

Chapter 1

FRAMEWORKS: An Organising Framework for Ethics and Strategy

Abstract: This chapter is adapted and developed from (i) Introduction to *Business Ethics and Strategy*, Ashgate, England, 2007 (Edited reference collection, in the series The International Library of Private and Public Ethics) and (ii) “An organising framework for strategy and ethics,” Proceedings of ANZAM, Rockhampton, Australia, December 2006. The growing literature dealing with the relationship between strategy and ethics is classified into 16 distinct themes (e.g. trust, performance, market-limitations, etc.) with various sub-themes (e.g. types and levels of trust, etc.). A comprehensive organising framework is then set out, based upon the classical notion of a dualism. Experience suggests that the new framework is very helpful for researchers and students in these areas.

1.1 Introduction

Most readers will start out with their own ideas about the central issues of business ethics in relation to strategy. For some, it centres upon the stakeholder versus shareholder debate; for others, it all boils down to reducing corruption in practice; still others see that this relationship is precisely what is being analysed in the utmost detail in formal game theory and its interpretations. When considering any such issues or themes, it seems to be well worth reflecting upon a rather basic and pervasive binary divide, or dualism in human affairs. In a memorable scene from the James Bond-007 movie “*Tomorrow Never Dies*”: a British navy captain throws a simple switch on a control panel from “peace” to “war”. There is no middle ground. It is often said that business and ethics is just like that: “strategy” is war (Sun Tzu’s *Art of War* being the classic text), whilst ethics is broadly associated with peace: goodwill, love, harmony and human rights. Put differently, strategy is for winning and for the powerful, whereas ethics is for helping

and caring. Perhaps, as Nietzsche thought, it is also for the weak and the losers.

It often seems that the entire literature involving business ethics and strategy can be read as an elaboration of this dualism. Accordingly, in this chapter, a framework based upon dualism is set out, for the specific purpose of organising that disparate literature. Although the notion of a dualism is classical and ancient, experience so far suggests that such a framework is very helpful for contemporary readers who confront a bewildering literature in several related domains. Not only in Strategic Management, Business Ethics and Economic Ethics, but also in Corporate Social Responsibility, Business and Society, Globalisation and International Business, Critical Management and Accounting, Sustainable Business, Social Entrepreneurship, Social and Green Marketing, Ethical Investment, Accounting Ethics, Social Accounting, Multi-Bottom-Line Reporting, and so on.

The following section of this first chapter briefly discusses commonly identified strategy and ethics topics or themes (i.e. stakeholder versus shareholder, corruption, game theory, etc.) with some of their sub-themes. Then (in Section 3) various components of the organising framework are identified (e.g. values, ethics, rationalities, market limitations, etc.). Each of the “components” is represented here as a bi-polar construct (e.g. efficiency versus justice; exploitation versus compensation, etc.) This is followed (in Section 4) by an identification of several distinct spanning themes in the literature (e.g. character, intention, emotion, persuasion, etc.). All these spanning themes can be applied in principle to either side (e.g. virtue indicates selflessness, etc.) or to both sides. It is then noted that many contributions to “strategy and ethics” attempt to synthesise the two sides (with reference to selected components). A final type of contribution to ethics and strategy effectively separates the two sides (Section 6). Such articles typically reinforce the ideas and language on one side only, in effect challenging or downplaying the other side.

1.2 Main Themes

The main themes or topics in the available literature on the strategy–ethics relationship are listed in Table 1.1 (first column). A few sample references are cited in each case, with a very brief description given below, in this section.

Table 1.1 The main themes linking business strategy with ethics.

