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22nd
INTERNATIONAL VINCENTIAN BUSINESS ETHICS CONFERENCE
"UN Global Compact and UN PRIME:
What We Practice and What We Teach in Business Ethics"

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PRME   Principles for Responsible Management Education

IVBEC 2015

Proceedings of the

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UN Global Compact and UN PRME
What We Practice and What We Teach in Business Ethics

Editors
R. Mitch Casselman
Patrick Flanagan
Linda M. Sama

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IVBEC 2015 Primeaux Best Paper Award

Each year the conference awards the Primeaux Best Paper Award in memory of Pat Primeaux. This award is selected through a review process from the full paper submissions to the conference.

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This section presents the participants abstract or full papers in alphabetical order of the contribution's first author.

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Note that many participants chose not to have their full papers published in the conference proceedings in order to preserve their ability to publish elsewhere.

UNDERSTANDING AND EFFECTIVELY TEACHING RATIONALIZATION: THEORETICAL ASSIMILATION AND USE OF FILM TO ILLUSTRATE NEUTRALIZATION, MORAL DISENGAGMENT, AND MORAL FADING

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Keywords: Rationalization, Neutralization, Moral Disengagement, Moral Fading, Pedagogy, Teaching, Film

Abstract

Principle 3 of the Principles of Responsible Management Education (PRME) states the following: "Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership."

Perhaps the largest impediment identified to date for the lack of responsible leadership in business is the use rationalization by business leaders. This paper reports research on behavioral ethics, specifically on cognitive processes that have alternatively been referred to as neutralization or rationalization techniques (Sykes & Matza, 1957), moral disengagement (Bandura, 1999), and moral fading (Bazerman & Tenbrunsel, 2011). The paper has two aspects to it: first, it provides a theoretical synthesis of these concepts that have developed relatively independently; and second, it provides a rich array of examples of such techniques drawn from movies and TV shows that illustrate the nuances in these concepts. These video clips have been found through research during the past year and provide highly entertaining and effective pedagogical tools. These clips are what one writer once referred to as "multi-million dollar teaching materials."

For the presentation at the Vincentian Universities Business Ethics Conference we will first provide a brief introduction to our theoretical framework with a synthesis of the various types of rationalization techniques drawn from the neutralization, moral disengagement, and moral fading literatures. Utilizing the handout we will provide for the session participants, we will then spend the remainder of our time showing short video clips to first illustrate the different types of rationalization techniques, and then to begin testing participants' ability to detect the different types of rationalization techniques being used.

Our database includes clips from dozens of movies including the following: *A Few Good Men, A Knight's Tale, A Simple Plan, Atlantis, Brave, Cars, Codebreakers, Courageous, Emperor's New Groove, Fun with Dick and Jane, Harry Potter, Hitch, Hotel Rwanda, Imitation Game, Liar Liar, Monster's Inc., Mulan, Pirates of the Caribbean, Star Trek, Tangled, The Dark Knight, The Truman Show, While You Were Sleeping, and Wreck it Ralph.* Our database also includes clips from TV shows and TV news segments. See if you can determine the types of rationalizations being used by Bernie Madoff, Alex Rodrigues, Dennis Kozlowski, the teenage boy who took dozens of SAT tests for other high school students, and several other high-, as well as low-, profile offenders.

In line with Principle 3 of the PRME we hope that this research, paper, and presentation will help to create an educational framework and materials that enable effective learning experiences for responsible leadership.

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CONCEPTUALIZING CSR AS INNOVATION ADOPTION BY EMERGING ASIAN ECONOMIES: HOW THE RATE OF DIFFUSION AND CORPORATE GOVERNANCE INFLUENCE PERFORMANCE POTENTIAL

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Abstract

A significant portion of research on corporate social responsibility (CSR) and corporate governance and their effect on firm performance both theoretically and empirically have shown diverse results as well as emphasised the importance both from organizational and social context (Evans, Burritt, Guthrie, & Australia, 2011; Filatotchev & Nakajima, 2014; McWilliams, Siegel, & Wright, 2006; Montiel & Delgado-Ceballos, 2013; Muniapan & Raj, 2014; Nath, Holder-Webb, & Cohen, 2013; Park & Ghauri, 2015). Organizational researchers have advanced the statute of CSR research in last few decades due to the surging interest for CSR reporting activities, yet regulation on the production of this issue is miniature worldwide (Filatotchev & Nakajima, 2014; Nath et al., 2013; Park & Ghauri, 2015; Servaes & Tamayo, 2013; Yang & Rivers, 2009). In addition, research on corporate governance give emphasis on board decision making along with CSR strategies according to the governance mechanisms which shapes the base of board responsibility, accountability as well as transparency not just to shareholders but to various groups of stakeholders (Filatotchev & Nakajima, 2014; Khan, Muttakin, & Siddiqui, 2013; Montiel & Delgado-Ceballos, 2013; Petkoski & Twose, 2003).

Yet extant studies in CSR have primarily drawn on Western views of CSR assumed that CSR actions are common practice. However, developing economies are characterized by different levels of diffusion of CSR. We argue that one of the main reasons for this variation is the extent to which emerging economies are engaged in cross-border business activity through their Developing Multinational Corporations (DMNCs). We argue that a core mechanism through which this occurs is through reverse transfer of knowledge: As DMNCs engage in trade with "Western" firms, they face pressures to conform to the norms of sustainability of their counterparts to ensure they are deemed as legitimate, responsible, and trustworthy partners. Through this engagement, DMNCs learn about the benefits of CSR activities and introduce them as innovative practices in their home countries. As more DMNCs from a particular emerging economy engage in trade with the developed nations in the West, more these practices become diffused at home. We argue that from the perspective of emerging economies, Western CSR practices can be viewed as an innovation that is introduced to the market, with DMNCs acting as a crucial diffusion vehicle. Thus, we draw on the innovation lifecycle literature to interpret adoption of Western CSR practices from the perspective of emerging Asian economies – acknowledging the important role of DMNCs as vehicles in this process.

In addition, we further theorize that due to the preceding mechanism, different emerging economies will be at different stages of CSR diffusion. Importantly, given the stage of CSR

diffusion in the home market place, different performance benefits can be accrued. We distinguish between three generic stages, ranging from emerging economy context with low to high activity of DMNCs with the West: luxury phase, transition phase and institutionalization phase. As a company's board is primarily responsible for setting the moral compass of the firm and ensuring it acts sustainably, we put forward the core argument that the relation between boards of directors, firm level CSR practices of emerging economy DMNCs, and corporate performance, will vary given the stage of diffusion of CSR practices in the home country.

With this study we advance a multi-level theory in which (1) DMNCs play a role in the extent of diffusion of CSR practices in emerging Asian economies and (2) the stage of diffusion in the emerging economy in which firm's operate is an important contingency for understanding the relation between corporate governance, CSR, and performance at the firm level. Our theory contributes by highlighting a source of CSR variation at the national level in the domain of Asian emerging economies. By conceptualizing CSR as a dynamic diffusing strategic innovation in emerging economies, we can understand the extent to which the home country considers CSR as an important strategic practice to which crucial resources should be devoted, and expected by stakeholders, and rewarded by the market. In doing so, we can theorize the institutional conditions for emerging economies that may underlie the potential rents DMNCs can accrue through investments in CSR. In theorizing the implications of this diffusion model, we theorize that the stage of diffusion is an important contingency that should be taken into account for understanding the relation between corporate governance, CSR, and performance. With our study we richly inform governance-related dimensions of current CSR practices and debates in Asian countries (compared to developed countries).

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LAW AND ORGANIZATIONAL ETHICS: TEACHING "CORPORATE COMPLIANCE"

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Key Words: Organizational Ethics, Business Ethics, Corporate Compliance, Law and Ethics, Management Education, SARBOX, Dodd-Frank, U.S. Sentencing Guidelines

Abstract

During the first decade of this millennium, the U.S. Congress enacted two major pieces of "rehabilitative legislation" targeting corporate practices that victimized the public as investors and as consumers. The Sarbanes-Oxley Act of 2002 came on the heels of the corporate accounting scandals of Enron and progeny and established legislatively mandated practices in corporate accountability and transparency. Then, in 2010, in the midst of worldwide chaos in the financial markets, the U.S Congress enacted Dodd-Frank to institute a laundry list of reforms needed to halt a range of questionable innovations in the U.S. financial industry (such as 'no-doc' loans and mortgage securitization) that had served to alter the traditional role of the local bank from neighborhood resource to 'market predator'. As had been the case with the drastic regulatory reforms that followed the Great Depression--when Congress enacted securities laws and created the S.E.C. as the regulatory agency charged with overseeing the securities industry— Congress resorted to rehabilitative legislation to end industry practices that preyed on a vulnerable and unsuspecting public.

