethical issues like extreme poverty; instead we need a fundamental transformation in the philosophy that underpins capitalism.

Unlike Oliver Williams (2007) whose arguments I explored earlier, and who suggests that corporate business should pursue corporate responsibility irrespective of their impacts on profitability, Baskin argues that business can, and should, make profit whilst it is balancing values, value and sustainability, and that business will find opportunities to 'renegotiate its relationship with society' where it makes 'business sense' (Baskin, 2006). My interpretation here of 'making business sense' is that businesses will still need to make a profit in order to exist, but this profit will not necessarily be as great when it is balanced with other stakeholders' needs - Zohar & Marshall (2005) refer to this later as making a

decent profit. In this way ethics is considered as *part* of doing business rather than being subjected to profit needs.

I would now like to compare the current application of capitalism with Baskin's proposed model of sustainable capitalism.

Diagram: Values, Value and Sustainability
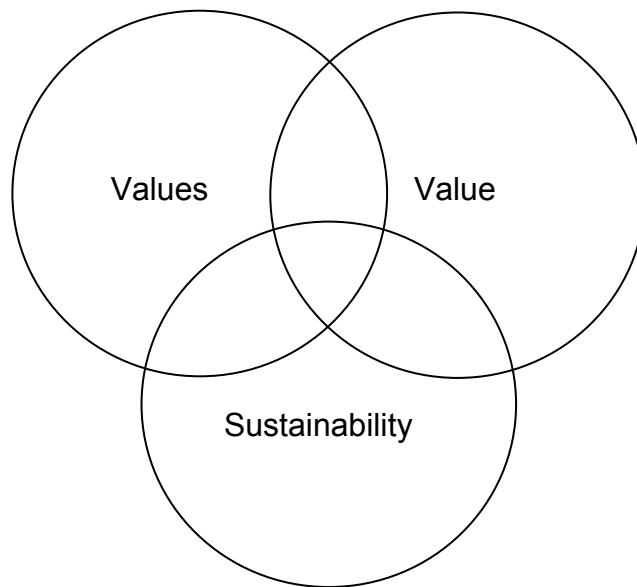
(Source: Baskin, 2006)

When comparing Baskin's model with current capitalism, it is obvious that capitalism by and large excludes any real appreciation for the values, or ethics, of the society in which it does business. It is exactly this unnatural tendency of capitalism to focus on value, specifically economic value-add that renders the current capitalist model as unsustainable.

The model Baskin proposes for sustainable capitalism illustrates the fundamental shift away from profitability as the key measure of business success. Baskin

proposes 'a three dimensional Venn diagram which conceives of there being some overlap between societal <u>Values</u>, corporate economic pursuit of <u>Value</u>, and <u>Sustainability</u> considerations' (Baskin, 2006). Baskin goes on to explain that his diagram is 'similar to the approach of Robinson and Tinker who write about three overlapping systems – the biosphere where "the ecological imperative is to remain within planetary biophysical carrying capacity"; the economy where the "imperative is to ensure and maintain adequate material standards of living for all people"; the social system where the imperative is "to provide social structures, including systems of governance, that effectively propagate and sustain the values that people wish to live by"' (Baskin, 2006).

Baskin does not explicitly talk about what these structures and systems should look like in reality or how they will practically emerge. From my postmodernist view of the world, I would argue that these will emerge in contemporary society similarly to how MacIntyre (1981) envisages 'the unity of a narrative quest' unfolding, and in this way the structures and systems will remain relevant and will sustain worthwhile values.

I would now like to turn to conceptions of what a sustainable capitalist model would involve. I will first look at work done by Jeffrey Sachs (2005), and then by Zohar and Marshall (2005). Sachs looks at the future through the eyes of an economist, and is similar in approach to authors like C.K. Prahalad (2005). In contrast, Zohar and Marshall provide a useful book that not only looks at the moral responsibility of business built on good values, but goes further to provide some guidelines for corporate business leaders to address this transformation.

All of these authors make some links with sociological work like Maslowe's 'hierarchy of needs', which I will address in more detail later. At this point I would just like to note that the common point of alignment between them is that they

concur that all human beings need access to resources and opportunities that help them to self-actualise, without which they cannot be human.

Whereas Zohar and Marshall (2005) view the problem of global poverty from a virtue ethics perspective, authors like Sachs (2005) and Prahalad (2005) look at the economic argument for why eradicating poverty is actually in businesses' best interests. Prahalad is famous for influencing large multi-national corporations, like Unilever, with his concept of 'the bottom of the pyramid' economic model which argues that poor people provide a viable market opportunity for business growth (Prahalad, 2005: 4-5; 44; 216).