Theme	Sample Contributions	Sample Sub-Themes
<i>Integrative Frameworks</i>	Robertson and Crittenden (2003), Reynolds (2003), Quinn and Jones (1995), Singer (1994a)	correspondences, domains, dependencies
<i>Economics and Ethics</i>	Narveson (2003), Hosmer (2001), Sen (1997)	invisible hand, rationalities, co-determination
<i>Globalisation</i>	Dobson (2001), Logsdon and Wood (2002), Collier (2000)	co-existence of views, business citizenship, property rights
<i>Market Limitations</i>	Prakash Sethi (2003), Haksever <i>et al.</i> (2003), Singer (2003/2006), Quinn and Jones (1995)	accountability for distribution, monopolistic tendencies
<i>Environment</i>	Starkey and Crane (2003), Rugman and Verbeke (1998), Shrivastava (1995)	narratives, levels of regulation, advantages, sustainability
<i>Stakeholders</i>	Jones and Wicks (1999), Freeman (1999), Jawahar and McLaughlin (2001)	normative, instrumental, empirical, narratives, timing
<i>Models</i>	Calori (1999), Davis <i>et al.</i> (1997), Donaldson and Preston (1995)	epistemology, biases, choices
<i>Game theory</i>	Solomon (1999), Binmore (1999), Gilbert (1996)	metaphor, duty, rationality, emotions, rhetoric
<i>Trust</i>	Brenkert (1998), Hosmer (1995), Barney and Hansen (1994)	market and social, types and levels, normative and empirical benefits
<i>Lobbying</i>	Oberman (2004), Brooke-Hamilton and Hock (1997)	contestability, private and public interests
<i>Corruption</i>	Robertson and Watson (2004), Schnatterly (2003)	crime, performance, effects of FDI
<i>Poverty</i>	Singer (2006), Prahalad and Hammond (2002), Freeman (1998)	BoP markets, intentions, attitudes
<i>Philanthropy Knowledge</i>	Saiia <i>et al.</i> (2003), Zeleny (2005), Resnick (2003)	strategy, altruism, ideology wisdom systems, IPR
<i>Holistic Themes</i>	Soule (2002), Werhane (1998), Dobson and White (1995)	ambiguity, beneficence, moral-principles and imagination, gender
<i>Performance</i>	Margolis and Walsh (2003), Orlitsky <i>et al.</i> (2003), Simpson and Kohers (2002), McWilliams and Siegel (2000)	meta-analysis, industry-specific, ambiguity and controversy
<i>Implementation</i>	Waddock (2004), Rossouw and van Vuuren (2003)	global compact and TI etc., modes, alignment

Many of these themes are discussed further at various points, throughout this book.

1.2.1 Existing Integrative Frameworks

Several integrative frameworks for strategy and ethics have already been proposed. (All of these are quite different from the organising framework set out here). Most interactive frameworks involve the idea of a correspondence between categories of meaning in strategy and ethics. Reynolds (2003) placed the strategy concept of integration relative to the ethical concept of justice; whilst “responsiveness” was likened to caring. Robertson and Crittenden (2003) related ethical categories to the strategic “social and economic macro-environment”. A comprehensive rationality-based correspondence framework of this type is set out in Chapter 2. Such approaches are in the tradition of philosophical pragmatism. In contrast, Quinn and Jones (1995) adopted a deontological approach to integration, when they claimed to have identified several “logically necessary priorities” for business managers.

1.2.2 Economics

Several leading economists have debated “business ethics”. For example, according to Sen (1997) the economic way of thinking does indeed downplay the role of ethics. Ethical conduct can deeply influence an economy, whilst “social concern in private enterprise” is an important phenomenon. In any case, he noted, the study of “business principles and moral sentiments” has now become “a rich source of understanding”. Hosmer (2001) also argues that economics, ethics and business strategy can richly inform each other, as domains of knowledge. A contribution from Narveson (2003), in contrast, “separates” the two sides, by arguing from Economics that “the morality of the market... does not require people to benefit others”.

1.2.3 Globalisation

In the context of the globalisation debate, Dobson (2001) noted that many WTO policies are based upon the notion of the economy as a “wealth

creating machine”. An alternative of business as a “community of excellence” is derived from virtue ethics and is essentially the view adopted and propagated by international NGOs. Logsdon and Wood (2002) noted that in the choice of corporate strategies, worldwide human rights are very much at stake. The category of “citizenship” for individuals has minimalist (libertarian), communitarian and universalist interpretations, but these “correspond” to profit maximisation, multi-domestic and global integration business strategies, respectively. Collier (2000) is particularly concerned about the damaging effect of intellectual property regimes on distributive justice and she has emphasised the imperative to preserve “the basic human dignity of those disadvantaged by (globalisation)”.

