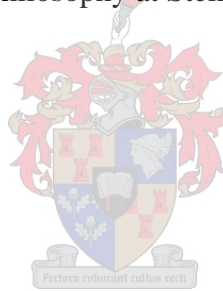# The Business of Power and the Power of Business
(Determining Meta-Ethics)

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DECLARATION

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

Signature: _____ Date: _____

Abstract

A changing world brings about many different challenges. The same applies to business operating in society. These changes and challenges relate to business ethics in general and how it impacts on the decisions that business makes every day. The ethical challenges that business has to face have a profound effect on meta-ethical concerns. Awareness of this situation can help to direct business and the rest of society to reach positive outcomes.

When looking at current cases it is evident how corporate culture and leadership play a very important role in this matter. The cases shows how the power of business is exerted in practice and it can serve a positive purpose in determining meta-ethics.

Opsomming

'n Veranderende wêreld gee tot baie verskillende uitdagings aanleiding. Dieselfde geld vir besigheid wat in die samelewing funksioneer. Dit hou verband met sake-etiek in die algemeen en watter invloed dit uitoefen op die besluite wat besigheid elke dag moet neem. Die etiese uitdagings wat besigheid elke dag in die gesig staar, het 'n diepgaande uitwerking op meta-etiese kwessies. 'n Bewustheid van hierdie situasie kan help om leiding aan besigheid en die res van die samelewing te bied ten einde positiewe resultate te bereik .

As die huidige gevalle in ag geneem word, is dit klaarblyklik dat korporatiewe kultuur en leierskap 'n baie belangrike rol in hierdie verband speel. Dit toon hoe die kragtige invloed van besigheid in die praktyk gebruik word en hoe dit 'n positiewe rol kan speel om meta-etiek te bepaal.

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1. Introduction

Nowadays we rush into many situations too easily without thinking twice. We live a fast life with many interrelated challenges that need to be understood and capitalised on. This is even truer for business today. So many people do not stop to think what power their decisions have.

A company, corporation or multinational all have immense power to influence our lives. This influence starts internally with the employees working there and other people directly associated with the business. The influence does not end there however, and the decisions made by the leaders of such powerful organisations exert an influence reaching beyond the confines of the boardroom or even the company. These decisions cross international borders and influence an interrelated global network of businesses.

The question that needs to be asked is how does power relate to business ethics? How does power manifest itself in business? How do the powerful companies exert an influence on the ethical environment?

This assignment aims to stimulate thought on the issue of power in business and tries to determine what role power exactly plays in determining ethics. This is done by a very simple analytical process that starts out by looking at the very nature of the term 'business ethics'. It continues to focus on culture, leadership, purpose and case studies on how power manifests itself. It questions the meta-ethical nature of ethical actions to come to a clearer understanding of what the business of power is.

2. Pausing for a moment

Before any inquiry into the effect of power on business' moral values can be made, it is necessary to return to the most fundamental question: the meaning of the words: 'business' and 'ethics'.

Each has different origins and, more importantly, different functions. They play different roles in our lives and yet they are closely linked in contemporary times.

Through the ages many attempts have been made by many different philosophers and scholars to grasp ethics. One of the most famous was Plato. He referred to Socrates in his works in an attempt to answer that which he regarded as the ultimate ethical question: "What is the good life and why should we live it?" In his work titled "The Republic" the theme is the nature of justice. In the context of his times the meaning was more specific and referred to 'the disposition to act correctly' in persons' dealings with others (Norman, 1998: 16).

Plato used justice to show the intrinsic value of acting correctly. His "account attempted to establish, on the continuum between health and insanity, a close affinity between the thoroughly unjust person and the madman, and then to locate lesser degrees of injustice as intermediate points on the spectrum" (Norman, 1998: 17). For Plato it was important that every person should mind their own business, in other words they should focus on the role in society which suits them. In the same way that society is ordered according to every person's aptitude, person should organise himself or herself so that every part of his/her being is fulfilling the required role. If these two (personal and social order) correlate a person is acting justly. In today's terms this could be regarded as the standard for ethical behaviour.

It could be said that Plato saw ethics as a balanced life where you are aware of the environment in which you live, the other living beings in that environment and the way you interact with them. You are always aware of the power of your choices.

Plato's pupil, Aristotle, opposed Plato's world of forms. Plato believed that there was a universal and final world of forms and this determined the final truth. Aristotle argued that knowledge of the Platonic forms was constant and eternal. The knowledge of ethics is a kind of knowledge that would guide our actions and is therefore knowledge of things that could be changed. He argued that universal claims were ultimately grounded in our experience of particular situations. Their goal was however the same: both wanted to show that there were "objectively valid reasons for living in accordance with the virtues (Norman, 1998: 28).

Aristotle referred to *eudaimonia*, or happiness as the guiding principle. This referred to a general state of well-being rather than feeling happy. Aristotle continued to name

phronesis, or practical wisdom, as essential to obtaining *eudaimonia*. What exactly is happiness according to Aristotle: it is living in accordance with virtues, and acting according to reason is the distinguishing feature of all the traditional virtues.

In the ages after these two central philosophers and proponents of the two opposing views of ethics, namely universal and particular, there were numerous philosophers who followed in their footsteps. Some of these include Hume who asked the question: "how a concern for one's own interest is extended by morality into concern for the interests of others" (Norman, 1998: 54). His answer employed what is called 'humanity', or 'sympathy'. He denied - contrary to Plato and Aristotle- that reason could establish moral conclusions.

