

# Moral consequences

BY MORENO ZANI

What many tend to forget is that business involves human beings. The growth of corporations stems from the drive to improve human happiness and well-being. Therefore, ignoring ethics will ultimately undermine business's *raison d'être*.

The current and ever-important debate regarding the relationship between business and ethics has roots in the works of the ancient philosophers. If Socrates is considered to be the founder of the science of ethics, it was Aristotle who coined the term "ethics" to name this discipline of practical studies. According to Aristotle, the ultimate purpose of human existence is the pursuit of happiness or well-being, to engage in activities which lead men to be happy; and only through the exercise of his rational capacities and the attainment of the dianoetic virtues (such as empirical and scientific knowledge, intellect, art, wisdom) can man achieve happiness.

For the philosopher, and for classical thinkers in general, there is a distinct difference between a purely speculative science – which is therefore indifferent – and an applied science. More recently, Abraham Flexner catered to the classical thinkers in his 1939 essay "The Usefulness of Useless Knowledge." Mankind's greatest discoveries, which have ultimately had the most impact on society and human lives, were borne from the pure spirit and thirst for knowledge of men, led by innate curiosity and a total lack of concern about the utility and practical applications of their work. However, insights from completely "useless" reflections often proved to be the most valuable and beneficial to human welfare.

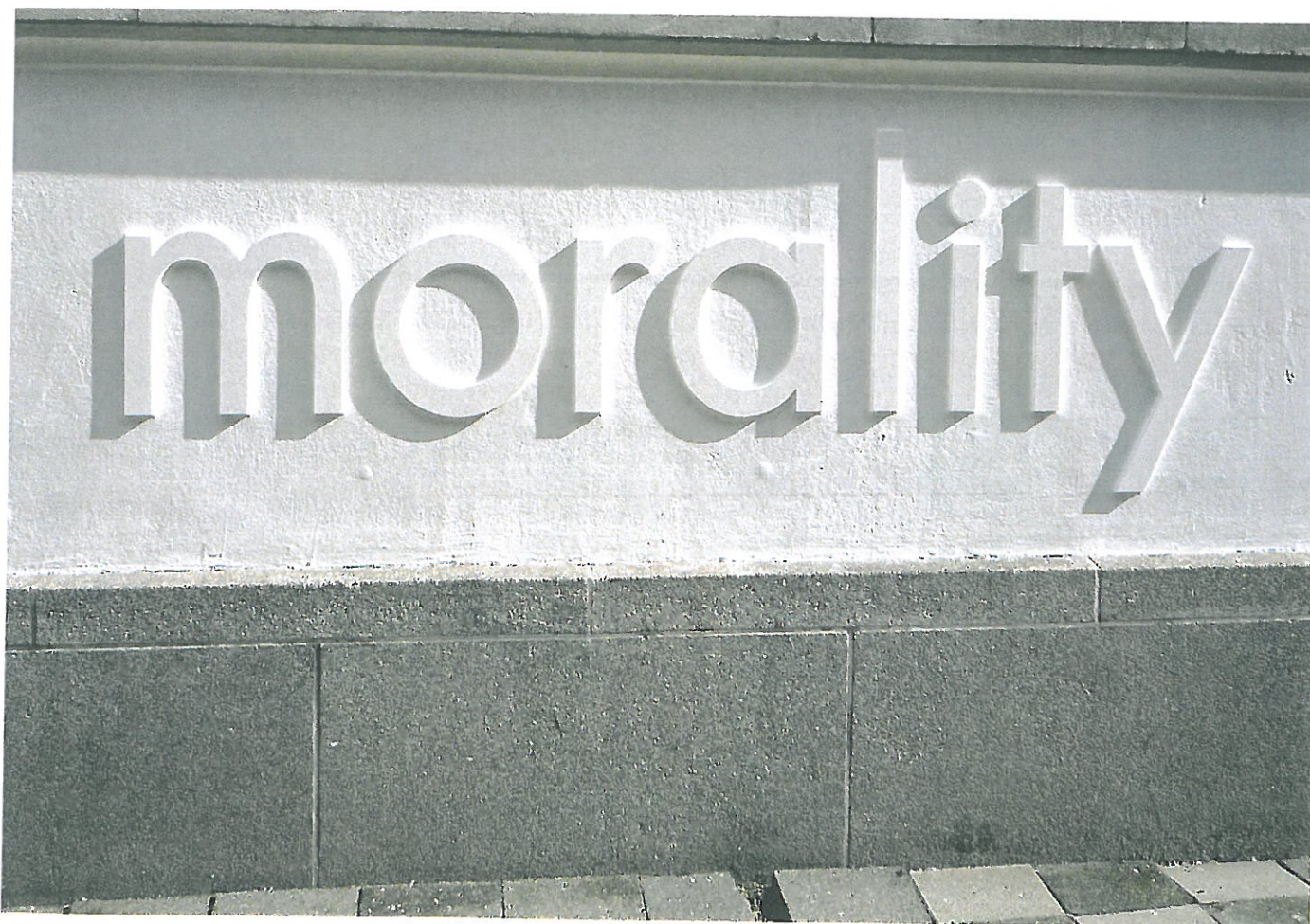
Karl Popper's claim that "Science and technology frees man and opens up possibilities" can be of help at this stage. At the closing ceremony of a conference in Vienna in 1991, Popper remarked: "The world is a wonderful place which we, as gardeners, can still improve and cultivate. And in these attempts, use the modesty of an expert gardener, who is aware that many of his attempts will fail." In his essay "Technology and Ethics," Popper dwelt on how the wealth created by sci-