1.2.4 Market Limitations

According to Quinn and Jones (1995) the strategic management literature “turned the insights of (industrial) economics upside-down, by proposing that exploiting (and even creating) market barriers... are legitimate corporate strategies”. Prakash Sethi (2003) noted in similar spirit that some corrective mechanism is needed in order to overcome the tendency towards exploitation of market power by corporations, with the associated lack of any guarantee of distributive justice. He argued that “corporations should be held accountable for a more equitable distribution of above-normal profits...”. Haksever *et al.* (2003) further reinforced this idea when they explained how the decisions of corporate managers can “destroy value” for some stakeholders. More generally (see Chapters 4 and 5) corporations can (ought to?) systematically augment their strategies, in order to compensate for all the known limitations (or failures) of market-based systems.

1.2.5 Environment

Starkey and Crane (2003) cast the strategy–ethics dualism (see below) in terms of competing “narratives”. They suggested (like many others before them) that ecological understanding (see Chapter 6) can be an impetus for change and for green strategy. Rugman and Verbeke (1998) examined global environmental regulations, with their likely influence on corporate strategy (assuming business-as-usual). Shrivastava (1995) explained how

environmental technologies can sometimes be used to gain competitive advantage (i.e. a win-win strategy and a synthesising contribution to the debate).

1.2.6 Stakeholders

Jones and Wicks (1999) reviewed several versions of stakeholder theory, particularly the instrumental (doing well by doing good) and the normative versions (just do good). They then proposed the development of a “convergent” or hybrid stakeholder theory. Freeman (1999), whose works have been at the centre of much of the debate about stakeholders in business, then reminded us that the term “stakeholder” is an “obvious literary device, meant to call into question the emphasis on stockholders” (i.e. it is a form of persuasion, just like the economic-right try to persuade us to accept shareholder primacy). Jawahar and McLaughlin (2001) have recast the shareholder–stakeholder debate in terms of timing: during the start-up stage of a business, for example, managers will be pro-active towards stockholders, creditors and customers; but this can change at other stages of the life cycle. (“Ethics now versus later” is a component of the dualism, “persuasion” is a spanning theme, as discussed below)

1.2.7 Models

The existence of rival stakeholder and shareholder theories or models raises a larger question about the status and interpretation of all strategic management “models” (see Chapters 9–12). Calori (1999) offered a wide-ranging critique of “orthodox” models, whilst Davis *et al.* (1997) specifically contrasted the agency “model” (shareholder value) with the stewardship (stakeholder) model. Donaldson and Preston (1995) also discussed managers “choosing” between an input-output model of the firm and the stakeholder model.

1.2.8 Game Theory

This “model choice” debate is especially lively in the case of formal game-theory applied to business decisions (see Chapter 10). At the heart of the controversy is the distinction between a model *per se* and its likely effects

on the behaviour of those who understand or study it. Aligning with Freeman's "narratives", Gilbert (1996) pointed out that "on a post-modern view, the PDG is not a fact of nature, it is a rhetorical device". Solomon (1999) then argued that the theory is "dangerous and demeaning", whilst Binmore (1999), a pre-eminent game theorist responded that the principles of game theory are in fact "ethically neutral", like $2 + 2 = 4$, whilst they also happen to generate exquisite rational explanations for many types of behaviour that are often considered moral, or ethical.

1.2.9 Trust

The concept of trust is prominent, both within game theory (or its meta-theory) and the wider strategy–ethics nexus. Brenkert (1998) noted that "in the market, trust requires special efforts and commitments that it does not require in ordinary social life". Barney and Hansen (1994) then distinguished several types of trust that effect the optimal strategy for profit. At the level of research paradigms, Hosmer (1995) noted that the definitions of "trust" found in empirical psychology and organisation theory both incorporate moral values, so that the theme "trust" per se necessarily lies at the confluence of normative and empirical theories of business behaviour.