Then there was Kant and his categorical imperative, also an attempt at a universal formulation of ethics; John Stuart Mill and utilitarianism; Hegel and finally Nietzsche believed to have moved beyond morality and symbolizing the post-modern era we live in and which denies any teleological finality.

Cameron and Whetten (2004: 2) said that "the trouble is, when everything is changing, it is impossible to manage change." Ethics is an attempt to arrive at an understanding of what is good and right, or an understanding of the nature of human values, even an attempt to manage change. In dictionaries it is quite simply defined as "a set of principles of right conduct" or "a theory or a system of moral values (Dictionary.com). Through ethics we seek to provide reasons to why a person's conduct is morally admirable or immoral. Generally there is also a distinction between 'substantive ethics' and 'meta ethics'. The former asks 'what kind of actions are good and right' and the latter is concerned with the question 'what is to say of an action it is right or wrong'.

At this point it is important to turn to the second component of business ethics: business. What exactly is business? It is such a wide term used today, making it hard to establish what exactly it means. We all accept that business refers to the interaction of various individuals, companies, corporations and a multitude of other actors all meeting for mutual self interest, namely the maximisation of profit. A simplistic definition found in the dictionary is "the occupation, work, or trade in which a person

is engaged" or "commercial, industrial, or professional dealings" or "a commercial enterprise or establishment" (Dictionary.com).

Business is the solution for human beings wishing to survive and excel. This last distinction between survival and excellence is extremely important because not only is business the solution to the struggle for survival, but if practised successfully it could also be the means to attain prestige, status and prosperity. And it is in both of these two driving forces constituting business that human nature manifests itself as supreme.

On the one hand we have a definitive term describing the quest into the right and wrong of human conduct and interaction in all spheres, and on the other hand we have a very wide term for human interaction concerning the livelihood of many, or most people on earth. Both these practices, and institutions, play important roles in everyday life. The one sets standards for good conduct and the other is a strategy to survive and also create wealth. Power enables business to function and grow. This is where the two have to meet: on the terms of human nature. We have to survive and our need to excel enables us to find solutions, but that also creates power.

So ethics is not an addition to business, but it is rather an important part of life and human interaction; and so is business. They are therefore not mutually exclusive.. Business ethics is actually quite simply *the institution of reconciling the drive of human nature based on survival and greed with the good or right practices for human interaction.*

3. Power in Business
On November 5, 1999 Bill Gates, who was the richest man in the world, learned that a federal judge found that his company, Microsoft, enjoyed monopoly power and has used this power to harm consumers and crush competitors to maintain monopoly (Velasquez, 2002).

He had established Microsoft and maximised its first opportunity when they developed an operating system for IBM. IBM and MS-DOS (Microsoft's operating system) became the market standard and created a virtuous circle that meant the more

people used that operating system, the more companies where willing to write programs for that kind of operating system. The proportion of computers using MS-DOS increased gradually and the proportion of computers using other operating systems decreased. Apple computer later (1984) designed an operating system that was very popular and Microsoft (Windows) copied it. Apple sued Microsoft but lost the case. Microsoft kept developing its operating system and released Windows 95 in 1995, followed by Windows 98 and Windows 2000 in 2000. By the end of the century Microsoft dominated the market with 90% of the personal operating system market.

Two threats emerged, namely Netscape (an internet browser) and Java (a programming language). Netscape's browser, Navigator, did not rely on Windows as an operating system and that was a threat to Microsoft. After the success of Navigator, which captured 70% of the market, Bill Gates wrote an internal memo stating that Netscape was a major competitor and threatened their operating system. The other threat, Java, was a programming language that allowed programmes written in that language to operate on any computer regardless of the operating system. Another internal memo written by a Microsoft executive stated that Java was a major threat. Bill Gates replied that that "scares the hell out of me" and requested that Java received top priority to be neutralised. Microsoft developed its own browser and built many of Netscape's features into it, but it was not as efficient as Navigator.

Microsoft then decided to use its operating monopoly to undercut Netscape. They bundled together Windows and Explorer (Microsoft's browser) so it was almost impossible for anyone operating Windows to use any other browser. Microsoft also required any computer manufacturer that wanted Windows on its computers to agree that it would not remove Windows Explorer and would not promote Netscape's browser. A computer manufacturer also received discount if they agreed not even to give their customers a copy of Netscape.

Microsoft dealt with the Java threat by asking Sun Microsystems for the right to license and distributed Java with its Windows system. Microsoft altered the Java that it distributed with its system so that it did not allow regular Java programmes to run on Microsoft's Java. This was apparently planned because in an earlier internal

Microsoft document it was stated that it was a "strategic objective to kill cross-platform Java" by expanding the "polluted Java market" (Velasquez, 2002: 258).

On May 18, 1998, the U.S. Department of Justice (DOJ) filed an antitrust suit against Microsoft in Judge Jackson's court claiming that the company had violated the Sherman Antitrust Act engaging in a "pattern of anti-competitive practices designed to thwart browser competition on the merits, to deprive customers of choice between alternative browsers, and to exclude Microsoft's Internet browser competitors." (Velasquez, 2002: 258).In a defensive "white paper", Microsoft stated:
"Antitrust policy seeks to promote low prices, high output, and rapid innovation. On all three measures, the personal computer software industry generally – Microsoft in particular – is a model of competitiveness…. Market share numbers do not reflect the highly dynamic nature of the software industry, where entire business segments can disappear virtually overnight as new technologies are developed." (Velasquez, 2002: 259).