The fact that rehabilitative legislation most often targets *organizational* behavior makes it a rich source of principles for teaching 'Organizational Ethics' as a discipline that is principally concerned with, dare I say it, 'Compliance'. This pedagogical approach would draw the curtain on CSR as a euphemism for obeying the law and also end the need (a) to use the overworked Milton Friedman quote as a straw man or (b) to tediously build a case for *strategic* CSR in the stand-alone Business Ethics course that is now a staple in most AACSB-accredited business schools. The fact that both SARBOX and Dodd-Frank target corporate misfeasance and malfeasance make them ideal legislation to draw upon for 'best practices' in terms of *organizational* behavior – and a suitable counterpart to ethical principles that only make sense when applied to *individual* behavior, such as Utilitarianism, Kantian (Deontological) Ethics, and Rawlsian Theory.

This "Discussion Paper" will argue for teaching business ethics in a stand-alone course purposely retitled, "Business Ethics and Corporate Compliance".

THE MORAL STATUS OF LABOR IN HUMAN RESOURCE MANAGEMENT AND IN THE UNITED NATIONS GLOBAL COMPACT

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KEY WORDS: Ethics – Human Resource Management – UN Global Compact – Labor Rights

ABSTRACT

Can the UN Global Compact help cutting the ethics deficit in human resource management? That is the question that drives this paper. I aim to critically examine a set of assumptions that pervades human resource management (HRM) and HR practices. I shall argue that the field experiences a remarkable ethics deficit, explain why this is so, and explore the UN Global Compact as a contribution to take ethics seriously in both the academic and the practitioner perspectives of HRM. In the following paragraphs, I shall outline my project and provide a preliminary list of references.

At a first glance, one would argue that most decisions in HRM raise significant moral issues. From quality of work life to workforce diversity, from job analysis and human resource planning to recruitment and screening, from training to performance appraisal, from pay systems and benefit plans to profit sharing and employee stock ownership, from health and safety to workplace privacy. HRM seems to be a field rich in ethical dilemmas. Yet, it is barely framed as a moral issue, both in the academic literature and in HR practices.

Recent surveys by the Society of Human Resource Management indicate that almost 70 percent of 395 randomly selected HR professionals responded that their organization does not offer ethical training. Only 43 percent of human resources professionals said their organizations include ethical conduct as part of employees' performance appraisals. Only 23 percent of HR professionals say that their organizations have a comprehensive ethics and compliance program in place
(http://www.shrm.org/Research/SurveyFindings/Articles/Pages/EthicslandscapeinAmerica.aspx)

Similarly, the role of ethics in HRM policy and practice is barely examined in the literature to date. The moral dimension of HRM is typically eluded in the academia (AOM- SIM/HR Symposium 2011) and either overlooked or denied in HRM systems and practices (Wright & McMahan, 1992; Legge, 2005). This tendency is reflected in the most influential papers in the HRM field as well as in the HR function (Cascio, 2005; Kochan, 2007; Taylor, Beechler, & Napier, 1996; Matusik & Hill, 1998; Geare, Edgar, & McAndrew, 2006) and consulting (Thomas & Ely, 1996, Pfeffer, 1998; Liu, Combs, Ketchen, & Ireland, 2007) none of which frame HR decisions as ethical issues. A handful of examples will help to illustrate how the ethical dimension is currently overlooked or simply dismissed. The first is, of course, the very name of the functional area and the corresponding title of the academic field: "human resources". Workers are named "resources"; they are treated as commodities. Such treatment is usually seen as demeaning because, if taken seriously, entails disrespecting one's personhood. The problem is worsened by prevalent

accounting techniques, which do not even record the employees as assets but merely as costs. Second, the transition from HRM to "Strategic HRM" has been, among other things, a process of focusing on corporate performance and financial metrics, thereby emphasizing the instrumental view of workers as mere means to strategic ends (Lengnick-Hall, Lengnick-Hall, Andrade & Drake, 2009). As a result, tradeoffs between corporate performance and workers' welfare are not only conceivable but also permissible or even required (Wren, 1995; Kaye 1999). Third, the ethical dimension of HRM research is neglected, among other things, because it entails a commitment to non-scientific values. HRM as an academic field is presented as a scientific approach, which is supposed to be morally neutral or value-free (Bird & Waters, 1989; Carroll, 1991), and based on scientific evidence rather than moral judgment.

That there is an ethics deficit in HRM is not a new finding in the management community (See, for example, a recent AOM symposium on "An Ethical Future for HRM: Philosophical, Political, and Human Considerations" in the 2011 annual meeting program). But it is not perceived as problematic due to certain assumptions, what I take to be the foundational assumptions of the field and the functional ideals of HRM practices, as follows:

Ideals	Assumption	References
The autonomy of ethics and Business	While HR practices and HRM research are concerned with matters of fact, ethics is about values and what	Rousseau, 2006; Pfeffer, 2008; Kagan, 1998; Author, 2010.
The priority of property rights	Both HR practices and academic scholarship take the ideal of the widest possible level of a private	Gaus, 2008; Honoré, 1961; Epstein, 1985, Hayek, 1960.
The moral division of labor	Competitive behavior is good because it creates social benefits. The virtues of competition are associated with the structure of the market rather than with the benevolence of the players	Coase, 1960; Luban, 1994, Scheffler and Munoz-Dardé, 2005.
The organization of the firm	Firms are for-profit, hierarchical, and shareholder-oriented organizations. The premise is that information flows upward and commands downward.	Jensen and Meckling, 1976; Hansmann and Kraakman, 2001; Jensen,
The principle of national Sovereignty	The sovereignty of nation-states over their territory and domestic affairs forbids the intervention of external agents such as business firms in internal issues.	Koontz, 1969; Battacharya and Wright, 2005; Edwards and Kuruvilla, 2005.

These ideals and assumptions are particularly robust in the Anglo-Saxon version of capitalism, invigorated by neoclassical economics. These assumptions, I submit, comprise the prevailing understanding of the firm, its environment, and, indirectly, the HR function. And they drive and organize our thinking about them. In the paper, I shall argue that we have good reasons to put the assumptions into question (given the integration of ethics and business, the social dimension of private property, the existence of market failures in labor markets, the possibility of democracy and participation in the workplace, and the responsibilities of corporations operating in weak institutional contexts, among others).

How can the UN Global Compact help rethinking these assumptions? There are four labor standards in the Global Compact's ten principles to encourage business leaders worldwide to adopt sustainable and socially responsible policies. The principles, which are derived from the ILO Declaration on Fundamental Principles and Rights at Work (1998), create special corporate obligations to uphold four fundamental rights, namely, freedom of association and collective bargaining (Principle 3), freedom from forced and compulsory labor (Principle 4), the abolition of child labor (Principle 5), and the elimination of discrimination in employment and occupation (Principle 6).

Besides the detailed analysis of the four labor standards – and how they may help challenging the aforementioned assumptions – in this paper I aim to examine the UN Global Compact as an illustration of the present global order, described by political scientists and legal scholars as a post-Westphalian order. The shift in the balance of power from sovereign nation- states to non-state institutions (with a prominent role for transnational corporations), the fragmentation of political authority, and the blend of public and private spheres challenge the fifth assumption about national sovereignty, non-intervention, and global governance.

Today, the most pressing labor issues take place within the borders of a nation-state but involve many forces above and beyond the power of the nation-state. That includes, of course, business corporations. Big corporations have expanded their operations beyond national borders and conduct business in host countries which lack an effective rule of law, democratic decision-making, governance capacities to enforce the law, and decent regulations in issues of health and safety, minimum wage, child labor, etc. Unhealthy political institutions in the host country together with the pervasive problems of cultural diversity and conflicting traditions raise serious concerns about the global practices of transnational corporations, including their HR practices.