1.2.10 Lobbying

In strategic lobbying, powerful corporate players disproportionately influence the rules of society. This seems unjust and unethical. However, Brook-Hamilton and Hock (1997) noted that lobbying by businesses can promote the public interest, not just corporate self-interest; but it does need to be "restrained by ethical standards". Oberman (2004) argued (from the economic-right) that so long as politics remains "contestable", corporate lobbying of any type is "legitimate".

1.2.11 Corruption

From a practical point of view, corruption is the major theme linking business strategy with ethics, although it is not given much consideration in the strategic management literature. One exception is Robertson and Watson

(2004) who related perceived corruption in a country to inward foreign direct investment (FDI). Another study by Schnatterly (2003) noted that white-collar crime affects business performance, but it is also affected by organisational structures and processes.

1.2.12 Poverty

The disputed role of business enterprises in poverty reduction nicely characterises the “dualism”. A mainstream view sees that profit-maximising businesses create wealth, but they do not have an interest in re-distribution. Prahalad and Hammond (2002) are amongst those (leaning to the economic-right) who have told a persuasive story of a benevolent global capitalism-as-usual, in which bottom-of-pyramid (poverty) markets are “served” with consumer goods and micro credit for enterprise, women are duly honoured and involved, whilst high-tech infrastructures spread rapidly through the deliberate strategies of private enterprise. Freeman (1998) is amongst those (leaning to the left) who also see that business as usual is not the solution. The stakeholder idea “has substance”, he wrote, and it can lead to the necessary changes in peoples’ general attitudes. More generally, the alternative view sees that businesses must have mixed motives that include the reduction of poverty, if poverty is to be reduced (see Chapter 13). Business-as-usual is not enough.

1.2.13 Knowledge

The link between ethics and knowledge strategy is at least twofold. Zeleny (2006) has re-described knowledge as the “purposeful co-ordination of action” and wisdom as “socially accepted or experience-validated explication of purpose”. If we are wise, our actions will automatically communicate our purposes, although the language of ethics and politics can be deployed to reinforce that message. The other part of the link centres on Intellectual Property Rights (see Chapter 15). Like Collier and many others, Resnick (2003) has referred to the widespread “sense that intellectual property increases disparities”. In (legal) practice, he says, the best approach to resolving this dilemma between justice and efficiency is pragmatic; that is, to “assess and balance the competing moral values” case by case.

1.2.14 Holistic Approaches

Several contributions to ethics and strategy have adopted holistic approaches. For example, Soule (2002) appealed for “a few good moral principles” to help managers. Werhane (1998) has written on managers’ lack of “moral imagination”. It is often necessary to “break out of ones own schema” in order to properly assess any strategic situation. Dobson and White (1995) have re-cast the strategy–ethics relationship in terms of gender differences. They saw a strong male gender-bias in business theory and practice, but they linked the stakeholder model with the grand theme of “nascent economic woman”.

1.2.15 Performance

Many empirical studies on the relationship between corporate social and financial performance have been conducted (see Table 1.1). Margolis and Walsh (2003) noted that the findings have been quite ambiguous; but this “reinforces rather than relieves” the tension surrounding ethics in relation to strategy. Then, again in the spirit of pragmatism, they suggest that the empirical ambiguity should be treated as “a starting point for inquiry”. This book closely follows that advice.

1.2.16 Implementation

Finally, many contributions have focused on the implementation of ethical strategy (Table 1.1 last row). Rossouw and van Vuuren (2003) identified five distinctive “modes of managing morality”, the highest level being a “seamless integration of ethics into corporate strategy”. Waddock (2004) identified several “forces” that are making corporate citizenship “real”. They include the UN’s “Global Compact”, the OECD, the ILO, the Fair Labour Association, the Triple Bottom Line Reporting movement and Transparency International, to mention but a few. The push towards social responsibility in business is supported by many specific laws at the national level, not to mention the intellectual and grassroots movements mentioned at the outset (e.g. Critical Management, Social-Entrepreneurship, and so on).

1.3 Components of the Dualism

As mentioned at the outset, the “organising framework” has several main components including values, ethical theories and forms of rationality, limitations of market based systems, political leanings, issues of timing (i.e. ethics now versus later), systems (i.e. shareholder versus stakeholder), individual versus collective moral agency and use of language. These are listed in Figure 1.1 and briefly described in this section. Further discussion of many of the “components” can also be found at various points throughout the book.