Another example of how power can influence ethics is Shawn "Napster" Fanning, who developed a website that allows users to locate other users who were willing to share whatever music files they had in MP3 format on the hard drives of their computers. The real innovation was a software program called "Napster" that allowed users to copy these music files from one another by means of the Internet (Velasquez, 2002). The problem arose when two record labels, two musicians and two music industry trade union groups filed suits against this young company claiming that Napster's software was enabling others to make and distribute copies of copyrighted music that the musicians and companies owned. Many observers predicted that Napster was only the beginning of an upheaval that would revolutionise the music industry, forcing music companies to lower their prices, make their music easily available on the Internet, and completely change their business models.

A third example of the influence of power is Monsanto and Pharmacia & Upjohn that merged in 2000 to create a new entity now known as Pharmacia, the world's largest producer of genetically engineered (GE) plants and organisms. What genetic engineering entail, is that they genetically modified the composition of plants and organisms to produce more effective and productive plants such as soybeans that are

resistant to insects, and animals such as cows that produce more milk (Velasquez, 2002). A number of concerns were raised by European retailers, other companies, scientific researchers, the U.S. Department of Agriculture and other role-players in the market regarding the safety of GE products in the long run and secondary effects because of the use of GE products. The shareholders requested that Pharmacia adopt a policy of not marketing or distributing products until extensive testing showed that there was no danger to humans and animals.

There were a number of controversies surrounding the work that Pharmacia did on GE products, e.g. Roundup Ready soy beans and cotton that were immune to the pesticide known as "Roundup". The weeds around the GE plants could be sprayed, causing no damage to the GE plants. This was given the go-ahead by the Animal and Plant Health Inspection Service as well as the Federal Drug Administration because they could not regulate the GE foods industry (Velasquez, 2002: 326).

The controversy arose when the farmers purchasing Roundup Ready seeds had to agree that they would not plant the seed from the plants that they grew but that they would buy new seed every year. Delta and Pine Land Company discovered a way to ensure that plants would not be able to produce seeds that could propagate. The fear arose that Pharmacia would use this technology to ensure market dominance. One of the greatest fears was that Roundup Ready would cross pollinate and then produce weeds that could not be controlled by pesticide (Velasquez, 2002: 326). In its defence Pharmacia said that its plants were perfectly safe and that they provided significant benefits for the environment and humans. Pharmacia suggested that its new miracle plants would be able to help feed a hungry world.

In all three of these cases the power of business is evident. Whether it is Microsoft using monopoly power to control the market; the music industry trade unions and associated companies ensuring that their interests are protected, or Pharmacia that can modify the genetic composition of plants, they all have the power to influence the meta-ethical paradigm. They can influence the very thought processes enabling us to determine what constitutes right or wrong? There is a clash of ethical norms indicative of a changing ethical environment and also the impact of power on change.

4. The role of power: change

In the previous section it was stated that ethics could be seen as an attempt to manage change, although this is impossible according to some people. The other statement was that business is based on human interaction as its driving force. These two seemingly unavoidable and necessary processes in human society, today a global village, seem overpowering and even frightening. That is what is happening worldwide where anti-globalisation protests are held wherever large economic or business role-players meet. Fear of the unknown and powerful changing forces beyond their control have stimulated a need to act, to try and solve what seems to be a problem. From everyday life we learn that where there are competing forces, change follows. The point is that those with power can lead the process of change, for good or bad. The question can be asked: how is it controlled?

This quote from the book of Saleem Sheikh (1996: 21) aptly describes the current business approach focussing attention on the nature of ethical behaviour in business:

Traditionally, shareholders investing in a company have done so with an expectation that directors will seek to maximize profits for their benefit. Economic analysis has long proceeded upon the proposition that business operates for the purpose of profit maximisation. More recently however, companies have been perceived as 'soulful corporations' discharging social responsibilities and obligations towards various potential claimants on the corporation, including employees, consumers, creditors, suppliers and generally community."

Sheikh goes on to say that

Historically, shareholders have had power by means of a set of developed legal rules to restrict the powers of directors who diverted from this profit motive. If the underlying profit motive upon which these rules of control are based is disregarded, it is inevitable that a new set of rules will have to be designed to regulate and control the exercise of corporate social behaviour.

From these quotes it becomes clear that the business approach regarding its responsibility to its shareholders and the stakeholders in the organisation as

mentioned above is in the process of being re-evaluated. It is important to determine where the power is situated.

 In the case of Pharmacia the struggle between leadership was evident when management was requested to stop marketing and distributing the GE products. This was positive because of the awareness of the shareholders concerning the meta-ethical struggle. They might not have stated it in so many words, but they realised that what they were doing was not ethical and had to be reconsidered. What Napster did was not quite the same but it definitely challenged the accepted ethical norms. It challenged the laws that ruled in favour of the music recording industry companies and artists. It is exactly this kind of change that ethics has to manage.

The demands on the directors of a company are increasing and are no longer determined only by the shareholders' demands to maximise profits. The environment, in which a company now operates, has become a determinant in the viability of operations. A closer look at the different elements of power in an organisation determining its moral structure and decisions is important. The two most important elements or manifestations of power are the power of the culture and the power of leadership.   These two phenomena are interrelated but, by considering each separately, we gain a better insight into how power relations are formed in a society and how these determine the moral decisions or awareness in an organisation.

5. The power of culture

Ethical activities start with the employees and stakeholders of the business, as they are also part of the general social environment and support the function of the business in society. A wide but effective definition in this regard is that "prior to making a decision…" whether that is with direct internal (inside the company/business) or direct external (outside of the company/business) impact "…a person will consider the widest possible effects of his decision on the public interest" (Davis and Blomstrom, 1971:85).