Market imperfections and public goods problems are beyond the reach of most nation- states and cannot be effectively regulated by the national law (Kaul, Conceicao, Le Goulven and Mendoza, 2003). Based on the realization that only a coalition of state and non-state institutions, including transnational organizations, can successfully address these problems, some authors argue for a post-national order with an important role for business corporations (Matten and Crane, 2005; Scherer and Palazzo, 2008). Supranational actors can and should – it is argued – fill these gaps.

Global initiatives such as the UN Global Compact can contribute to address the crisis at the level in which it is generated, with or without the collaboration of state institutions. This view not only departs from the classic Westphalian order, but also entails a position about the responsibilities of business firms and their executives, which is inconsistent with some the assumptions discussed above. Not only do they have obligations to promote and protect human rights and comply with domestic labor standards. In addition, they have similar responsibilities along their supply chain, across national borders (Scherer, Palazzo, and Matten, 2009). Such perspective is roughly absent from mainstream research in HRM (Battacharya & Wright, 2005; Edwards and Kuruvilla, 2005).

The paper will be organized as follows. In Section One, I shall diagnose the state of the art and provide evidence in support of the claim that there is an ethics deficit in HRM. In Section Two, I

shall sketch an explanation of such deficit by reference to the five assumptions and ideals in which HRM practices and research are embedded. In Section Three, I shall suggest why we have good reasons to put such assumptions into question. In Section Four, I shall explore the ways in which the UN Global Compact can help reconsider the assumptions and introduce some promising avenues for the development of ethics in the HRM literature and the HR function. Section five will conclude.

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PIPELINES, PANDERING, POLITICS AND PROTESTS: CONDUCTING A LIVE STAKEHOLDER CHALLENGE WITH YOUR BUSINESS ETHICS STUDENTS

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Discussion

The latest rendition of our MBA program is organized around functional-area specific "challenges" that require students to head out into the business world to solve real-world situations, each culminating in an town hall-style event that draws clients together with students in a creatively-designed format. For my MBA "Ethical Management" course, my goals were to create a challenge that, over the course of a half semester, enabled students to (1) consider the power of the contemporary corporation with respect to the societal spheres of government and civil society, (2) perceive a business problem through the lens of a wide variety of stakeholders, (3) provide strong advocacy for the needs of one particular stakeholder, and (4) consider the ethical theory and principles that underlie decision making in multi-stakeholder business situations.

Given that my university is located in the hydraulic fracturing-friendly state of Pennsylvania, a challenge scenario presented itself to us opportunistically, in that one of the executives working with our MBA program found himself thrust into the role of community organizer as his neighborhood faced the possible encroachment of the natural gas extraction industry. As a brief background, Sunoco Logistics Partners LP, a transport and logistics arm of Sunoco, has been building new pipelines as well as taking existing oil pipelines in Pennsylvania and other states and refitting them for the movement of natural gas liquids (e.g., propane, butane and ethane from Appalachian shale-gas fields) to points of sale. In Pennsylvania, Sunoco Logistics has been refitting the Mariner East pipeline, which previously transported oil from the company's Marcus Hook Industrial Complex (on the Delaware River near Philadelphia) to points west in the state, to instead transport natural gas liquids from west to east to Marcus Hook. In addition, the company is planning the Mariner East 2 project, a second phase that involves building new pipeline that would dramatically expand industrial activity at Marcus Hook. The Mariner East 1 and 2 projects have of course not been without controversy. In addition to the larger question of whether hydraulic fracturing for natural gas is a viable and environmentally-friendly energy solution, there are numerous other concerns about the projects, including the refitting of old pipelines to withstand increased pressures from natural gas liquids, the use of cheap or insufficient materials to build new pipelines, the risks posed by the placement of pumping stations, issues of eminent domain, the power and influence of the natural gas industry, and the lack of regulation at the local, state and federal levels on the industry.

The executive who works with our program is one of the founders of a community group whose members live within 500 yards of a proposed Mariner East Pipeline pumping station. In addition, his community is also facing issues of eminent domain with regard to the planned Mariner East 2 pipeline. With his introduction to this emerging complex, multi-stakeholder situation, we suddenly found ourselves with a timely and fascinating scenario for our Challenge. In the

paragraphs and figures below, I summarize the assignment and the implementation of the Challenge event. In closing, I offer questions for discussion with conference participants.

<u>Stakeholder Challenge team assignment</u>

Each of you will be assigned to a team charged with researching and advocating for one of 16 stakeholder groups in the Sunoco Logistics Mariner East pipeline situation. You and your teammates will conduct a "live" stakeholder analysis by collecting information from the media as well as contacting and interviewing your assigned stakeholder. You and your teammates will respond to the following questions: 1) What is the stakeholder's stake in this situation? 2) What relationships does your stakeholder have with other stakeholders in the situation, independent of Sunoco Logistics? 3) What attributes (power, legitimacy, urgency) does your stakeholder hold in this situation? 4) What economic, legal, ethical and philanthropic responsibilities does Sunoco Logistics have to your stakeholder in this situation, and why? 5) What specific actions (involve, collaborate, monitor or defend) should Sunoco Logistics take with your stakeholder, and why? What ethical principle(s) informed this proposed action, and why?

On (date, time), your team will present (7 minutes max) your findings in a "town hall" forum, to be held on the 7th floor of Alter Hall. The goal of your presentation is to make a compelling and concise argument to Sunoco Logistics that they should take the action that you recommend they take with your stakeholder. After all stakeholder presentations, we will engage in a group exercise to arrive at proposed resolution of the Sunoco Logistics Mariner East pipeline situation.
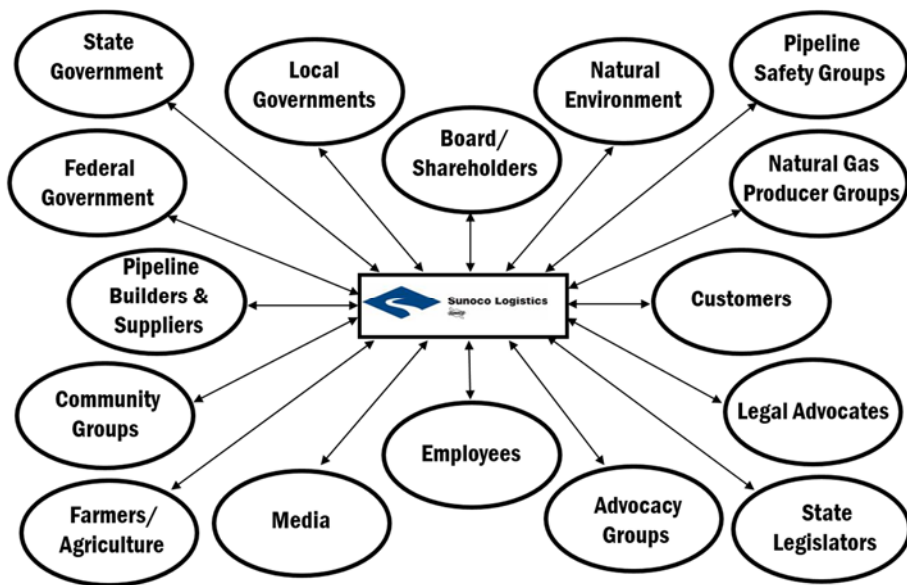
<u>Stakeholder Challenge Event</u>
Breakout Group Presentations and Initial Mapping (Hour 1)

Teams will be assigned to one of four breakout rooms.
Each of the four teams in your room will present their stakeholder advocacy presentation. *(30 min)*

All four teams together will explore and uncover the connections among their stakeholders and will together decide where each of the four stakeholders should be placed in one of the four quadrants on the stakeholder strategy map. *(30 min)*
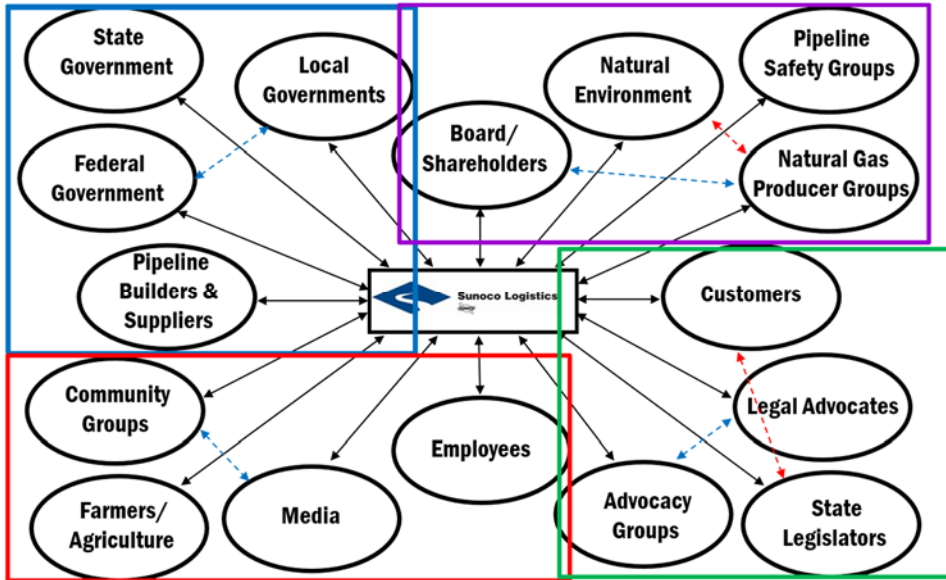
Building the Physical Stakeholder Strategies Map (Hour 2)

All teams will come together in MBA Commons area.