Zohar and Marshall (2005) argue that it is the morally 'right' thing to do to address extreme poverty, whilst Prahalad and Sachs argue that a healthy society actually creates a more positive environment for business growth, and it is therefore in corporate businesses' best interests to take moral responsibility for eradicating poverty.

Sachs (2005) talks about how the cycle of poverty is very difficult to change when one is in it, and that it is absolutely critical, if we are to end extreme poverty globally, that the 'haves' need to 'help (the poor) onto the ladder of development, at least to gain a foothold on the bottom rung, from which they can proceed to climb on their own' (Sachs, 2005: 2). Sachs therefore does not see poverty eradication as an endless charity giving intervention. Instead, he argues that once extremely poor people have the basic resources they require, they can develop further on their own.

In order for poor individuals and nations to advance beyond 'absolute' and moderate' poverty, Sachs makes it clear that the economic, political and social systems that govern wealth creation also need to change. 'As a global society, we should ensure that the international rules of the game in economic management do not advertently or inadvertently set snares along the lower rungs
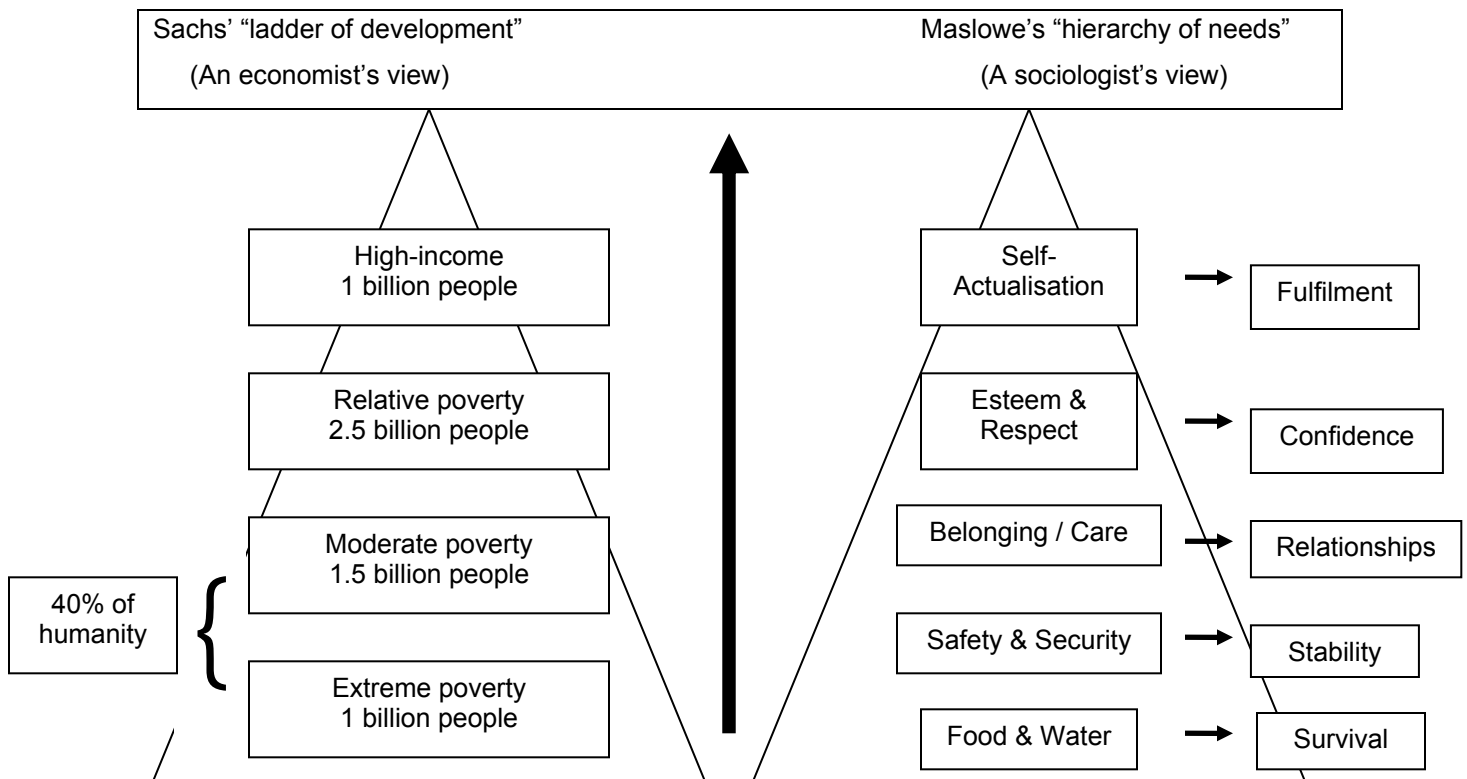
of the ladder in the form of inadequate development assistance, protectionist trade barriers, destabilizing global financial practices, poorly designed rules for intellectual property, and the like, that prevent the low-income world from climbing up the rungs of development' (Sachs, 2005: 25). These 'rules of the game' systematically exclude poor people from becoming rich (or at minimum, from becoming less poor) and are therefore unethical, irrespective of whether these rules were consciously or unconsciously created.