Late in 2001 a new era for business ethics was ushered in alongside a new business milieu. There was a monumental declaration from numerous large corporate entities admitting to unethical as well as illegal activities of which Enron is the most famous

of this period. It was the well-established companies with good reputations that came forth; even Enron was "the country's seventh-largest business in revenues at the turn of the century and in 2001 … it was one of Wall Street's few remaining stars. In reality, beneath the veneer, Enron was a company with terminal financial woes – woes masked by misdeeds, manipulation, and downright lies." (Tichy and McGill, 2003: 25).

It has been noted (Handy, 2003:66) that there is an argument that leads us to believe that "a few rotten apples would not contaminate the whole orchard, the markets would eventually sort the good from the bad, and, in due time, the world would go on much as before." The reaction against this is that "Markets rely on rules and laws, but those rules and laws in turn depend on truth and trust. Conceal truth or erode trust, and the game becomes so unreliable that no one will want to play" (Handy, 2003:66-77).

An interesting point to note is that "the high estimate of corporate power is the fundamental basis for the expectations, demands, and commitments that are manifested in the debate about corporate social responsibility" (Tullberg, 2004: 325). This supports Handy's view that business plays such a pivotal role in the direction of the global economy and the influence this will have on our daily lives. Even though it might be only the perception of the power of business, the focus is still very much on business due to this perception. Focus is therefore placed on its role and contribution.

This power that is put in the hands of the company is ultimately put in the hands of the people that run that company. Within that company there are forces at work that help to shape the future of the company and the impact it has. There is a culture that is unique to the company and that governs those actions of the individuals in the company. It comprises a unique set of values, norms and principles evidenced in the goals of the company and how they are achieved. In the past great focus was placed on the mechanistic models of organisations where the decision making was top down; out of touch with the employees of the company, and restrictive. Currently there is a move away from the authoritarian governance structure and culture towards a more participative culture where expertise within the organisation is valued and employees

with the relevant expertise in relevant situations are given a chance to contribute. The management is more responsive and open to criticism.

Collier and Esteban (1999: 184) aptly summarise the challenge for organisations to adapt and create environments where governance becomes a choice of direction, or navigation in the face of conflicting demands. To apply effective governance now "heavily relies on the ability of the organisation to trust freedom and to encourage and support the creativity of its members." This is a culture where there are contributors, not whistleblowers, leaders not managers and purpose, not only profit.

Napster also challenged the culture that is evident in the music industry, allowing a large number of people to engage one another over the internet and share files. It created a different kind of culture that was more open and participative. Even though the culture was not specifically a corporate culture, it was interesting to see how the values of this culture clashed with the culture of the music industry.

There are a few simple measures that can help to foster this kind of organisational culture. According to Jeffrey Sonnenfeld (2002: 6) the board of directors of a company needs to establish certain operating principles. These are: creating a climate of trust and candour; fostering a culture of open dissent; using a fluid portfolio of roles; ensuring individual accountability, and evaluating the board's performance. In an organisation a culture that has a determining effect on the way that the company is governed and how the employees of that company act, indeed exists. It is not the sole determinant, but if the culture of the organisation expects dishonesty or just slightly bending the rules to ensure that the goals are met, and if not adhering to this culture could cost me my job, it would certainly be much easier for me to act unethically.

The opposite is also true. If in an organisation there is encouragement to dissent because insight and expertise are of greater value; if there is a realisation that the company is deviating from its central goals and if there is transparency, it is much easier to act morally. The culture is therefore a determinant of ethical behaviour and the culture is in its turn determined by different factors. In the case of Microsoft the internal culture was shaped by the attitude of leadership when they noted that there were certain threats to eliminate. This is a cut-throat approach that could encourage

reckless abandonment of ethical deliberation in order to please management. This is how a powerful culture of business can influence meta-ethics.

6. The power of leadership

In the preceding section mention has already been made of leadership and the role it plays in the organisation and power relations. Douglas Griffin (2002: 80) draws some very important conclusions from his research and states that "adaptive leadership makes happen what would not otherwise have happened. It responds to an adaptive problem whereby the current repertoire of solutions is inadequate or just plain wrong."

So what exactly is the problem that has to be adapted to? There is a need to set a clear course through treacherous times. "A cascade of public distrust – and disgust – has followed ethical transgressions by some of America's most visible business leaders, creating trauma on many fronts, none more critical than the need for leaders who can raise the level of business ethics – and spread the word" (Tichy and McGill, 2003: 2). In 1961 Robert D. Calkins (4) wrote: "It is now recognized that the direction of business is important to the public welfare, that businessmen perform a social function …" Even though these insights were published in 1961 they were not taken seriously as we saw some of the largest corporate embarrassments in history such as the case of Microsoft. Only eight years later Herbert Doan (1969: 30) wrote: "What we seek is not a problem-free society but a problem-solving society …"

In the case study of Microsoft it became clear that the leadership identified such problems but the unfortunate consequence was that the leadership of Microsoft focused on "eliminating" the competition instead of improving their own product and service. The focus of the leadership is wrong and in fact creates more problems than solving. There was a driving force behind the Microsoft leadership and it could be seen as the desire to win. It can be very powerful force when it assists us in our attempts to excel and forces us to focus and develop ourselves and the environment around us. The problem is unfortunately this driving force is sometimes so strong that we blindly act in order to succeed and forget about the restrictions that are placed upon us because of other human beings and the environment in which we operate.

We forget to ask ourselves what makes it right. Certain people regard themselves as an absolute power which in turn results in a vicious circle.