Each component can be thought of as essentially bi-polar. Although this might appear at first to an unwarranted simplification, any loss of complexity or detail is more than compensated for by the revealed usefulness of the framework. The dualism framework greatly facilitates the organisation of diverse contributions to business ethics and strategy. Werhane recently¹ put it thus: “While framing these mindsets (i.e. strategy and ethics) in terms

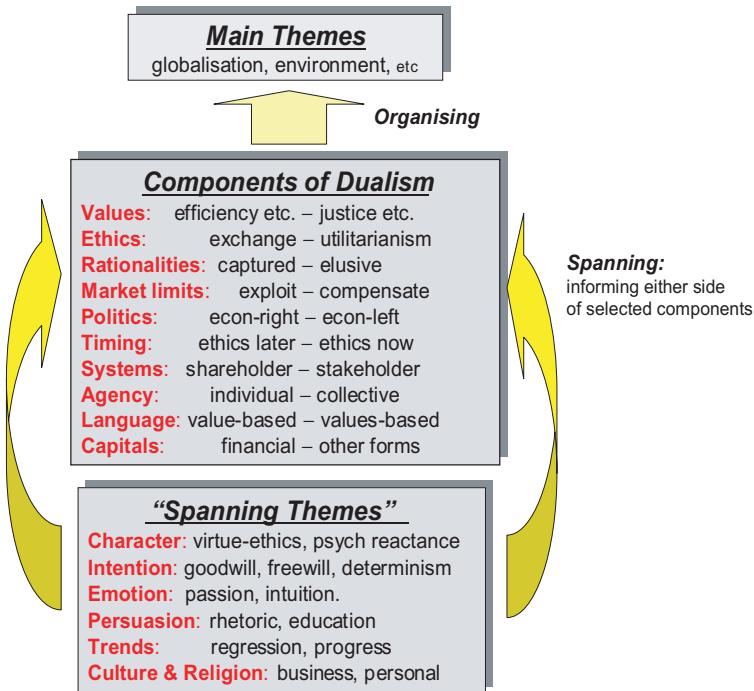


Figure 1.1 An organising framework.

of a series of dualisms may be a bit exaggerated, this technique serves to focus and force a careful analysis of each (contribution) in the context of the others” (parentheses added). Such an “analysis” and “contextualisation” of work in the area is precisely what the “organising framework” is intended to facilitate.

1.3.1 Values

Most people agree that the set of all human values can be (at least roughly) partitioned, with one sub-set or side generally associated with efficiency, craftsmanship and free-exchange; the other “side” with justice, care, avoidance of harms and the protection of human rights (refer to Figure 1.1). The former sub-set of values are also embodied in what Sen (1987) has called the “engineering view” of economics, whilst they are often associated with the male gender, in contrast to the latter which are equally “female” (e.g. Dobson and White, 1995).

1.3.2 Ethical Theories

In almost every textbook on business ethics, together with several recent strategy books, one finds an account of the major ethical theories, or forms of moral reasoning. These forms can also be partitioned. On the same side as the efficiency-related “values” one finds the economic principle of utility maximisation arising from exchange, as well as normative ethical egoism. On the other side of the dualism one finds utilitarianism: the “greatest good for greatest number of people”. This resembles in important respects the multi-stakeholder model. Deontological ethics (Kantian capitalism) also belongs on this second “side” of the dualism. Contractarian moral and political theory is something of a special case here, although its central idea of agreements amongst free and properly self-interested individuals would place the theory on the “exchange and efficiency” side of the dualism.²

1.3.3 Rationalities

These (and other) theories of moral reasoning are interwoven with the many distinctive forms of rationality, defined across the entire spectrum of

the social sciences (see Chapter 2). Again, the rationality-set of all such “forms” can also be partitioned. Put simply, one sub-set involves forms that can be formally reduced to preference relations. The second set involves higher level meta-preferences; that is, some kind of moral reflection and deliberation on those lower level desires. Many issues in marketing ethics swing on this partitioned or “bi-polar” component of the dualism, as does the comparison of betterness with goodness (see Chapter 11).