One representative from each team will be place their team's stakeholder on the large physical map set up in the center of the Commons. Once their stakeholder is placed, representatives will use yarn to illustrate the connections between their stakeholder and others on the physical map. *(30 min)*

Surrounding the physical map in concentric circles, all teams together will put finishing touches on the physical map. *(30 min)*

Stakeholder Strategies Physical Map

Threat to Organization?

	High	Low
High	**Stakeholder Type 4** *Mixed Blessing* Strategy: *Collaborate*	**Stakeholder Type 1** *Supportive* Strategy: *Involve*
Low	**Stakeholder Type 3** *Nonsupportive* Strategy: *Defend*	**Stakeholder Type 2** *Marginal* Strategy: *Monitor*

Cooperate with Organization? (row labels: High / Low)

Breakout Group Presentations as Sunoco Logistics (Hour 3)

Teams will return to their assigned breakout rooms.

Each of the four teams in your room will take on hat of Sunoco logistics and create a 5 minute presentation of recommendations for Sunoco Logistics. *(30 min)*

Each of the four teams in your room will present their Sunoco Logistics recommendations. *(30 min)*

Questions and Issues for Discussion

Some of the problems/issues that I encountered in running this challenge event include: student difficulty in making contact and obtaining interviews with certain stakeholders, particularly those of powerful stature; inability of students to get the "real dirt" and elicit stakeholder responses beyond stating the "company line"; lack of one compelling protocol for stakeholder analysis; not enough time in compressed course format; apparent disinterest of key stakeholders in coming to campus to attend challenge event. How might these issues be overcome?

Have you engaged in similar exercises with your Business Ethics students, and if so, what did you do?

Can we turn this and similar student exercises into activism for the needs of one particular stakeholder (e.g., environmental groups vs. business)? Why or why not?

In what other ways can we engage our students in the messy work of understanding complex relationships between business and other institutions in society?

INSIDER TRADING 2.0? THE BUSINESS ETHICS OF INFORMATION

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ABSTRACT

The University of Michigan distributed its Consumer Confidence index via Thompson Reuters (TR). TR sold the data to computerized trading firms (so-called High Frequency Trading (HFT) firms) two seconds before releasing its data to its other paying clients. Stock exchanges also sell high speed data feeds that permit fast traders to access data before slower and cheaper data feeds.

Reuters NY Attorney General Eric Schneiderman has referred to such fast data feeds as "Insider Trading 2.0." Is this ethically the same as traditional insider trading, which generally involves a breach of fiduciary data or the use of misappropriated information? This paper will explore the ethical issues involved in the sale of information. The ethics are similar to other market segmentation issues. We argue such practices are extremely different from traditional insider trading. Not only is there nothing wrong with such practices, but the ability to price discriminate can actually benefit large segments of the population who may receive lower prices because the high speed traders are paying more. It is important, however, that the existence of such high speed data feeds be fully disclosed to all users of the data and that such data feeds be available to all.

ANTECEDENTS OF ETHICAL BEHAVIOUR: A STUDY OF SENIOR FEMALE OFFICERS IN THE UK POLICE FORCE

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Abstract/Proposal

Culture, and the "insertion of sustainability values" to enact change is at the heart of the PRIME agenda (PRIME, 2012). These values are equally important in all organisations and are affected by leadership behaviour and embedded employee practice which can support (or deter) positive and ethical change (Schaubroeck et al, 2012). Business ethics are rules governing behaviour (Lewis, 1985), affected by the belief systems of those in a particular culture (De George, 1987). It is appropriate that the whole workforce reflects the norms of the society in which it operates (HMIC, 1995).

There is significant evidence that rules can be created by citizens of any culture including those in organizations (Nnabuife, 2010). The organizational culture of the UK police force is long established, underpinned by recognised norms of masculine values (Waddington, 1999). Studies within law enforcement identify where organizational practices can be considered unethical if they fail to enable specific groups to progress. These practices include working patterns (Dick, 2004); access to training (Ramasawami, 2010); promotion and equal opportunities (Archbold and Moses Schulz (2008). While these studies have examined the outcomes of unethical business practices on employees, a gap remains because most fail to identify the antecedents of the unethical behaviour (Stahl and De Luque, 2014). This is necessary to affect culture change and enable the UK police force to truly reflect broader society values.

This article reports on a qualitative study that examined why women remain under-represented in senior leadership roles within the UK police force, based on interviews with 35 senior female police officers. The findings identified a culture of hegemonic masculinity rooted in the organizations' militaristic culture, insufficient and inappropriate human resource policies, inaccurate interpretation and implementation of workforce practices and regulations by operational managers, ineffective appraisal systems and a lack of appropriate networks and mentors created real barriers to progression by female officers. Whilst the police force attempts to comply with the requirements of equal opportunity legalisation, the findings suggest that they fall short in terms of answering the ethical need, which is to ensure the organizational environment can equally support all staff. The role that the organisation leaders need to play in embedding ethical values across the workforce is examined and recommendations for more effective implementation of ethical values to support the career progression of women are made.

The PRIME agenda identifies framework for change by the adoption of six core principles (PRIME, 2012). This paper argues that lessons can be learnt from the implementation of PRIME in management education that can support the implementation of ethical practice in the police force, which has an inherent and deep routed culture. The holistic process of change is not

currently evident, and needs to be considered in development policies promoting, recognising and encouraging ethical principles, with unethical behaviours clearly defined and corrected through the reinforcement of good practice. Examples include, appraisal systems, networking opportunities, incentives and fringe benefits that need to be reviewed, with ethics included at the core of these activities.

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ETHICALLY QUESTIONABLE NEGOTIATION TACTICS: AN EXAMINATION OF THE ROLE OF CULTURE AMONG GREEK AND TURKISH EMPLOYEES

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Abstract

This study empirically examines the question of whether employees' tendency to endorse questionable negotiation tactics is related to their national-level or their individual-level cultural values, or both. More specifically, it compares the attitudes toward ethically questionable negotiation tactics of 293 Turkish employees who reside in Turkey with those of 181 Turkish employees who reside in Germany, and the attitudes of 327 Greek employees who reside in Greece with those of 186 Greek employees who reside in Cyprus. Survey questionnaires translated from English to Greek and Turkish were collected from the four societies. Compared with Turkish employees in Germany, Turkish employees in Turkey scored significantly higher on vertical and horizontal individualism, on vertical collectivism and on the endorsement of 'pretending' and 'deceiving' negotiation tactics. Compared with Greek employees in Cyprus, Greek employees in Greece scored significantly higher on horizontal individualism, on vertical collectivism and on the endorsement of 'pretending' and 'deceiving' negotiation tactics. Turkish employees in Germany and Turkey together scored significantly higher on the endorsement of 'pretending', 'deceiving' and 'lying' negotiation tactics than Greek employees in Greece and Cyprus together. We conclude that both national-level and individual-level cultural propensities may influence employees' attitudes toward ethically questionable negotiation tactics. This research emphasizes that caution should be taken when relating behavior in organizations to national culture alone.