In the case of Microsoft it was quite clear that this drive to "win" had some detrimental effect on the company and this was transferred to the economy as a whole with an even bigger global impact. The problem is that "the executive heroes we anoint, the cases we classicize, the profit leaders we cheer, the new-idea wizards we celebrate – all without knowing whether their wins were clean or dirty, contrived or real" (Tichy and McGill, 2003: 4). Just because a company is successful it doesn't mean they are ethical. Society is blinded and forgets to ask what constitutes right or wrong and not only whether it is right.

Something is necessary (e.g. governance structures) that allows us to keep the leaders of the business environment accountable to ensure that their poor decision making and resultant deception of the masses are exposed before it comes to a point where the negative impact is felt, such as the case with Microsoft. Although the court ruled against Microsoft, it continues to do business globally. It has received a slap on the wrist but the true effect of Microsoft's behaviour is felt in the sphere of meta-ethics. In society we all have to work together and build trust but "Trust … is fragile. Like a piece of china, once cracked it is never quite the same. And people's trust in business, and those who lead it, is today cracking (Handy, 2003: 77).

But why is it so hard to do this? Why it is such an effort to implement what seem to be very basic principles of transparency and accountability?
Maybe Selekman & Selekman (1956: 3) defined the problem when they stated that:

> It is a lifetime of exposure to the impact of power on human relationships, which has led us to undertake this exploration into power and morality. For both of us have seen and felt power form childhood on not only in the usual daily disciplines experienced as one grows up but also in the much harsher forms resorted to in the struggle shaking the social structure of the communities and the times in which we lived.

They justly ask whether power is a liberator or an enslaver. Surely the famous quote: "Empowerment corrupts and absolute empowerment corrupts absolutely" comes to mind. It is easy to say that building a great nation or great company is a force for the good and serves to create wealth for society in general. But what happens when on the way the power and the possibility of exercising this power only to the advantage of a few, weigh so heavily on a person that all he/she has in mind is the ultimate goal of personal success, that driving force to excel?

In the case of Pharmacia the shareholders intervened to balance the power of management. It is important to remember that the personal values of such a person can play a determining role when it comes to these kinds of decisions. The impact could possible be far beyond anything that leader is aware of. Grojean *et al.* (2004: 223-241) point out that "a leader's actions are viewed as the standard of acceptable conduct and are modelled by individuals as appropriate and necessary for career advancement."

Powerful leaders help to establish ethical norms and if profit is the overwhelming motive, the effect on ethical norms can be devastating. Maybe most leaders are not what we need. Perhaps we should consider the role of the manager "to serve as a balance to the leader's power" (Giampetro-Meyer *et al.*, 1998: 1735). In some way or other the personal values of leaders should be balanced and if the organisational culture allows (which ironically also depends strongly on the influence of leaders) the leadership of the business will be open to the scrutiny of management, which in effect balances the power of that leadership..

Often at this stage the potential good is manipulated and distorted and the result is destruction rather than creation. People are confronted with the decision to use their power for themselves or to apply it to serve an ethical cause. This decision helps to shape the ethical paradigm. The personal lives of leaders in business play an undeniably important role in this regard. Hemingway and Maclagan (2004: 36) state that these personal values are the driving force behind many of the decisions that they make each day in addition to the official corporate objectives.

History teaches us that this is unfortunately true; humans tend to be so overpowered by the idea of power that we falter time and again whenever we have the chance to make a real difference. All the great empires and kingdoms of the past did not last and they usually did more bad than good. The truth is, however, that self-interest is not intrinsically bad in the eyes of most people. We applaud the paraplegic person who decides to make something of his or her life and be successful even though the motivating factor behind that person's actions is self-interest. The same goes for any leader today who inspires and sets an example for others. "We find fault not with reasonable, measured, proportionate self-interest, but with excessive, naked, self-interest" (Maitland, 2002: 5). Self-interest is not immoral. Self-interest can be aligned to ensure that moral ends are achieved. As argued earlier, we need that aspiration in individuals to allow for development and advancement; it is a driving force and just requires balance.

Great downfalls happened to so many of the great nations such as Rome, Germany, Britain, U.S.S.R and now the U.S.A., which is the current dominant power. Almost every time a great nation or empire went to war it went hand in hand with conquest, the drive to succeed. Even now there are new challengers on the horizon and it is primarily so because of immense production capabilities. Here I am referring to India and China more specifically, which are stimulating demand for commodities worldwide and are flooding the markets with mostly cheap retail products such as clothing and textiles.

Pope John Paul II once said, "Profit is a regulator in the life of business but not the only one" (Solomon, 1994: 81). Individuals with their own dreams and aspirations lead, and this creative endeavour gives birth to power that has to be balanced. Perhaps a model of "steward leadership" where the person is seen to be a "facilitating idealist" and his or her perceptions reflect a deep commitment to the welfare of all stakeholders is required to achieve the necessary balance (Caldwell *et al*., 2002: 153-154). This kind of leader is someone that "elevates service over self-interest", someone who is committed to the welfare of others and seeks integrated solutions to the benefit of all stakeholders. In this way it is possible to use power not only in a self-serving manner thereby setting the standards of ethical conduct.

7. Power with purpose

Power is necessary to ensure that progress is made. Davis and Blomstrom (1971: 84) stated the question aptly: "In the face of this entire clamour how does a modern business manager know what to do to meet the demands of pluralistic claimants for 'responsibility'?" So what is the responsibility of business? This question goes hand in hand with the prevailing question regarding the meta-ethical nature of actions. It is necessary to look to the different opinions when it comes to the responsibility of business (firms, corporations, companies, etc.).

