Chapter 4

Ethics in Business and Human Flourishing: Integrating Economy in Life

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ABSTRACT

This chapter demonstrates the relation between business ethics and human flourishing. It argues that a business’s contribution to human flourishing needs to be understood in terms of its viable options and what it makes of them as a core part of a modern civil society. Against this general background, the chapter explains the theoretical aspects of the intrinsically entwined relationship between business practice and business ethics. Successful entrepreneurship and business activities are those that can effectively recognize and cultivate this relationship. This emphasizes not only individual and entrepreneurial moral sense and reliability in economic affairs, but also incorporates an approach to business ethics that encompasses a total concept of a “good life” and its striving towards a just, civil society based on mutual responsibility.

INTRODUCTION

Ethics and Crisis

The global financial crisis that began in 2007 has been considered by many economists and politicians to be the worst financial crisis since the Great Depression of the 1930s, when the United States economy went into an economic recession followed by a major worldwide economic downturn. The 2007 crisis had an enormous dimension of negative effects including the total collapse of large financial institutions, the bailout of credit institutions by national governments, and a general decline both in stock markets around the world and in consumer wealth (Baily, & Elliott, 2009; Colander et al., 2009; Levin, & Coburn, 2011). In the light of this experience in business, society, and the media expressions like ‘economic crisis’, ‘financial crisis’ or ‘stability crisis’ serve as catch phrases feeding into broadly based public and academic discussions on the fragility of our economic systems and even of our civil societies. These concepts of ‘crisis’ are used to give expres-
sion to a deeply felt sense of common uncertainty concerning the guiding normative principles of political, economic and entrepreneurial activities. For these are crises of such dimensions that they have plunged whole sections of society, even entire countries and groups of countries, into an existential state of emergency, or are in the process of doing so. While young people worry above all about their jobs, the older generation is far more preoccupied with health and retirement provisions (Salines, Glöckler, & Truchlewski, 2012). Politically, the global financial collapse of 2007 resulted in an existential challenge for Europe concerning causes, responsibilities and mutual assistance. Justifiably enough, such scenarios are seen as being detrimental and to be avoided. As in all situations of this nature, a search has been mounted to identify the causes and those responsible in business, politics and academia (Baily, & Elliott, 2009; Colander et al., 2009).

However, the task of actually finding the responsible parties is extremely difficult in a context of complex economic mechanisms involving countless different agents and decision-making locations. The resulting sense of uncertainty and insecurity is accompanied — almost in the form of a reflex action — by calls for a ‘more ethical’ approach to business practices. These calls are born of a need to overcome the crisis as quickly as possible and, at all costs, to avoid a repetition (Ulrich, 2013, p. 8-9; Deroy, & Clegg, 2011). What is actually meant when ‘more ethics’ is demanded can frequently be summed up by stricter and unambiguous codes of conduct or catalogues of measures and — in response to misconduct — sanctions with long-term effectiveness. This tendency to equate ethics with codes of behaviour has led to something of a “boom atmosphere” in ethical discussion and the term ‘ethics’ being subjected to inflationary usage (Davis, 1999, pp. 4-9). The number of publications on applied ethics, the university courses in ethics integrated in non-philosophical master programmes and the numbers of professional ethical codes increased enormously between the 1980’s and today creating something of an “ethics-boom” not to be confused with “morals boom” or a “boom in the study of morality” (Davis, 1999, pp. 3-21). What is actually meant in such contexts, however, is no more than the attempt to find solutions as alternatives to the law (Davis, 1999, pp. 15-20). With the aid of administrative and technical measures such as further moral codes or increasing ‘ethical labeling’ that are often no more than a lip service (like misleading labels in other sector such as eco- or organic-food-seals) ‘ethics’ is being promoted on the level of mere marketing. But this type of ethics goes no way towards addressing the underlying problems compared to ethics considered as practical science used to do.

If ethics is to be comprehended not as a mere functional tool (Beck, Bonss, & Lau, 2003; Beck, 1999; Luhmann, 2012) but as a practical science and a reflexive discipline that deals with moral actions and seeks to describe the linguistic interplay between the individual sections of society and the totality of human existence (Kluxen, 2006, pp. 18-18; Broadie, 2002, pp. 5-48), then its normative appraisal of such crisis scenarios must go much deeper than this. Viewed from this ethical perspective, the appraisal involves nothing less than the issue of how we integrate economic activity into our own concepts of life and normative frameworks. Such an involvement in the debate forms a bridge between the available normative framework conditions and codices in a given form of society and reflections on the ethos and integrity of the responsible agents. Those who would argue that economics is part of human life and not that human life is a part of economics have essential concerns: A functional approach of business ethics touches the surface of the normative problems only. The essential ethical questions of business ethics are not being asked (Ulrich, 2013; Lanzeth, 2012; Korff, Baumgärtner, & Hermann, 2009). Rather fundamental question need to be raised as part of an essential ethical discourse which covers patterns of normative constraints in a pluralistic