1.3.4 Market Limitations

The distinction between preference and well-being belongs on the long list of known limitations (and failures) of market based systems. Others include negative-externalities, monopolistic-tendencies and distributive justice. As mentioned previously (Section 1.2), business entities are often in a position to either exploit the various limitations (as they are generally not held accountable for doing that) or else to take the authentic moral high ground and try to deliberately compensate for them (see Chapters 4 and 5).

1.3.5 Political Leanings

The more exploitative type of competitive business behaviour (or hyper-competition) is in turn associated with right-leaning political ideology. It tends to champion the interests of the powerful and to endorse a purely instrumental approach to productive relationships. The left (liberal-democrat, social-democrat, socialist) place more emphasis upon universal empowerment and distributive justice, care-based ethics and the interest of communities (variously conceived). The left also broadly tend to favour social and environmental policies that are based upon currently available scientific understandings (e.g. the sustainability and stewardship views, or “ethics now”).

1.3.6 Timing

As indicated previously (see Section 1.2.6) “timing” is also a bi-polar component of the dualism: “ethics-now” versus “strategy-now, with ethics later”. Many believe that “strategy” (profit maximisation, efficiency) provides the means to accumulate financial capital, enabling ethical “ends” such as redistribution or environmental restoration to be pursued later.

A related phenomenon was described by the economist Knight (1936) who observed that unethical business is more likely when competitive intensity is very high (i.e. survival now, ethics later), or else when it is too low, due to monopoly power or undue secrecy (no accountability), as was described circa 2500 years ago in Plato's *Ring of Gyges*.

1.3.7 Systems (Stakeholder versus Shareholder Revisited)

Several components of the dualism can be brought together into “dual” descriptions of real or hoped-for business “systems”. In “System 1” stakeholder relations are viewed instrumentally as a means to create wealth. NGOs are worthy adversaries, governments are lobbied in pursuit of narrow interests. This is business-as-usual, as many see it. In “System 2”, strategic entities (e.g. management teams) have authentically mixed motives. Benevolent ruler-managers believe they can protect themselves from dissenting shareholders by arguing that the strategy is at least consistent with commercial goals. Socially conscious NGOs and good governments become genuine partners with business in joint missions (see Chapters 13 and 14). Variants of “System 2” are created whenever any of its elements are enshrined in law (cf. Margolis and Walsh, 2003; Waddock, 2004).

1.3.8 Moral Agency

The difference between the above two “systems” has sometimes been linked to the philosophical question of individual versus collective moral agency (i.e. can groups be morally responsible, or have moral duties). Milton Friedman (1970), for example, famously linked his claim that “the social responsibility of business is to increase its profits” (i.e. System 1) to the idea that ethics and morality are exclusively the qualities of individuals, not companies. Several others (e.g. Pruzan, 2001; French, 1984) have argued to the contrary, thus implying that collective responsibility for harms, or a collective duty of beneficence are well-founded ideas that do apply to businesses (see Chapters 2 and 8).

1.3.9 Language

A final “main component” of the dualism framework involves the use or misuse of language in ways that often involve trans-valuations (i.e. good

becomes bad). The term “value based management”, for example, often refers to shareholder wealth creation; but it has also been used to refer (perhaps more obviously) to the care-based “values” embodied in the stakeholder and stewardship models. In a sense, this type of consultant-speak is reminiscent of the Cold War when the Soviet Union claimed to exemplify freedom. Other examples involve terms such as “intellectual” and “property” (see Chapter 15) as well as the term “capital” which has been granted several non-traditional meanings (see Chapter 3), basically for ideological purposes (or to make political capital!). Many believe that this type of trans-valuation is itself a bad thing, not a game but a “slaughter” (Roy, 2005).

1.4 Spanning the Dualism

As mentioned at the outset, several other common themes in the literature on strategy and ethics span the dualism. The spanning themes (which should be distinguished from the commonly-identified strategy and ethics “themes” such as globalisation, listed in Section 2) can potentially inform both sides of the dualism (refer to Figures 1.1 and 1.2) and in some cases they point towards a possible unification or synthesis of component-poles. The spanning themes include psychological matters, such as human character, virtues, emotions and intentions, as well as social matters such as persuasion, trends, culture and religion. Each is very briefly considered in this section.