Recently there was a survey in *The Economist* (Crook, 2005) entitled The Good Company. The survey looked at corporate social responsibility (CSR) and the emerging viewpoint in reaction to an upsurge in supporting ethical business. Crook (3) stated, "It would be a challenge to find a recent annual report of any big international company that justifies the firm's existence merely in terms of profit, rather than service to the community". Every company that is upholding a certain branding and that has to keep a clean image to consumers has taken up an ethical approach and is looking at ways to improve society, or at least they say they are. The question is whether this is true ethical and CSR approaches or are there other influences that are forcing companies to adopt these approaches. In other words, what is the motivation behind the apparent ethical restructuring of business?

The argument that Crook (3) is presenting is that the champions of CSR indeed have held companies accountable by embarrassing the companies offending the principles of CSR, and by mobilising public sentiment and the press. The result is that "intellectually… the corporate world has surrendered and gone over to the other side." This shows that some companies tend to make ethical decisions according to pressure from society and because of opportunistic reasons.

The point is that when "commercial interests and broader social welfare collide, profit comes first" (Crook, 2005: 4). Crook also referred to Adam Smith and the Wealth of Nations with specific focus on the invisible hand that guides self-interest so that indeed self-interest serves the public good. Adam Smith's theory cannot be addressed here, but the point is that maybe self-interest is the main driving force behind social progress. An attempt to regulate this stifles growth. In other words, if business is left

to be guided by the invisible hand it would ensure that the greater public good is also looked after in the process of fulfilling their personal endeavours. Crook (18) concluded the survey with a very striking statement: "The proper business of business is business. No apology required."

This view is supported by two other authors, Hilton and Gibbons (2002: 7) who said:

> The problem is, most of the current popular debate about business is so one-sided that it's stretching things even to call it a debate … if you look at the recent crop of books … the ones that have gained momentum in popular culture … are almost all unremittingly hostile to business and the principle of the capitalist system.

They continue by pointing out that there were alternatives to this view that should be considered when thinking of society and business and the objectives that were set before each. They enquired whether business should not be included in the quest and discussions to determine how we could make the world a better place: "Wouldn't it be a better idea to stop the blanket denunciations of capitalism, recognize the good that it's already done, and develop its potential to do more good in the future?" (8).

In the beginning of this assignment it was shown that ethics and business are not two separate spheres that are forced together, but rather they are two inseparable spheres that complement each other. If you try to operate the two separately, problems will certainly arise. There are just too many overlapping and complementing aspects regarding ethics and business because they are both in the interest of human beings. Since ethics is regarded as an attempt to manage change, business can be regarded as one of the main driving forces behind change, would it not make sense to align these different spheres into one united sphere of business so that ethics truly becomes inseparable from and inherent to business; with power comes responsibility.

Rather reconcile the two seemingly opposing forces so that they complement each other. The point is that if the pioneers of business realise the value of adhering to 'business ethics', they will be able to grow much more sustainable business. The

challenge is to align ethics and business making good business sense because of the fundamental positive contribution ethical practices can make to the sustainability and profitability of a business. It was Socrates that said, "From virtue comes all wealth" and indeed at the beginning of this assignment it was pointed out that Plato did not view happiness as the degree of immediate satisfaction but as a holistic approach to life that generates deeper understanding. Aristotle also pointed to *eudemonia,* or a general state of well-being that rests on practical wisdom (*phronesis*) also indicating a broad, well-considered process to achieve happiness.

 But in today's world it is almost impossible to focus on anything but the drive to increase profit as the ultimate goal. It is a narrow-minded approach to life that sees the destruction of human beings in the process of self-gratification. It is the result of an unbridled drive to succeed and disregard for others, which in the end also lead to self-destruction (Enron). There needs to be a balance of power.

Simon Zadek (2001: 122) emphasised this problem of reconciling the different demands on business because of the relationship between business and sustainable development. He referred to "'sustainable business' because it seemed to combine the laudable aim of addressing the social and environmental challenges of our time with the accurate view that business has to 'do it' for us to have a chance of success."

The choices that we make will determine the direction in which we develop, if we develop at all. Prahalad and Hammond (2003) summarised this challenge in terms of the self-interest of business. They outlined two scenarios where the one concerns a future where the gap between the poor and the rich widens; there is economic chaos and even governmental collapse because of anaemic growth and deflationary pressures. There is a constant threat of terrorism, opposition to the global market system intensifies and multinational companies find it hard to expand. Many of these companies become risk averse, which slows investment, and this in turn forces them from emerging markets.

The second scenario is much brighter than the first. It is driven by private investment and entrepreneurial activity, and the economies of the developing world grow vigorously and the new engines for economic growth are China, Brazil, India and

South Africa. This in turn promotes prosperity in the world, decreases poverty, increases social benefits, reduces cross-border conflict and the threat of terrorism..

Two contrasting views, both perhaps extremes, but we live in a world where we have created bombs that can destroy nations, aircraft that circle the globe and worldwide communication in an instant. Perhaps it is not so unrealistic either way. The point is that whatever the situation might be, business will have a very important part to play. The effect of its participation (or lack of participation) in future will have a determining effect on the world as we know it. It is therefore of critical importance that these ethical actions are in sync with the rest of society.

Business has the power to influence the global situation rather dramatically. This is once again where it becomes clear that those with power play a determining role in the way change is brought about. The tension between doing what is right when you are in a position of power versus doing what suits you best because you can get away with it plays the central role. Altering ethics for personal gain is not the business of power. The meta-ethical paradigms are influenced by business, and society is not truly aware of this. It is not that society is not also playing the game but the awareness on that level is insufficient.