WHEN KAMAY MET HILL: ORGANIZATION ETHICS IN PRACTICE

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Abstract

The Hill and Kamay insider trading conviction in Australia highlights many of the issues and problems involving detection, prevention and finally of prosecution of insider trading. Broader consideration of the facts of the case shed important insights into how ethics is handled in the firm (and in particular at banks) and of how ethical behaviour is encouraged and implemented at home, school and society more generally. The primary focus of this paper is on the criticality of this ethical framework and the importance of it being reinforced at a corporate level, as well as at a societal level as evidenced by insider trading rules and laws.

Introduction

Insider trading involves the trading, usually in financial markets, of confidential information with the intention of extracting a personal gain. In most countries such trading is illegal and there are penalties for trading on confidential information. Financial market theory explicitly assumes that the price impact of information can only be considered by market participants upon its release. If markets exhibit this feature they are deemed efficient, such that economic advantage can only be achieved through the speed of execution following the release of new information. In effect the institutional fabric of our financial system is based on the premise that there is no specific information advantage provided to market participants prior to the release of that information.

In 2015, Lukas Kamay a young Australian currency trader at a leading Australian bank and his accomplice Christopher Hill, a former employee of the Australian Bureau of Statistics, were convicted of the largest insider-trading scandal in Australian history. The pair netted in excess of A$8 million (US$6.3 million) over a 9-month period by trading pre-release economic data using leveraged financial contracts (margin FX contracts).

At the time of their trading both organisations had strict hiring procedures and expected high ethical standards from their employees. These standards were documented and carefully implemented. At the time of their hiring and later conviction there were many examples of firm specific codes of ethical conduct as well as banking industry based ones in addition to national regulation that could serve as a guide to what constitutes appropriate behaviour (see for example: The Australian Bankers Association Code of Banking Practice and a specific example from the Commonwealth Bank[2]).

While international standards of insider trading have converged in recent years (eg. Bhattacharya and Daouk, 2002; Thompson, 2014[3]), prosecutions still remain scarce despite

spectacular examples of market failure[4]. The scarcity of convictions is especially so outside of the United States and in particular in Australia where the sentencing range had not been established until the Hill and Kamay case[5].

The Hill and Kamay conviction highlights many of the issues and problems involving detection, prevention and of finally prosecution of insider trading. These lead to broader consideration about ethics in the firm and of how ethical behaviour is encouraged and implemented at home, school and society more generally. The primary focus of this paper is on the criticality of this ethical framework and the importance of it being reinforced at a corporate level, as well as at a societal level as evidenced by insider trading rules and laws.

The paper is structured as follows: First, a review of the literature on insider trading convictions will be undertaken, in effect providing an update of Bhattacharya and Daouk (2002). This section will highlight the conflict between international and domestic rules, and national regulation versus industry regulation and sanctions. For example, one need go no further than the rules on ethics in trading drawn up by the British Bankers Association and failure of these same rules to curtail both the individual and institutional sanctioned breaches of trust that were associated with the recent London Interbank Offer Rate (LIBOR) scandal. Note that as a result of this scandal there has been progression to national rules for setting LIBOR with the process supervised by national regulators.

Attention will then be directed to a discussion of the institutional framework that promotes ethical trading more generally at a societal level by reference to the environment in both common and civil law countries. For example, German rules on insider trading have only been recently implemented. These traditions will be linked backed to the concept of weak-form market efficiency, which is one of the cornerstones of modern finance theory.

Where possible this section will provide a perspective on what constitutes the legal basis for the prosecution of insider trading and how these rules are implemented at a personal, industry and societal level. For example, in Australia, in addition to national insider trading legislation, there are also the ethical codes of employers and industry organisations such as the Australian Bankers Association. One particular concern with the existing infrastructure is the process of monitoring. In stock markets, the abnormal trading typically associated with insider trading, may be captured using computer based search algorithms. However, no such possibility exists for certain over-the-counter (OTC) markets such as occurs in foreign exchange trading. In the Kamay and Hill case, it was the trading organisations that reported what was thought to be trading irregularities to the appropriate Australian regulator, the Australian Securities and Investments Commission (ASIC). Thus, the question of how best to monitor trading will be considered.

Next, attention will be paid specifically to the institutional environment in Australia as illustrated by the Hill and Kamay case. This discussion will be centre on the question of what more can be done to inculcate an ethical culture at both a personal and institutional level. Is the solution to the prevention of insider trading having harsher punishments? Note that worldwide penalties for crimes against property typically outweigh sentencing for crimes against a person.[6]

The concluding remarks and discussion will address two key themes. The first is whether more could have been done better at a firm level in terms of existing codes and rules in their respective organisations and what action should be taken at a corporate level to prevent individuals acting against law, or firm policies. That is, what responsibility should the individual firm take and how far should they go in monitoring unethical behaviour at an individual level.

The second question will consider the banking industry more generally and whether it is possible for banks and their agents to be better corporate citizens despite the culture they actively encourage.

The broad context of the Kamay and Hill case is the role of the financial system in the modern economy and the actions of individual actors or participants associated with these institutions. Banks are just one of the many institutions that participate in the financial system, and they are increasing becoming a smaller and remain the only heavily regulated segment of the total, with the balance being largely unregulated or significantly less regulated[7]. However, banks are unique due to the leverage they provide and their ability to trade risk exposures. International banks, while having organisations units capable of undertaking the key functions of risk, trading monitoring and transformation, the sheer size of the positions involved warrants special social attention[8].

Nonetheless it is important to place the recent discussion on insider-trading and other examples of market failure in the context of the broader and more far-reaching activities of banks, particularly with respect to their lending and financing and more recently their focus on fee-based activities. For example the discussion provided by the Fidelis International Institute highlights a number of ethical issues that face the banking industry more generally[9], which suggests that individual trading behaviour while important is really just one of many issues that must be addressed. Others include the financing and support of totalitarian regimes or unscrupulous firms, or firms that leave a large ecological footprint.

1 Acknowledgements: This case was first presented at the Monash Business School, Australia in 2015. The authors wish to thank the many students who shared their opinions and views on the actions of Christopher Hill and Lukas Kamay, who were Monash alumni.

2 Australian Bankers Code: http://www.bankers.asn.au/industry-standards/ABAs-code-of-banking-practice Commonwealth Bank Code: https://www.commbank.com.au/about-us/customer- commitment/practices/codes-of-conduct.html

3 Bhattacharya, Utpal and Hazem Daouk (2002) The World price of Insider Trading. The Journal of Finance, 55(1): 75-1008. http://www1.nyse.com/pdfs/bhattacharya.pdf; Thompson, J. (2014), A Global Comparison of Insider Trading Regulations. International Journal of Accounting and Financial Reporting. ISSN 2162-3082, 2013, Vol. 3, No. 1. http://www.macrothink.org/journal/index.php/ijafr/article/viewFile/3269/2976

4 See the list of US insider trading enforcement convictions by the SEC http://www.sec.gov/spotlight/insidertrading/cases.shtml

5 See DPP (Cth) v Hill and Kamay [2015] VSC 86 (17 March 2015) 35, page 7.

6 For example, the median sentencing for rape in Australia is 5-years, which is less than the non-parole period for Luka Kamay, who received the harshest sentence associated with insider trading in Australia. See "Sex Offence Sentencing Consultation Paper, April 2011, Sentencing Advisory Council: http://www.cla.asn.au/Article/2013/Sex_Offence_Sentencing_-_Research_paper_April_2013.pdf

7 The statistics provided by the Bank for International Settlements (BIS) highlight the increasing role of the non-bank sector (e.g. hedge funds) and shadow banking. According to the Financial Stability Board (2014, page 2) "the non-bank sector globally accounts for 25% of financial assets, roughly half of banking system assets, and 120% of GDP. These patterns have been relatively stable since 2008".