1.4.1 Character

The philosophy of virtue emphasises the characteristics of the individuals involved in any business activity (e.g. Solomon, 1999). This theme of character spans the dualism, because it is associated with the particular values most prominently embodied in any given business activity. For example, the motive to excel (excellence and efficiency in business) is generally seen as a sign of virtue. However, virtue ethics also sees that a caring attitude and a commitment to human ideals is an important virtue, or an indication of good character. Therefore, if an article (contribution) invokes virtue ethics to support business-as-usual, it is literally telling one side of the story.

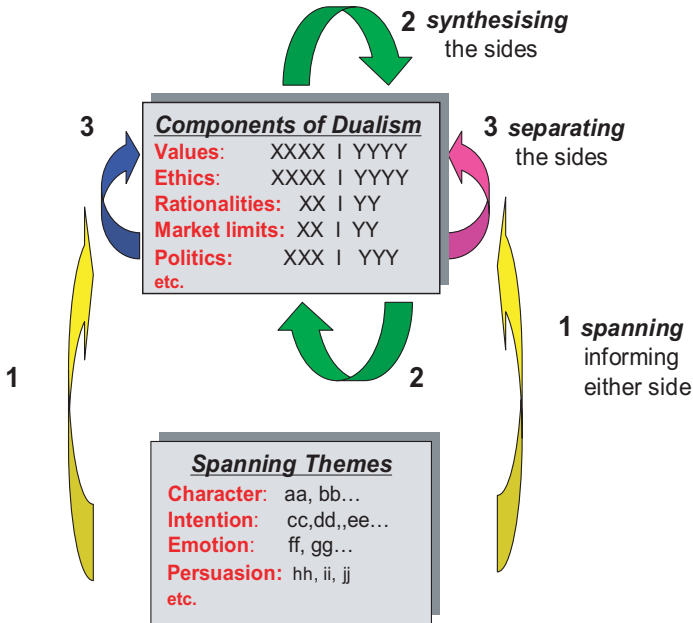


Figure 1.2 Three types of contribution to the relationship.

1.4.2 Intention

Theories of business strategy and business ethics each attach considerable importance to business goals and intentions. Thus intention per se is another noteworthy “spanning theme”. In both strategy and ethics it is recognised (in separate contributions) that the outcomes of any plan or a project might not match those intentions. In ethics, Kant emphasised only the quality of individual human intentions. To be ethical, he argued, a person’s strategy or plan must be based upon genuine goodwill towards others. Whether it succeeds is then of much lesser moral significance. In business strategy, that Kantian emphasis is typically reversed.

1.4.3 Emotion

It is often assumed, particularly within traditional economics, that the theory and practice of business strategy is based upon reason (e.g. Calori, 1999) whereas ethics is a matter of emotion. However, there are many important ways in which emotions can enter into strategy, whilst reason and ethics are

far from being incompatible. Classically, for example, Plato identified a megalothymic passion for power and wealth, but also an isothymic passion for justice, or ethics. Currently, the role of “emotional intelligence” in business has become widely acknowledged, while the role of emotions is also being taken seriously in the nascent field of neuro-economics.

1.4.4 Persuasion

The entire literature on strategy and ethics is replete with assertions anecdotes and narratives all of which have selective or very partial empirical support. As a result, claims of moral progress in business (next section) often appear to be more like recruitment appeals: “join our business ethics movement and go with the flow”, so to speak. Claims of moral regression likewise read like appeals for urgent action at the political level and in the boardroom, in order to reverse some disturbing trend, or perhaps to avoid the next apocalypse.

1.4.5 Trends

The final “spanning theme” in the organising framework concerns long-term social and political trends. Optimistic commentators write of a long term trend of moral progress in business (usually invoked to add weight to the “ethics” side of the dualism), whilst pessimists see a deterioration, or moral regression. Amongst the former, Hosmer (2001) for example described “a definite movement towards an expanded view that includes the interest of other persons,” at least in economic theories. Logsdon and Wood (2002) predicted that “global corporations are likely to join the ranks of enforcers (of human rights)...” (emphasis added). Yet at the same time, many corporate executives have been developing an impoverished vision that effectively stops with anti-terrorism measures. Also, the great wave of corporate scandals has broken; corporate philanthropy (in the US at least) turned towards the “strategic” or instrumental (e.g. Saiia *et al.*, 2003), whilst the worldwide human rights situation appears to many observers to be regressing.