Business ethics is there to ensure that the actions of business benefit all; it should help to set the ethical standard. This relates directly to meta-ethical analysis. Business should ask themselves what makes something ethical? This is however difficult because if they are guided by there own interest, they could easily ignore the demands of the rest of society. It is a little like the schoolyard bully; it's not that he is a bad person, it's just that he will do whatever pleases him until he realises that treating others with respect and cooperation are destined to bring greater rewards. Even if the reward is quantified in terms of self interest it should still act as good motivator for business. The outcome of the global scenario will de determined by one factor: "the willingness of big, multinational companies to enter and invest in the world's poorest markets. By stimulating commerce and development at the bottom of the economic pyramid, MNCs could radically improve the lives of billions of people and help bring into being a more stable, less dangerous world" (Prahalad and Hammond, 2003: 2-3).

The truth however is that power is necessary. It allows us to progress and produce. It is of great importance that we tame this power in order to "channel and direct power from negative and destructive to positive and creative" (Selekman & Selekman, 1956:151).

Abram T. Collier (1972: 6) stated that "our society is a creative society; that its prime objective, as well as its great genius, is its creativeness; and that, as creative accomplishment is the actual day-to-day goal of modern business, it is also the keystone of our business philosophy." On the one hand we have power and on the other hand we have creativity. In fact they are one and the same. You have power if you create something and control it if no one else can. It is in this that humans have come to dominate earth through our rational, creative capabilities. The word 'dominate' is very appropriate because humans have not truly approached nature and one another with the required respect but rather set their own ideals as the maxim.

Samuel Johnson said that "life affords no higher pleasure than that of surmounting difficulties, passing from one step of success to another, forming new wishes and seeing them gratified" (Collier, 1972: 6). Collier (8) also stated that the purpose of every utopia ever conceived from "Plato to Aldous Huxley – has been meant to compel men to conform." It is impossible to deny that the above-mentioned statement is true; we love to succeed and thrive on challenges that offer new rewards. We like to see that we use our creativity and because of that become special and achieve the goals, which in return spur us on to new heights. We like to see our ideas become a standard and have others follow in our footsteps. If someone else attempts to ascend to the throne and threaten supremacy we will develop new forms of creativity ensuring our personal dominance. This drive can easily push someone to extremes where there is an utter disregard for fellow human beings and also the law.

8. Conclusion

At the beginning of this assignment the difference between substantive and meta-ethics was highlighted. The Microsoft case study is actually an example of how the courts and Microsoft were actually at cross purposes because of this very important distinction. The focus of the court was more on determining which of the practices of Microsoft were indeed anticompetitive, in other words the enquiry was substantive in

nature. In the defence that Microsoft used in its white paper, the company referred to the nature of the anticompetitive practices and stated that the industry was promoting low prices, high output and rapid innovation. Microsoft claimed that market share did not reflect the dynamic nature of the software industry. The way that it defended itself seemed to be very 'creative'. It looked at the problem from a different perspective in the quest to re-establish its dominance and justify its position.

What it was claiming was that its practices did not represent unfair competition and for the purposes of this study, were not unethical. Microsoft is in actual fact questioning the nature of the actions (**what** makes an action moral or immoral) and not **which** actions are moral and immoral.

This is very important because of the dynamic society in which we live. At present we have to contend with a highly interrelated and interdependent global system with high-speed production, marketing and communication facilitated by the mass media using the most advanced technologies to ensure that they are heard … and they are.

Our minds are flooded by a multitude of messages that are lodged in our subconscious. This influences our thoughts and ultimately our actions. We are increasingly put in unfamiliar situations where nothing is lasting and nothing is sure. Industries rise and fall overnight and we have to adapt every day; never a dull moment.

The effect of this on moral decision making is traumatic to say the least. People cannot discern when they have to make important decisions. Ethics is not black and white. The area in between is a wide spectrum of grey, and it is increasing every day. We are pushed to excel, and the scarce resources we all compete for is the carrot held to us. We are so frightened that we would not succeed and it is this fear that fuels our drive to compete and succeed. The solution that Microsoft has is to manipulate the market by using its size and changing ethical standards. It becomes a question of meta-ethics rather than substantive ethics.

The purpose of adding the Napster case study is not to try and reveal whether the actions taken by Napster were unethical or not, but rather to illustrate how the current

ethical environment is being shaped by the advance of modern technology and how this creates ethical situations that have not been present previously.

The owners of the creative products at stake here, feel that their livelihood is being threatened and that they cannot permit others free access to their creative source, which allows them to excel. Once again the real question here is not so much a substantive ethical question but rather a meta-ethical question. It is the job of the courts to decide whether a morally unacceptable action (substantive) was committed or not, and they therefore also have to determine what makes the actions ethical or unethical (meta-ethical) and warrants the necessary punishment in terms of the law.

Many philosophers are currently referring to our era as the post-modern era in which the ultimate truth does not lie somewhere beyond us but is formed amongst us. There is no teleological finality, no universality that guides us all. Each is left to decide for himself or herself. Recently, when the new Pope for the Roman Catholic Church was elected, the German Cardinal Joseph Ratzinger (now Pope Benedict the 16th) warned that the Church should stay true to itself and said that "We are moving toward a dictatorship of relativism which does not recognise anything as for certain and which has as its highest goal one's own ego and one's own desires" (News 24).

The impact this has on business is tremendous, as is explained and demonstrated earlier. Individuals in business are confronted with extreme conditions when they have to make an ethical decision. These decisions will have an effect on so many other persons. It is because business connects so many people and is the lifeblood for so many people that it is becoming more critical that people in business take a well-considered approach. There is so much power connected to their decisions. Power is becoming unseen. It is in the fibre of society and can flow from one person to another from day to day.