As I was reading through Sachs' book *The End of Poverty* (2005), what struck me were the similarities that exist between Sachs' 'ladder of development' and Maslowe's 'hierarchy of needs'. Even though they see the world from different perspectives – Sachs is an economist and Maslowe a psychologist and sociologist – they seem to agree that the quality of human life evolves depending on access to critical resources and opportunities.

This point has been emphasised by many philosophers, including Singer and Lötter that I have referred to earlier in my thesis. Indeed, earlier in this thesis Aristotle, Sen and Nussbaum, all in their own way, agree that one's ability to live 'the good life' to its fullest, is dependent on access to at least 'basic goods', and access to wealth would be regarded as one of these 'goods'.

The following diagram shows similarities between Sachs and Maslowe's views and is information from both Sachs' book *The End of Poverty* (2005: 17-25) and from a website called http://www/byronstock.com/maslowesidebar.html.

Diagram: Development hierarchy similarities

Sachs' "ladder of development" (An economist's view)	Maslowe's "hierarchy of needs" (A sociologist's view)

High-income
1 billion people

Relative poverty
2.5 billion people

Moderate poverty
1.5 billion people

40% of humanity

Extreme poverty
1 billion people

Self-Actualisation → Fulfilment

Esteem & Respect → Confidence

Belonging / Care → Relationships

Safety & Security → Stability

Food & Water → Survival

The common point of alignment here is that all human beings need access to resources and opportunities that help them to self-actualise; otherwise they are being prevented from 'living the good life' and from becoming truly human. What I mean by this is that being human is characterised by being able to reason and make choices. Extreme global poverty severely restricts individuals' abilities to make meaningful choices, and therefore they cannot participate in what Aristotle refers to as 'the good life'.

As with Prahalad (2005: back cover), whom Christopher Rodrigues, CEO of Visa International, lauds as someone who 'challenges readers to re-evaluate their pre-conceived notions about the commercial opportunities in serving the relatively poor nations of the world', Sachs (2005) too supports the view that it is not just the charitable thing to do, but it is actually in businesses' best interests to

78

eradicate poverty because it will lead to greater economic growth that everyone can participate in, and therefore lead to a healthier society.

Amartya Sen, in his book *Identity and Violence: the Illusion of Destiny* (2006), also believes that a future world is possible where the engagement of all humans in a fair society will lead to a better overall solution for everyone. 'What must be asked is whether they can feasibly get a better – and fairer – deal, with less disparities of economic, social, and political opportunities, and if so, through what international and domestic rearrangements this could be brought about. That is where the real engagement lies' (Sen, 2006: 136).

Both Sach's and Prahalad's work build on the current economic framework of capitalism without first addressing the values and assumptions that presently underpin capitalism and therefore explain why extreme poverty exists in the first place. In other words, they are proposing economic solutions without addressing the ethical context. Having said that, their economic solutions are certainly compatible with the sustainable capitalist solution I am proposing, and once business ethics and the moral character of corporate business is transformed, their economic solutions will have a solid foundation off which to eradicate extreme poverty.

Sachs and Prahalad share the optimism and hope that is reflected in the United Nations' Millenium Development Goals. 'The MDG of the United Nations is a set of international development goals that seek to improve health, education and environment across the world with the overarching aim of reducing by half the number of people living in extreme poverty by 2015. Meeting the lofty aims and targets of the MDG, the United Nations states, "will require a doubling of annual development assistance from rich countries to impoverished countries throughout the world to $135 billion in 2006, then rising to $195 billion by 2015". Social ethics, solidarity and morality underlie the affordability of this. Our world can

afford this. The United Nations describes this estimate as "entirely affordable", particularly when the world's military budget is $900 billion a year' (Ogbunwezeh, 2005).

Sachs too supports the Millennium Development Goals and I agree with him that it is unquestionable that sufficient resources exist in the world to ensure that the extreme poor can lift their lives to at least that of relative poverty, but the real question is an ethical one. Quoting J. Maurice Clark, 'we have inherited an economics of irresponsibility. We need an economics of responsibility, developed and embodied in our working business ethics' (Cuilla, 2007: 265). In other words, it is not an economic constraints that prevent us from dealing with the problem of extreme poverty. Instead, it requires a change in our ethical stance where we start to take moral ownership for the problem.