ence and the industrial society had strongly contributed to improving the working conditions and lives of the majority of the people, attaching a strong cultural significance to technological progress. Despite recognizing the possible dangers, and carefully listening to the criticisms relating to the abuse of technology and economic growth, Popper argued that industrial revolutions (such as transportation, enabling the possibility of easily moving people and goods via rail or road, and the invention of light and electrical appliances which lead to the improvement of the helpers' working conditions...) heralded in a new era of civilization, in which even the less fortunate portions of the populace could benefit.

Popper claimed that inventiveness stems from the fulfillment of primary needs and that primitive experiments – fire for protection, the cudgel for defense – required creativity, risk, and courage. People's lives, like those of a companies, are full of inventiveness, risks, and courage.

There is a common denominator underlying all these doctrines and observations, which can help better understand the alleged dichotomy between business and ethics: mankind. Whether he is the author of abstract ideas, the creator of useful inventions, or the leader of organized ventures, man is always at the center, the promoter responsible for both positive and negative. Maybe this could be the turning point for the modern-day company: the return to a greater humanity/attention to immaterial/intangible assets as a factor

Sculptures of the great philosophers stored in the Garden Pavilion room of the Herrenhäuser Gärten in Hannover, Germany.



Art installation on the theme of ethics and morality in the capitalistic modern world in Rotterdam, September 2013.

of equilibrium and development for the company.

The difficult times in which we live are also filled with opportunities to reassert this relationship. An era in precarious balance between progress and regression, in which human values, the common good, and helping others are perhaps reaffirming themselves again. The firm as a subject at the service of the society. Ethics as an endeavor to search for human talent.

In his book *The Rise of the Creative Class*, Richard Florida claims that human talent is the real wealth of cities, demonstrating – after many years of research – that specific metropolitan centers exhibited a productive renaissance and a higher level of economic development while others could not manage to halt the industrial decline. The difference was due to their capacity to attract creative minds, able to promote innovation and breakthrough ideas, thus pushing companies to move their operations and invest in urban areas characterized by the presence of creative workers. Hence, the company can be a means of reclaiming areas and encouraging human talent. In the last few years, there has been much talk of the relationship be-

tween business and ethics: the governing principles of a company, labor relations, the system of internal guidelines that qualify positive corporate behavior, especially in reference to the scandals that have accompanied the implosion of the financial system. But many questions still remain open and await concrete answers: What role does the company need to have within the framework of social relations? What importance should return on capital have when compared to the human workforce? Will the firm be able to restrain and tame its underlying animal spirit and, in certain respects, the pursuit of its own interests?

Over the years, rules and an increasing collective awareness have permitted an improvement in the interaction between what is considered ethical and the company's pursuit of its business objectives, despite often being reduced to mere formal acts. But its nature always tends to move it towards the opposite direction. It is essential that the economic aspect does not overwhelm all the other aspects, negating the coexistence of morally authentic, ethical, and, above all, cultural values. And we must not forget that unfortunately a vast

Employees of French pharmaceutical group Sanofi arrive to burn copies of the group's code of ethics during a demonstration on November 8, 2012 in front of the plant in Toulouse, France. Employees refuse the code as the direction itself doesn't follow the rules.



ERIC CUBANS/AP/GETTY IMAGES

portion of the planet has not yet embarked down this path.

Despite the fact that most global businesses currently strive to implement ethical and socially sustainable processes, indicating in their annual company reports that they engage in such activities, this does not prevent incidents such as Enron from happening, where we can recall one of its top executives continually reiterating that the company maintained impeccable behavior throughout all its business undertakings.

A company is founded on and thrives thanks to the creativity and ingenuity of the people within, who through their talents enable the firm to grow and integrate with the surrounding environment and intertwine its interests with their interests and those of the community at large. It is a daunting task to attempt to have private interests coincide with those of the firm. Often ethics is muddled or confused, or often covered by a thin veil of apparent patronage and/or welfare. It is hard to identify a system that is able to balance out these two different needs. I believe that the relationship

can be structured as an exchange, a redistribution of the opportunities between the firm and the emerging human capital (for example, the youth). This should start from basic and simple concepts, which are easier to achieve, and are already being implemented in projects by various entrepreneurs.

In his book *The Moral Consequences of Economic Growth* Benjamin Morton Friedman, proposes building a moral corporate model by taking inspiration from the philosophers of the age of Enlightenment. Such an approach would embody values that could lay the foundations for a more sustainable future, in which private interests and the needs of the community share a common goal: the achievement not only of short-term objectives, but also medium- and long-term goals through a conscious and sensible way of doing business.

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