The golden rule is no longer to do unto others as you would they do unto you, but rather that the one with the gold makes the rule. The large music companies and their rich clients were the ones placing all the pressure on the up and coming entrepreneur to pay loyalties for the music that he was distributing. It is not that the actions of Shawn Fanning were legal but rather that the power exercised in the music business

was not in his favour. What makes the decision of the court ethical? Is it because the court has in mind the interest of the large music corporations and their wealthy clients that make billions out of music sales? Or is it because the actions of Shawn Fanning were inherently unethical and would have been so even if they were done in a situation where he had a very large company and the power to make or break a performer if their music were to be exchanged on his network?

The power within the music industry was centralised and that was what determined the standard of ethical practice. Even though Shawn Fanning did illegal things, was the system not structured unethically? This is once again a question into the nature of moral behaviour; what makes an action moral or immoral?

Pharmacia is a very interesting example of how the grey areas in ethics are formed. On the one hand you have the potential of harmful genetically modified plants and organisms and on the other hand you have the potential to feed millions of people by producing more food in a shorter period of time at a significant reduced cost. Pharmacia did however have the farmers sign agreements to buy the seed from them year after year, which does limit the freedom of the farmers and would once again raise the cost of producing food. This is market manipulation and possible because of the power that Pharmacia has and could be exacerbated by the possibility of creating seed that could not reproduce. This entails more power.

Once again there is a dispute over the meta-ethical nature of the situation. What makes production of GE products unethical? The same situation arises as in the case of Napster, where uncharted territory has to be traversed because of technological innovation that brings into question the nature of human relations and the nature of ethical behaviour, which are in actual fact one and the same.

It would seem that Monsanto/Pharmacia did have the welfare of so many in mind in the short term. In the long term however the detrimental effects of GE products are still undetermined although scientific studies show that it could quite easily have extreme negative effects. Once again it is the drive to succeed assisted by creativity that comes face to face with the welfare of others. These are truly difficult questions

to answer. Should you withhold food that can save lives today but destroy lives in the future and cause others harm, which cannot be perceived at this point in time?

Pharmacia has the power to bring relief to thousands at a fraction of the cost but which on the other hand can also bring about greater destruction. The choices that Pharmacia is faced with are also strongly influenced by the power in the hands of the management of the company. It can choose to alter history in one way or another, but human nature and the drive to succeed and become more and to have more are overwhelming factors that could change its decision to suit its own best interests.

Pharmacia can play a critical role in setting the standard of business ethics. The directors of the company should take into account that the stakeholders in the company have requested that they do not market the GE products. This reflects the general consensus in the market. This brings to mind that there could be some intense tension between management and the interests of the stakeholders in the company. Management should be responsive to the requests of the shareholders and other stakeholders.

It is necessary to make use of this case study to show how the aspirations of one group creates tension and questions the nature of ethical behaviour. Even the quote of Socrates that "From virtue comes all wealth" does not impart the necessary wisdom to ensure that the correct answer is found. It seems that compassion is the virtuous trait required to save lives. Both claim compassion in their approach, but are they both truly virtuous … in other words what makes behaviour and intentions truly ethical?

What it pertains to, as stated before, is human nature. Simon Zadek (2001: 215) quoted an interesting story about a group of citizens that went to heaven to consult with God because they were dissatisfied with the kings that ruled them. After a long journey and talking their way past the heavenly guards they came before God. They requested that according to His just, good and all powerful character He should intervene and do something about those kings. After extensive deliberation and consultation with heavenly advisors and many days that had gone by He called back the citizens. God, flanked by many heavenly advisors and celestial teams of advisors,

gave them the answer. He commanded them to go back to earth and explained that "Kings had not been My idea. They were your own invention, so there's nothing I can do for you; you will have to sort it out yourselves".

Zadek summed it up by saying that "This … fable is neither about gods nor kings; nor is it about good, bad or evil. It is about our ability to create the futures that we want, and where necessary to re-mould the institutions that govern our lives to suit the purpose for which they were intended, or for which they are now needed." It is shared responsibility for business in society.

In the end we are humans that have to cooperate in the same world. The myth that people in business are immoral and that business itself cannot be moral is not true. The matter should be seen differently. It is not that business is immoral but rather amoral, in other words not concerned with morals. This point of view was stated in the book by Robert Solomon (1994: 21) and he referred to an interesting quote by John D. Rockefeller to describe the huge challenge of reconciling moral behaviour with the desire to maximize profit. Rockefeller once boasted that he was quite willing to pay a man an annual salary of a million dollars if the man had certain qualities: "[He] must know how to glide over every moral restraint with almost childlike disregard …[and have], besides other positive qualities, no scruples whatsoever, and [be] ready to kill off thousands of victims – without a murmur."

The challenge: How to make business morally aware and further give incentive to abide by these ethical standards without merely making it a matter of short-term gains and instant gratification? Business is powerful and this is not inherently wrong. The influence that it has because of this power is something that has to be considered especially when it comes to meta-ethical matters. The important issue is that business can help set meta-ethical standards to determine right and wrong. It is a subtle, yet powerful shift in paradigms that society is not aware of. It is only when society is deeply troubled by certain actions of companies that it feels a need to speak out. By this time the paradigm has already shifted, as illustrated in the case studies. It is necessary to ensure that the culture within business is one that is participative and reflects sensitivity for the meta-ethical environment. This goes hand in hand with good leadership.

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