I would now like to look at the work of Danah Zohar and Ian Marshall in their provocative book entitled *Spiritual Capital: Wealth we can live by* (2005), where they advocate a 'sustainable capitalist' approach as a solution to ethical dilemmas like extreme poverty by clearly linking this to the moral character of individual business leaders. Zohar is a physicist and philosopher and her husband, Marshall, a psychiatrist and together they lecture to large businesses across the globe.

Spiritual capital:

What is *spiritual capital*? It is 'wealth that we can live by, wealth that enriches the deeper aspects of our lives (and that) we gain through drawing on our deepest meanings, deepest values, most fundamental purposes, and highest motivations, and by finding a way to embed these in our lives and work' (Zohar & Marshall, 2005: 3). Zohar & Marshall's reference to 'spiritual capital' is essentially what I would equate with 'moral character'. In other words, they are arguing that we can

only find sustainable solutions to issues like global poverty when we recognise the role of our moral characters in the solution.

To understand their book, *Spiritual Capital: Wealth we can live by*, it is necessary to see the crucial link between what they refer to as spiritual capital, and sustainability. 'It is only when our notion of capitalism includes spiritual capital's wealth of meaning, values, purpose, and higher motivation that we can have sustainable capitalism and a sustainable society' (Zohar & Marshall, 2005: 5).

Zohar and Marshall assume that capitalism is outdated in its current format and therefore needs to be transformed. They are in agreement with the other writers that I have referred to, that capitalism needs to change. Where they add further value is by looking at the corporate world to initiate this transformation, and specifically at senior business leaders to lead the change. The 'main theme (of their book) is how a critical mass of individuals, acting from higher motivations, can change the world' (Zohar & Marshall, 2005: 9). These authors talk about spiritual capital as being the 'glue' that connects society.

Zohar and Marshall focus on business for two reasons: 'First, business is the dominant instrument through which capitalist values have permeated our society. Second, it is business today that has the money and the power to make a significant difference in the way that wealth of all kinds is generated and used to benefit individuals and society at large. For business to be in a position to make a difference, though, business culture must make a significant shift. This shift can only come about if the senior leadership of business act to change themselves' (Zohar & Marshall, 2005: 9).

Their book is structured into five key themes. Firstly it looks at the motivations and culture of current corporate business (which reflect the highly individualist characteristics of modernism that we previously looked at with MacIntyre's work).

Then it proposes new motivations that can drive a future culture (similar to those suggested by MacIntyre (1981) which are based on a greater interconnectedness between community and individual needs) and which are also based on Maslowe's hierarchy of needs. The book then talks about a concept of 'spiritual intelligence' which it deems the language of morality; just in the same way that intelligence quotient is the language of rationality. Zohar and Marshall then describe how the transformation occurs and define the characteristics of the leaders who are needed to initiate this shift. Finally, they conclude that their spiritual capital approach represents a sustainable form of capitalism.

What Zohar and Marshall are advocating is a move from the current world (scenario one) to a future world (scenario two): 'The first scenario portrays a materialist, amoral (often immoral) culture of short-term self-interest, profit maximisation, emphasis on shareholder value, isolationist thinking, and profligate disregard of its own long-term consequences. The second scenario portrays a value-based capitalist and business culture in which wealth is accumulated to generate a decent profit while acting to raise the common good. Its emphasis is more on "stakeholder value", where stakeholders include the whole human race, present and future, and the planet itself' (Zohar & Marshall, 2005: 10).

Sustainable capitalism:

Part of developing a sustainable capitalist approach requires corporate business to look at all stakeholders' interests rather than the historical trend of only considering shareholders. Contrary to Milton Friedman's provocative view that that 'the social responsibility of business is to increase its profits' (1970), R. Edward Freeman, who is well-known for his 'stakeholder theory of a modern corporation' argues that 'managers bear a fiduciary relationship to stakeholders. Stakeholders are those groups who have a stake in or claim on the firm each of these stakeholder groups has a right not to be treated as a means to some end,

and therefore must participate in determining the future direction of the firm in which they have a stake.' He further asks: 'For whose benefit and at what expense should the firm be managed?' (Cuilla, 2007: 255-256).

In order for a truly sustainable capitalist solution to emerge, corporate business needs to engage with all stakeholders. This requires a shift in the moral character of business where it values interdependence with society, which is critical to sustainable growth for all. Poor people must also be involved as key stakeholders. As Lötter (2006) argues: 'to ignore the contributions that poor people can make to their own restoration as fully participating members of society, would be to treat people already dehumanised by the condition they suffer from as mere objects without their own voice or will.' In other words, in Kantian language, we would then continue to be treating people as 'means' rather than 'ends' in themselves.

With the adoption of an appropriately virtuous moral character by corporate business leaders, where community and individual needs are valued and therefore balanced, a sustainable capitalist approach will naturally emerge, which will mutually benefit business and society. This sustainable capitalist approach sees eradicating poverty as part of doing business – a healthy society actually creates a more positive environment for business growth, and it is therefore not just the 'right' thing to do, but is actually in corporate businesses' best interests to take moral responsibility for eradicating poverty.