1.5 Synthesising

Many contributions to strategy and ethics have discussed notions of synergy, or somewhat similar notions, such as synthesis and complementarity

(see Chapters 3, 6, 9 and 15). These sometimes positioned synergy per se as a specific “spanning theme”, but they more usually involve some selected bi-polar “components” (see the arrows labelled 2 in Figure 1.2). Such contributions often explain how the “poles” can be combined, or how the assumed tradeoffs can in fact be overcome.

Contributions of this type occupy a rather distinctive place, within the organising framework. This is because the many ecological or evolutionary models for strategy (not to mention evolutionary ethical theories) can also be located at this point. Accordingly, we would locate at this point any contributions to ethics and strategy that emphasise the interdependency of communities and networks of stakeholders (e.g. Chapter 4), or articles that deploy organic metaphors (new paradigm: your business is alive). This implied association of “synthesis” per se with ecology and ecological thinking simply accords with ancient and modern observations that dialectical reasoning (thesis–antithesis–synthesis) characterise the sciences of life and mind.

1.6 Separating

Despite the many attempts to forge a synthesis between selected aspects of strategy and ethics, such as shareholder and stakeholder models, many contributions “in” strategy, or “in” ethics continue to effectively separate these two sides. Such articles typically invoke selected component-poles from within only *one* side of the dualism (refer to Figure 1.2). Thus, in strategy articles that “separate”, the overarching concern in the narrative (even when alluding to ethical issues) is with efficiency, resource-exchanges, exploiting market power and shareholder wealth creation. Rugman and Verbeke (1998), for example, considered the effect of global environmental regulations in purely “strategic” terms. In similar spirit, McGee (1998) claimed that a “proactive social responsiveness mode of operating” in business would encourage managers to “focus on distributive equity rather than micro-level efficiency”.

In contrast, many “separating” articles in Business Ethics tend to invoke selected poles from the ethics side of the dualism only, even when they are referring to strategic issues. In such contributions, imperatives such as justice and “ethics now” are mutually reinforced. They are often embedded into persuasive accounts of management obligations to stakeholder groups,

or the need for pluralist ethics in business decision making, and so on. Quinn and Jones (1995), for example, argued that the business system itself “logically” depends upon several moral principles, so these ought to be obeyed and upheld by business strategists. The articles tend to avoid the categories and terminology of mainstream strategic management and industrial economics, as if they were written for a different audience, or intended to engage with a different mindset amongst readers.

1.7 Conclusion

As mentioned at the outset, many readers will have started out with their own ideas about the central issues of business ethics in relation to strategy. There is a good chance that those “ideas” were mentioned in Section 1.2 which referred to 16 “main themes”. The organising framework (Figures 1.1 and 1.2) can then be used to place those preliminary “ideas” on the subject relative to all published contributions. By first expressing one’s own ideas then shaping them within a framework, understanding is advanced. Throughout, there have also been some references made to other chapter numbers where the themes, sub-themes and bi-polar components of the framework are discussed further. It is hoped that the “organising framework” will continue to be helpful as an aid to comprehending and inter-relating a growing and rather disparate literature, but also that it will itself stimulate further inquiry and work in the area.

Notes

1. See the prologue to the cited Ashgate (2007) collection of reprints on *Business Ethics and Strategy*, which has many contributors.
2. Contractarian “ethics” (moral and political theory) occupy a distinctive position, within the organising framework. The central idea of agreements amongst free and properly self-interested individuals places this theory on the “exchange and efficiency” side of the dualism. On the other hand, its principles of distributive justice based on liberty occupies a position on the other side. Accordingly, one might argue that the entire Contractarian theory is an elaborate “spanning theme”, informing both sides, as does the general philosophical theory of intentionality.