8 See: Sound Practices for Banks' Interactions with Highly Leveraged Institutions, Basle Committee on Banking Supervision January 1999: http://www.bis.org/publ/bcbs46.pdf

9 See: http://www.fidelisinstitute.org/article.php?se=13&ca=22

ACCOUNTANTS' PERCEPTIONS OF RELATIONSHIPS AMONG ORGANIZATIONAL CULTURE, ETHICS, AND FRAUD RISK

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Abstract

Organizational culture (OC) is an important element of management control systems (MCS) due to its positive or negative influence in preventing and reporting financial fraud. OC enables firms to move beyond compliance cultures to integrity-based cultures where prevailing norms are openly discussed (Verhezen 2010). Regarding fraud specifically, OC addresses all three sides of the fraud triangle (Boyle et al 2015, Cressey 1953). If OC encourages ethical behavior rationalizing committing fraud becomes more difficult (Trompeter et al. 2013) and there is less opportunity to do so because team members are more willing to discourage or report misbehavior. OC also reduces motivation to commit fraud because it puts pressure to achieve performance targets into a larger ethical decision-making context.

Auditing research has focused on how auditors' judgments of OC-related systems and behaviors affect their audit risk judgments and client acceptance decisions (Beaulieu 2001; Johnson et al. 2013). But we found no study that has yet examined the views of accountants regarding their experiences with OC in a more general business context. This group, with their knowledge of MCS, is more qualified than most business professionals to judge the current relationships among OC, ethics, and fraud. Accordingly our basic research question is: Do accountants perceive the roles of OC and ethics in controlling fraud risk any differently than relevant theory?

We conducted a survey motivated by key topics and papers from the OC and fraud literature, with primary sources in parentheses: predisposition to commit fraud (Avey et al. 2004); employees' susceptibility to social influence (Davis and Pesch 2013); contributions of recruitment and training to the fit between individual moral development and the organization's ethical climate (Ambrose et al. 2007); the role of executive leadership – the tone at the top – in encouraging ethical behavior (Douglas et al. 2001); ambiguity in the letter versus the spirit of rules for unethical situations (Dean et al. 2010); the assertion that performance goals provide incentives for unethical behavior (COSO 2013); concern that whistleblower processes are inadequate (COSO 2013); and different values regarding ethical behavior between the Millennial generation and older generations (Young et al. 2014).

Our respondents' views were generally consistent with the above sources; our data do not suggest any extreme deficiencies in OC's role, combined with ethics, as a control against fraud. The consistency of views across demographic groups – age, gender, area of practice, rank, and size of employer – is remarkable. This may be because our sample lacked diversity in undergraduate education; almost all respondents majored in accounting. But 23.5 percent of older accountants indicated as strongly as possible that they believe that Millennials are more

likely than themselves to commit fraud, and Millennials on average did not think they are any less likely than older generations to commit fraud.

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EMERGING APPROACH TO TEACHING BUSINESS ETHICS

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The ethics scandals of the late 1990s and early 2000s led to the realization that there was something seriously lacking in business ethics in the United States. Although Enron, WorldCom, Waste Management, Tyco, HealthSouth, Freddie Mac, American Insurance Group, Lehman Brothers, and Bernie Madoff all had accounting scandals, the operational reality is that the scandals are unlikely to have occurred in an organization in which the business managers were moral and ethical and had developed an attitude of moral and ethical governance within the organization (Ferrell, Fraedrich, Ferrell, 2008). Weiss (2014) pointed out that managers do not have to be actively immoral; all it takes is for managers to be amoral, and the business will eventually fail. Certainly this possibility is a consideration, but another and more certain possibility is that if the business's employees are caught in unethical actions, the company can be charged in their crimes. The Federal Sentencing Guidelines for Organizations (FSGO) was developed to protect companies that try to be moral and law abiding, and to help stop companies that tolerate open violation of moral and ethical activities (Ethics Resource Center, 2012). The FSGOs allow for development of Effective Compliance and Ethics Programs (ECEP) to give guidelines within a company as to the behaviors the employees are expected to follow.

The Ethics Resource Center (2012) lists several problems with the implementation of the FSGO:

- Large companies work with prosecutors for deferred prosecution or non-prosecution agreements, or even civil settlements in order to avoid prosecution
- Government agencies have no consistent policies towards Effective Compliance and Ethics Program (ECEP) because there are no requirements for alignment nor a mechanism for alignment; and
- Many compliance programs are not adequate, because the company does not understand the FSGOs.

ECEPs that do exist frequently do not live up to their potential because the company does not understand the FSGOs. This is a disadvantage to the company because if an ethical breach occurs and there is not ECEP, the Department of Justice may assume the company did not care enough to develop an adequate ethical program.

Even if an ECEP exists, how does a company get compliance? It is important to recognize that compliance with a stated ECEP could come directly from employee desire to follow company regulations. It can also come from understanding ethics and their importance. This suggests that there are ways to develop ethical behaviors within a population. One way of doing this is to emphasize the use of the MBA oath as a preventative reminder (Anderson & Escher, 2010). With an increased emphasis on turning out ethical leaders, the MBA oath has shown promise

as a possibility (O'Boyle, 2011, VanderMey, 2009). The MBA Oath webpages lists the oath as "a voluntary pledge for graduating MBAs and current MBAs to 'create value responsibly and ethically' " (MBAOath, 2015). The program was established in 2009 and now is affiliate with 250 schools worldwide, along with partnerships with Aspen Institute and World Economic Forum. The Oath represents a step on the path of integrity, leadership, and professionalism.

Ferrell and Ferrell (2005) suggested that some of the problem with current ethical educational programs is that they tend to assume that the student has a broad enough ethical background to be able to understand the subject matter. However, not only are the virtues of truth, fairness, and honesty not self-evident, they may need to be taught from the most basic levels. This lack cam be especially apparent when an individual faces a situation they may never have faced before, for example debuting a new project or revealing an innovative problem solution (Ferrell & Ferrell, 2005b).

The pyramid of social responsibility, developed by Carroll (1991) suggests that ethical business can be addressed from four levels: economic responsibilities to be profitable, legal responsibilities to obey the law, ethical responsibilities to be ethical, and philanthropic responsibilities to be a good corporate citizen. Each layer of responsibility builds on the one before it. There is no point, for example, in telling someone that they have an ethical responsibility if they do not understand their economic and legal responsibilities. Ferrell & Ferrell's proposed framework for teaching business ethics begins with teaching personal ethics before moving on to concepts of ethical leadership. From that point they suggest teaching the basics of making ethical decisions. Finally, they suggest that teaching students the principles of corporate governance is the last piece to an ethical education (Ferrell & Ferrell, 2005b).

Aside from the somewhat obvious approach of leveraging learning experiences to promote student engagement while business ethics are being taught (Dickie, Pick, & Issa, 2011), the question remains as to what to do to teach business ethics. Clearly an emerging approach must emphasize the multicultural challenges of the undertaking in a globalized world (Kolb, in, & Frisque, 2005). Gentile (2012) has developed a program that includes books, videos and a curriculum for teaching ethics. Her program, Giving Voice to Values (Gentile, 2012) takes the position that the problem is not that people do not understand ethical behavior, but rather that they do not understand how to stand up to pressure from others when they have to make ethical choices. The program is now being used at universities throughout the United States. The programs that have been reported in this overview will be studied a greater length in order to determine which program approach may be the best in which situations.

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ENRICHING THE UNITED NATIONS GLOBAL COMPACT THROUGH THE GLOBAL ECONOMIC ETHIC

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Eberhard Stilz, President of the Constitutional Court of Baden-Württemberg, President of the High Court of Appeal a.D., and President of the Global Ethic Foundation.
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Patricia Werhane, DePaul University

Panel Discussion

This panel will tackle the thorny problem of how to implement in practice general universal standards for business conduct,

In 2000 under the leadership of the Secretary General, Kofi Annan with the assistance of Dr. Professor Klaus Leisinger, wrote the United Nations Global Compact (UNGC), a document that proposed 10 universal Principles, voluntary principles of conduct for all organizations and governments, including corporations, unions universities, small and medium-sized organizations, and nongovernment organizations worldwide. These principles are ideals to which every individual, organization, and government should subscribe. Under the leadership of its Executive Director, Georg Kell, there has been a widespread although not universal adoption of these principles in theory, if not always in practice.

The challenge of signers to the UNGC is how to adapt them to local customs and mores. A second challenge is to understand and adapt to the disparate ways different stakeholders interpret the principles. For example, if it is the local custom to employ children as young as 10, and these children are the sole means of support for their families, how does that employment "translate" to the prohibition on child labor proposed by the UNGC? How are environmental standards improved in economies the employment trumps these concerns? How do translational corporations deal with different views of what Westerners call "respect for individual rights," particularly in cultures where the community values trump individual claims.