It is difficult to predict precisely how this will impact development and growth globally, except to say that the kind of growth or profit that we have seen historically will certainly not be quantitatively the same for a minority of human beings, but is more likely to be qualitatively greater for the majority of humans. In other words, this future will not see some humans achieving their 'ends' at the cost of other humans being the 'means'.

So, how do we know when our choices are right? In order to make these 'right' choices, 'it requires that we radically change our mind-set about the philosophical foundations and the practice of business. It is not anti-capitalist – or even non-capitalist, but it does require the addition of moral and social dimensions to capitalism' (Zohar & Marshall, 2005: 31). These consistently 'right' choices, based on an expanded definition of capitalism that is inclusive of ethics, will create a more sustainable approach to profit making and lead to a healthier society over time. A sustainable capitalist approach therefore sees eradicating poverty as part of doing business.

Zohar and Marshall conclude that the 'central theme (is), that if enough of us change ourselves, we can thereby change the world. Most of us would seldom actively choose to do wrong or to hurt others. The trouble is that most of us don't think. We just avoid choice (and) In the course of this we allow a lot of harm to be done and a lot of good undone. Our humanity is defined by our ability to choose between right and wrong. Not to choose at all is to deny this essence it is neither naïve nor utopian to believe that our world could be a better place. It is we who must make it so' (Zohar & Marshall, 2005: xi-xii).

As with these authors, it too is my intention in writing this thesis that it will have some positive influence on corporate businesses to become more conscious of the moral responsibility they have regarding the ethical problems that have developed out of an unsustainable capitalist model, like extreme poverty. Although there are an increasing number of examples of the commitment by corporate business leaders to take responsibility for transforming capitalism, the notion that the moral character of corporate business is primarily attributable to corporate business leaders is still fairly new, and therefore we still have a way to go before 'critical mass' is achieved.

In the same way as people are now talking about a 'carbon footprint', in relation to another global problem – global warming – which also needs to be addressed at an ethical level first – senior business leaders need to look at the 'ethical footprint' that corporate business has 'stamped' on the world. Does this reflect a deep concern with "What is the 'right' thing to do?", and are the impacts on all stakeholders considered?

Having referred extensively to work done primarily by Baskin (2006), Sachs (2005), and Zohar and Marshall (2005), I believe that I have adequately argued that capitalism itself is not flawed, and that instead of abandoning capitalism entirely, corporate business leaders need to take more responsibility and become more accountable for transforming capitalism. I have argued that their desire to do so depends fundamentally on the moral character and values or the 'spiritual intelligence' of senior business leaders in particular, and their example will over time positively influence corporate business culture in general.

I would now like to turn to the concept of 'ubuntu' which I feel can be aligned with Aristotle, MacIntyre and Zohar and Marshall's philosophy about both moral character and the critical interconnectedness between individual and society.

5.2. 'Ubuntu' as a unique ethical consciousness

In conclusion I will turn to the African humanist concept of 'ubuntu' which provides a unique opportunity in South Africa to inform an ethical consciousness that could underpin a future sustainable capitalist approach and perhaps serve as an example to influence global corporate business leaders.

What do I mean by the concept of *ethical consciousness*? A state of consciousness represents awareness by an individual of the space that they find

themselves in – by using their sense of sight, smell and hearing. Ethical consciousness represents a deeper level of consciousness where as individual moral 'agents' we are constantly aware of the rightness and wrongness of our actions.

'Ubuntu' could bring an ethical consciousness to corporate business in South Africa because it is not a science or something that can be translated into rules and regulations. Instead, it is a way of behaving that demonstrates that we are essentially human. Bringing a human consciousness to the workplace may not seem revolutionary, but as MacIntyre (1981) has pointed out to us earlier, our modernist ways have isolated us from one another and we therefore need to consciously choose a more inclusive way of living in our society that begins with reviewing our essential values.

Ubuntu's origins:

Where does this notion of 'ubuntu' originate?
Dirk Louw summarises the history: *'Umuntu ngumuntu ngabantu. Motho ke motho ka batho*. These are, respectively, the Zulu and Sotho versions of a traditional African aphorism, often translated as: "a person is a person through other persons" (Ramose, 1999:49f; Shutte, 1993:46). Its central concept, "Ubuntu", means "humanity", "humanness", or even "humaneness"' (Louw, 2003).

Furthermore, Louw shares that 'the 1997 South African Governmental White Paper on Social Welfare officially recognizes ubuntu as follows: "The principle of caring for each other's well-being and a spirit of mutual support. Each individual's humanity is ideally expressed through his or her relationship with others and theirs in turn through a recognition of the individual's humanity. Ubuntu means that people are people through other people. It also acknowledges both the rights

and the responsibilities of every citizen in promoting individual and societal well-being"' (Louw, 2003).

What I specifically like about Louw's work is that he explains why 'ubuntu' is not simply about us trading an extreme form of individualism for an extreme form of communitarianism (as I believe philosophers like Garrett Hardin have done). 'Ubuntu's respect for the particularity of the other links up closely to its respect for *individuality*. But (it is not a) "modernistic" and "atomistic" conception of individuality (cf. Macquarrie, 1972:104). By contrast, ubuntu *defines* the individual in terms of his/her relationship with others (Shutte, 1993:46f). According to this definition, individuals only exist *in* their relationships with others' (Louw, 2003).

This positioning of 'ubuntu' as neither individualism nor communitarianism can be likened to MacIntyre's 'narrative quest' where we are all essentially united as humans by the journey of purpose we are on (MacIntyre, 1981). What this means is that, contrary to the fears of relativists, it is exactly our particular practices and traditions that unite us in the fulfilment of living 'the good life.'

'In what does the unity of an individual life consist? The answer is that its unity is the unity of a narrative embodied in a single life. To ask "What is the good for me?" is to ask how best I might live out that unity and bring it to completion. To ask "What is the good for man?" is to ask what all answers to the former question must have in common. But now it is important to emphasise that it is the systematic asking of these two questions and the attempt to answer them in deed as well as in word which provide the moral life with its unity. The unity of a human life is the unity of a narrative quest' (MacIntyre, 1981: 203). This unity is what prevents human beings from accepting all action as permissible and thereby degenerating into amorality.

Johann Broodryk was the first person to obtain a doctoral degree on the philosophy of Ubuntu. At the Commonwealth Council for Educational Administration and Management conference in October 2006, Broodryk argued that (the ubuntu) 'human-based life coping skills of Africa are ready for exportation to the global world, since their applications could be of enormous benefit to human beings in the global world today where violence, human exploitation, extreme stress, material greed and power-lust seem to be the dominating factors influencing the life of leaders and ordinary people' (Broodryk, 2006).

Broodryk's book *Ubuntu Management Philosophy* (2005) provides an extremely useful source to any business leaders wanting to assimilate 'ubuntu' values into the corporate business world. Not only does Broodryk look at 'ubuntu' from a philosophical perspective but he also offers a very pragmatic, easy to read book with case studies to illustrate his points.

Broodryk is especially complimentary of Richard Branson (in his leadership of the Virgin Group) and Nelson Mandela as role models for leadership styles based on 'ubuntu' values like compassion, tolerance, respect and caring.

In comparing Western and African management styles (see next table), it becomes obvious to what degree Western management styles are aligned with modernist values and African styles reflect a more postmodern approach.

These values align well with my previous argument (in section 4.1) which asserts that the highly individualistic values of contemporary capitalism are outdated, and the more relationship-based and inclusive values of 'Ubuntu' would be far more aligned to a future just and sustainable application of capitalism. It also overlaps with Sen and Nussbaum's support of the 'capabilities' needed by humans to fully participate in 'the good life'. (See section 3.3)

Table - Western and African styles of management

Western	African
Individualistic	Collectivity
Punctuality	Tolerance
Time is money	Time is time
Self-actualisation	Family prioritisation
Competitive	Cooperation
Exploitative	Sharing
Risky	Stability
Societal	Communal
Rational	Emotional
Introversive	Extroversive
Highest profit	Subsistence
Loyalty	Commitment
Top-down	Bottom-up
Management resolutions	Group consensus
Exclusive	Inclusive
Self-reliant	Team-reliant
Greed	Open-handedness
Wealth	Community wellbeing
Production-minded	People-minded
Rewards	Recognition
Autocratic	Democratic
Class consciousness	Classless
Limited delegation	Unlimited delegation
Reserved	Inhibitionless
Cold relations	Warm openness
Confidentiality	Transparency
Snobbish	Humility

(Source: Broodryk, 2005: 208-209)

According to Broodryk, the 'ubuntu' philosophy is integral in the value base of the Constitution of the Republic of South Africa, especially regarding human rights – a constitution that is generally regarded across the world as being commendable.

In Andrew West's (2006) article *Theorising South Africa's Corporate Governance* he says that corporate governance in South Africa, which is strongly guided by the King report's guidelines issued in 1994 and 2002, 'aspires to an "inclusive" approach (where) companies are clearly advised to consider the interests of a variety of stakeholders' (West, 2006: 433-448). This concurs will my previous reference to Cuilla's (2004) assertions around the importance of stakeholder theory in the area of business ethics.