To respond to these and other issues, in 2008 a group of people including Klaus Leisinger and Josef Wieland, brought together by the President of the *World Ethos Foundation*, Hans Küng, formulated a common vision of legitimate and fair global economic activities; the result is "The Global Economic Manifesto". The Manifesto embraces the Declaration "Toward a Global Ethic" developed by the *Council for a Parliament of the World´s Religions* in 1993, as well as the body of thought presented by Hans Küng and his colleagues at the World Ethos Foundation. The "Manifesto Global Economic Ethic" (GEE) is a contribution to a worldwide discussion on the *implementation* of globally accepted values and norms of good corporate and organizational behavior. It is thus in line with the Global Compact, the ISO 26000, the Caux Principles, and similar standards. Although the character and the intentions of each of these contributions are very different, their underlying principles converge into globally accepted values.

It is one thing to write a Manifesto – it is another to implement its spirit. While the GEE enriches the UNGC principles, the question remains, however, how does one implement the UNGC, the GEE principles, and other voluntary standards in practice? To date this challenge has not been met with any global adequacy. Yet developing a corporate values management implementation approach, particularly for transnational organizations, is more worthwhile today than ever. The forthcoming Post-2015 U.N. Millennium Development Report is likely to expect concrete social, ecological as well as political (human rights as well as anti-corruption) results from business. From the corporate perspective, if a company that wants to be successful in a particular foreign market, it has to understand the needs and expectations of that market's customers. Only then can it serve them best and earn their trust. Consequently, the company has to become "part of" the societies it is engaged in and must, to a significant extent, adapt to the prevailing culture. At the same time, the integrity of international companies is also (if not predominantly) judged in terms of living up to the spirit of international norms. The greatest challenge for multinational companies is therefore to perform in a particular cultural environment respecting local norms, while globally adhering to international principles. This is post-2015 challenge. Because of the urgency of this agenda of implementation, and because of the paucity of discussions of such an agenda, this panel will take up that challenge and offer various recommendations for implementation.

CORPORATE IMAGE, CORPORATE RESPONSIBILITY AND HONESTY: UNDERSTANDING HOW THE CAPABILITIES APPROACH IS SIGNIFICANT FOR BUSINESS ETHICS

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Key Words: Capabilities Approach, Amartya Sen, Martha Nussbaum, Deontology, Honesty, Justice

The capabilities approach is a relatively new theoretical foundation for ethics developed by Martha Nussbaum and Amartya Sen. It is relatively new in the sense that it is now around twenty years old. It is also relatively new in that it is, in many respects, a rethinking of Aristotelian virtue ethics. The arguments for this approach are persuasive and more are applying it practically.

This approach argues that there are ten fundamental capabilities that all humans possess.[1] Humanity has an ethical responsibility to provide resources and circumstances in which people can freely develop those capabilities as they see fit. Unlike Aristotelian virtue ethics that is teleological and focused on the achievement of particular goals, the capabilities approach works by examining the conditions required for flourishing. This provides a necessary foundation for ethics that avoids the charges of relativism but allows room for freedom.

The emphasis of the capabilities approach has always been on growth in developing countries. Sen and Nussbaum have focused their empirical research on demonstrating how the capabilities approach, in opposition to other forms of development, has been effective in bringing growth and stability to impoverished areas of the world.[2] On this level, the capabilities approach has always had great relevance for business ethics. More generally, however, the approach provides a general foundation for ethical thought that could be presented alongside utilitarianism and deontology as fundamental theories for making ethical judgments. In this theoretical paper, I will speculate on the question of how the capabilities approach might be used to consider more traditional problems in business ethics that are not connected strictly to the development of disadvantaged regions.

This paper will have two parts. The first will deal with the more theoretical question of whether and how the capabilities approach can specifically ground corporate responsibility. The capabilities approach appears to have two broad ways of justifying itself as a universal theory for ethics. The first is to justify the universal existence of these capacities. Nussbaum does this by asserting that human dignity depends on the fact that people have the ability to fulfill freely these capabilities.[3] Amartya Sen focuses on issues of justice. He defends the capabilities approach by presenting an extended argument against John Rawls' classic liberal argument as well as other social contract theories. Part of his argument specifically against Rawls suggests

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[1] Martha C. Nussbaum, *Creating Capabilities: The Human Development Approach* (Cambridge, MA: Belknap Harvard, 2011), 33-4.

[2] Martha C. Nussbaum, *Woman and Human Development: The Capabilities Approach* (Cambridge, Cambridge Univ. Press, 2000). Amartya Sen, *Development as Freedom* (New York: Anchor Books, 1999).

[3] Nussbaum, *Creating Capabilities*, 28-31.

that one of his shortcomings is the fact that he does not provide for incentives for organizations to maintain that fairness.[4] As a result, he focuses on the fairness of institutions but not on ways in which institutions can improve and maintain people's behavior.[5] Conversely, Sen says that in developing the capabilities approach, "we have to seek institutions that *promote* justice rather than treating institutions as themselves manifestations of justice, which would reflect a kind of institutionally fundamentalist view."[6] I will use these two justifications as a starting point for discussing specifically what responsibilities companies have to promote ethical behavior.

This paper will examine these two justifications in an attempt to articulate the extent to which businesses, even outside of developmental contexts, should have responsibilities in promoting justice, specifically with regard to capabilities. While Sen and Nussbaum make clear that institutions have responsibilities to develop capabilities, they do not expressly indicate how far it is the specific responsibility of business, as opposed to other institutions, to develop those capabilities. I will explore this question.

Obviously, the capabilities approach would have a great deal to say on the issue of employee compensation and stakeholder trust. I think the capabilities approach would go beyond this. Since the capabilities approach defends itself generally through the notion of dignity, it will follow that business have a special place in providing for the dignity of employees and others. The idea that a business has an ethical responsibility to provide for the dignity of employees is not, in itself, new. Deontological approaches to business ethics are thoroughly grounded in this notion. However, the capabilities approach is special because it defines dignity in terms of capabilities. Dignity is not located theoretically in freedom, as deontology suggests, but in terms of a concrete sense of a freedom to develop certain capabilities. This concrete understanding of freedom brings to light specific responsibilities that businesses are uniquely situated to foster and, thus, are responsible for developing.

To ground this idea, this paper will turn to practical issues of trust. On one level, looking at the specific question of trust in the workplace and, more broadly, with corporate image, it will be able to explore how the capabilities approach encounters typical problems that are discussed in a business ethics class. This may encourage others to feature the capabilities approach more prominently in the business ethics classroom.

On another level, trust may be a specific area in which the capabilities approach has a unique perspective. Deontology has an important approach to the issue of trust. It holds that honesty is necessary to provide dignity. This is because honesty is a necessary condition for the possibility of free choice and so for dignity. When deontology is pressed on the question of whether it is acceptable to be brutally honest, deontology, at least Kant, holds that one should not share opinions or information more than necessary. A deontologist, at least a Kantian, holds that one should never lie but that one should not share information unless one has to.

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[4] Amartya Sen, *The Idea of Justice* (Cambridge, MA: Belknap Harvard, 2009), 61.
[5] Sen, *The Idea of Justice*, 67-9.
[6] Sen, *The Idea of Justice*, 82.

On the capabilities approach, honesty is necessary as long as it puts one in a position to develop capabilities. On the one hand, this may actually expand the amount of situations in which noble lies are possible to encourage capabilities. I think this would be rare, but it would happen more often than in a strict Kantian view. On the other hand - and more importantly since there are few who hold the strict Kantian view - it would greatly expand the number of times in which people are to share information. Since knowledge is often necessary to develop capabilities, the capabilities approach will suggest that companies will need to share more information for employees and stakeholders to develop themselves. I will suggest that this may go as far as suggesting expanded responsibilities on businesses as they develop their corporate image.

This will be a theoretical paper. Nevertheless, given the growing conversation about the capabilities approach, it may be important. The capabilities approach should be seen as a vital ethical theory not just for understanding economic development but also for understanding social responsibility in general. I want to further that conversation in the hope that the capabilities approach will become more predominant in business ethics classrooms.

HOW EFFECTIVE IS THE INTERNAL REVENUE CODE AS A TOOL FOR ECONOMIC AND SOCIAL JUSTICE?