West (2006) however points out the 'incompatibility between the current corporate environment in South Africa and the given exposition of African values' in that the South African corporate business environment continues largely to support a 'shareholder' focused approach which is primarily driven by profit motives rather than a 'stakeholder' approach which 'views the corporation as a social entity that has responsibility to a variety of stakeholders' (West, 2006: 433-448).

To this end, the King II report (2002) is based on 'four primary pillars of fairness, accountability, responsibility and transparency' (Introduction, paragraph 23). This aligns with my previous arguments not only about the virtue of virtue ethics (chapter two) in that it is focused on individuals taking moral responsibility for their actions, but it also aligns with earlier arguments about the necessary relationship between virtue and fairness or justice (section 3.2) in order to prevent the excesses of capitalism as we currently see them in action.

The King II report (2002) specifically refers to the values of 'ubuntu' by appealing 'to traditional African values including co-existence, collectiveness and

consensus' (Introduction, paragraph 38). West (2006) proposes several ways to include 'ubuntu' values into the corporate world. These include: ensuring that education highlights the importance of stakeholder theory; a more inclusive approach to appointing company directors; and the use of good practices like 'triple-bottom line' accounting (which basically ensures that companies report on the three 'P's – profit, people and planet.)

I acknowledge that there are many critics of 'ubuntu'. Some of the key criticisms are that it is too communitarian, and its focus on dialogue and discussion with all parties is too time consuming in relation to the value it creates. One example is Professor W.M.J van Binsbergen's critique entitled *Ubuntu and the Globalisation of Southern African Thought and Society* (2001), where in addition to acknowledging certain positives of the 'ubuntu' philosophy, he warns about the possible dangers of creating resentment (as with the Truth and Reconciliation process in South Africa) and of individual aspirations not being met because of an excessive focus on community.

My general response to these critics is that for individuals who have always made choices as it best suits them it must indeed seem restrictive to consider other people's perspectives. However, we have only to look at the serious unintended consequences of not listening to all voices over time, for us to at least consider the possibility that 'ubuntu' may provide some better answers.

To fully understand the uniqueness that the concept of 'ubuntu' brings to the South African ethical context, I would like to turn to Augustine Shutte's article entitled *African Ethics* (2006): 'I was confronted with an apparently insurmountable problem: European philosophy – and especially the tradition in which I stand – has a very strong notion of freedom as self determination, both as the central fact about as well as the highest value for human persons. How could one reconcile this with the African emphasis on one's dependence on

others for all that we are and do? So I concluded that what appears to be a contradiction is in fact a paradox. The paradox is this: that in human life the more I am influenced *in a certain way* by other persons the more self-determining I am. Genuine self-determination increases in direct and not inverse proportion to the influence that others have on me, provided that the influence is *of a certain kind.* But notice that insofar as the paradox expresses a truth about human nature then it also provides a foundation for an ethic. The exercise, development and fulfilment of my human nature depend on the *quality* of the relationships I have with others' (Shutte, 2006).

Shutte's (2006) lengthy dialogue with himself actually culminates in his realisation that African philosophy *has* indeed added value that he could not have gained from European philosophy alone. In summary, Shutte is saying that the concept of 'ubuntu' provides a unique opportunity for South Africa in that it has the capacity to integrate European and African philosophy in a way that all people can connect with it and it can potentially become a universal moral reference point. Fundamentally, Shutte understands the value implicit in considering solutions that are 'and' focussed rather than simply 'or' focussed. Looking at ethical problems from several vantage points without fervently hanging onto one perspective only, has the benefit of opening up new possibilities.

This talks to the current lack of acknowledgement of the value that diversity can bring to corporate culture and I believe there will need to be substantial commitment from business leaders to be open to the opportunity that 'ubuntu' can bring to corporate business. Perhaps with the decline of 'apartheid' and the corresponding appointment of black people into significant leadership positions we will start to experience greater humanity in corporate business. Perhaps as black leaders become more confident, they will be less inclined to replicate a

white Western leadership style and will increasingly look for the opportunities that a black African leadership style could add.

Having proposed that the African humanist concept of 'ubuntu' provides a unique opportunity in South Africa to inform an ethical consciousness that could underpin a future sustainable capitalist approach and perhaps serve as an example to influence global corporate business leaders, I would like to share a lovely African proverb that summarises the ethics of 'ubuntu' in the way that it illustrates the interdependence between individual and community growth: 'It takes a village to raise a child' (anon) – our journey to becoming human is never in isolation.

Chapter Six: Conclusion

In summary, the key moral problem that my thesis proposed to address is that *those individuals who should primarily be taking moral responsibility to eradicate extreme poverty because they have the power and thus responsibility to make a real difference are not*.

I argued that capitalism as it is currently practiced perpetuates extreme poverty and that the very individuals who have the greatest power to eradicate poverty do not view this as a real ethical challenge nor as their primary responsibility to address. These individuals are global corporate business leaders and I argued that extreme poverty will only be eradicated when these leaders take moral responsibility to apply capitalism in a far more sustainable way – a way that has continuity for future generations and that is fundamentally just towards all human beings. The practice of sustainable capitalism as a solution to extreme poverty is dependent on a 'critical mass' of business leaders acting in a way that displays virtuous moral character and sets the example for others to follow.

As a starting point, I assumed that global poverty does exist and that people dying of poverty when others have far in excess of their needs cannot be ethically justified, irrespective of which moral theory it is viewed from.

Following the introduction, my thesis was structured into four broad themes: virtue ethics; unsustainable capitalism; the power of corporate business; and sustainable capitalism and 'ubuntu'.

In chapter two I assessed the virtue of virtue ethics theory in comparison to other moral theories and illustrated that virtue ethics theory is most appropriate in addressing the moral problem of extreme poverty because it places moral responsibility firmly on the individual human being (or 'agent') rather than on any metaphysical principle or context that exists 'above' the individual.

Chapter three dealt with the second theme of unsustainable capitalism. Here I argued that the way in which capitalism is currently being applied is unjust and therefore unsustainable. In doing so, I sub-divided this chapter into three sections – a history of poverty and capitalism (section 3.1); the link between virtue and justice (section 3.2); and an example of income inequality in South Africa (section 3.3).

In chapter four I looked at the third key theme regarding the power of corporate business. I argued that current capitalism is based on outdated modernist values that need to be challenged, and that the individuals who have the greatest power and responsibility to do so are corporate business leaders. This chapter was also sub-divided into three sections – outdated modernist values (section 4.1); moral character of corporate business (section 4.2) and moral responsibility of business leaders (section 4.3). I concluded that the modernist and highly individualistic principles on which capitalism is currently based have become outdated over

time and need to change because they do not represent Aristotle's notion of 'the good life' for all.

The final key theme, sustainable capitalism and 'ubuntu', was addressed in chapter four. Here I contemplated what a future just and sustainable capitalist solution would look like, where a 'critical mass' of corporate business leaders set the leadership example by adopting a more sustainable capitalist approach which balances society and profit needs. I further proposed the African humanist concept of 'ubuntu' as a unique opportunity in South Africa to inform an ethical consciousness that could underpin a future sustainable capitalist approach and perhaps serve as an example to influence global corporate business leaders.

I appreciate that the modernists reading this thesis might feel that a solution which rests on the moral character of humans is way too risky and uncertain. For them I would like to point out that to date we have not been able to agree on those so-called absolute or universal values that are meant to guide us all uniformly on the best moral path.

Instead, we need to acknowledge that we live in a world where there are no set rules. Virtuous character and moral wisdom, or 'praxis' as Aristotle refers to it, is the only key to finding solutions to the many global ethical problems that we are faced with. Being the best human beings we can be, is the only recipe we have for living 'the good life' and ensuring that it represents 'the good life' for all. As Jean-Paul Sartre put it: 'like it or not, we are *by definition* moral creatures because our collective existence "condemns" us continuously to make choices about "what we ought to do" in regard to others. Ethics is primarily a communal, collective enterprise, not a solitary one' (Cuilla, 2004: 28).

To support both Amartya Sen (2006) and Alasdair MacIntyre's (1981) respective views, 'the good life' will emerge through both the 'engagement' of all in living a

fully human life, and through a reflection of 'the good life' in the practices and traditions of the society in which we live. The 'narrative quest' of 'the good life' cannot be prescribed but must instead emerge as we live our lives in the most virtuous ways possible.

As a business leader myself, I found the process of researching and writing this thesis strangely therapeutic. On the one hand, our world appears to be weighed down by the enormity of ethical problems like extreme poverty, global warming, and terrorism and crime. Yet, on the other hand, the power to change this rests squarely in our hands. It only requires a 'critical mass' of like-minded leaders (with like moral characters) to transform our world into a place where everyone has access to living 'the good life'. As Jeffrey Sachs puts it, 'our generation can choose to end that extreme poverty - in our lifetime' (Sachs, 2005: 1). The choice is entirely ours.

I sincerely hope that this thesis provides some value for corporate business leaders in their search for a more sustainable capitalist model and a more human way of leading in the corporate business world. In this respect I do have hope that South Africa, through its 'ubuntu' consciousness, has the potential of setting an example for the rest of the world.

Finally then, I would like to share the following inspirational words from Zohar and Marshall: 'To live our lives on the scale of epoch making, it is not necessary to be the president of the United States, CEO of a vast global enterprise, or even an aid worker in Africa. We just have to stay true to our own deepest ideals and values and make what difference we can, at whatever level we operate in life' (Zohar & Marshall, 2005: 226).

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