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Abstract

The Internal Revenue Code is not solely a vehicle for raising revenue. The Internal Revenue Code has been used to regulate the economy and encourage certain behavior by businesses and individuals. The tax code has also been the main tool the U. S. government has used to accomplish its many policy objectives. One important policy objective has been to promote the goal of economic and social justice. The tax code has been a major tool used to promote the federal government's economic and social justice programs. This paper will explore how effective a tool the tax code has been in advancing one of the federal government's most important economic and social justice programs. This paper will examine the history and effectiveness of the Earned Income Tax Credit (EITC) to date. The paper will also discuss what is in store for the future of the federal government's largest cash entitlement anti-poverty program.

The federal government for the past four decades has used the Internal Revenue Code to promote economic and social justice with the Earned Income Tax Credit. The Earned Income Tax Credit (EITC) is an anti-poverty program that benefits working people who have low to moderate income. The Earned Income Tax Credit reduces the amount of tax an individual owes and, under certain circumstances, can provide individuals with a tax refund.

The Earned Income Tax Credit began as a small temporary anti-poverty program. The EITC was originally intended to only last one year. The EITC was extended an additional three years by The Revenue Adjustment Act of 1975 (P.L. 94-164), the Tax Reform Act of 1976 (P.L. 94-455), and the Tax Reduction and Simplification Act of 1977 (P.L. 95-30). In 1978, the Earned Income Tax Credit (EITC) became a permanent federal tax credit with the passage of the Revenue Act of 1978 (P.L. 95-600).

The EITC is now the federal government's largest cash entitlement anti-poverty program. In 2011, the number of recipients was reported at 27.9 million, with $62.9 billion in tax credits with 87.7% of the EITC received as a refund and an average EITC of $2,252. There have been twenty-one legislative changes made to the EITC since its inception in 1975. Each legislative change was made to expand and increase the credit and advance its usefulness as an anti-poverty tool. In the 1990's the EITC became a major component of federal government's efforts to reduce poverty, starting with the Omnibus Budget Reconciliation Act (OBRA) of 1990 (P.L. 101-508). The expansion of the Earned Income Tax Credit clearly expresses the intent of the federal government to use the credit as a weapon in the war against poverty and promote economic and social justice.

CARE TO SUSTAINABILITY: WHY EVOKING EMPATHY IS THE FIRST STEP TO CREATING ETHICAL CONCERN AND SUSTAINABILITY

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Keywords: ethics, sustainability, care, concern, empathy, change, global concern, sustainable practices, corporate citizens, UN Global Compact, impact of story, connection, ethical decision making, building community, emerging markets

ABSTRACT

If we create stories that evoke empathy and passion, we can tell stories about ethics and sustainability that will appeal to the emotional as well as the rational sides of human beings and organizations, and, some argue, are more effective in convincing the public of the ethical importance of a topic than merely reasoning processes. Giving voice to a person, idea or program is the strongest way to showcase its merit. In documentary work, there is always telling of story. This lecture focuses on the value of creating care and how it is the first step in making change.

The strongest, most compelling story has to connect with an audience. It allows the viewer to make meaning and stir internal interest. Thus, it has to be told as a story. Mankind has a long oral tradition in storytelling. It was a way to share knowledge of survival, create comfort and build community.

In film, television and digital media, stories are everywhere. We consume them as 30 second commercials, YouTube videos and feature length films. It is not the aesthetics that create meaning, but the message. In order to want to develop ethical and sustainable practices, the audience has to connect with the message and concern about its content. Audience must be able to make the story its own, to identify with the story and outcome, thus creating a sense of care starts with a connection on an individual basis.

So if we want to convince companies of the importance of, say, the UN Global Compact, particular stories or narratives about the effectiveness of protecting human rights, etc. through specific stories of individuals or companies is an effective way of "selling" the importance of the UNGC, particularly for those companies operating in emerging markets.

There is a magic in oral storytelling that captures or reawakens something inside us for a moment. It also creates a unique bond with those hearing the story who then carry that experience onward. Stories become part of who we are. We will discuss some of the tools used in digital storytelling through the use of story as a way to connect and create the will to change practices which can lead to empathy about sustainability. But first, the concept must be presented as a story. Change is easy to create if you can make someone care about the topic.

BUSINESS ETHICS – A SOCIOLOGICAL APPROACH

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Abstract

Business ethics likes to present itself as interdisciplinary, as a coexistence of applied moral philosophy and more or less empirical social science, as a dialectic of normative and descriptive ethics.

This paper presents and investigates sociology as one of the ingredients in such an interdisciplinary mix. The investigation departs from a brief look at Journal of Business Ethics publications, which promise "some" sociology in their headlines (Brinkmann and Lentz 2006, Daub and Scherrer 2009, Fogarty 1995, Groddeck 2011, Hendry 2001, Phillips 1991, Segal and Lehrer 2013). In a next section, an article and an anthology are reviewed, as a possible point of departure for exploring different sociologies of morality (see Hitlin and Vaisey 2013, Hitlin and Vaisey 2010, Abend 2010). Then, sociological uniqueness is investigated as "sociological imagination" (Mills 1959). [1]

In its main part, the paper examines three basic sociological conceptual frameworks, illustrated by references to business ethics work and to three scenario stories, to business ethical research questions and to one another: social/ societal deviance,[2] social/ societal roles,[3] and social/ societal power.[4] As an open ending, a few additional general-sociological concepts are briefly presented.

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[1] See especially Mills' chapter one: Sociological imagination is essentially about understanding individual, micro-level situations, biographies, troubles, uneasiness in their interdependency with societal, historical, macro-level issues

[2] Deviance, for the time being understood as the opposite of conformism and normality, represents a violation of moral, legal, social norms and/or a minority behavior/ status.

[3] Social roles, for the time being understood as as expectations and norms, which a given individual faces in given situations, which the individual perhaps accepts (or rather not) and conforms with in his/her (role) behavior (or rather not).

[4] Power, for the time being understood as an actor's or a system's ability to realize own interests and to hinder others from realizing theirs.

[5] In addition, there are eight (author's own) texts which are not included for anonymity reasons.

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Appendix 1: Drafts of three sociological concepts and their components

Social/societal deviance I: Deviance as norm violation versus deviance as exceptionality

	Deviance: rule-breaking	Deviance: statistical minority
Behavior	Insider trading	Voicing moral concern
Situation	Conflict of interest	Business ethics at business schools

Social/societal deviance II (R.K. Merton's typology of anomie)

	Institutionalized means accepted	Institutionalized means rejected	Institutionalized means replaced
Cultural goals accepted	Conformity	Innovation	
Cultural goals rejected	Ritualism	Retreatism	
Cultural goals replaced			Rebellion

Social/societal roles

shows   (factual) Role behavior   interpretes

Individual Actor   meets   Role = Role expectations

triggers   Social situation or status   enters
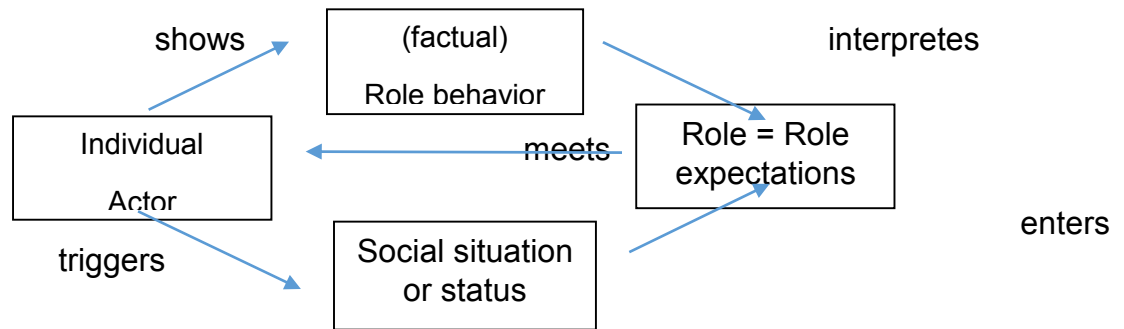
Social/societal power (combining "principle of least interest" and M. Weber's concepts)

Depends on   (interest) Controls (resources)

Legitimacy, trust, e.g.

Actor 1 (power subject

Punishment, rewards, e.g.   Controls

Actor 2 (power object

(resources)   Depends on (interest)
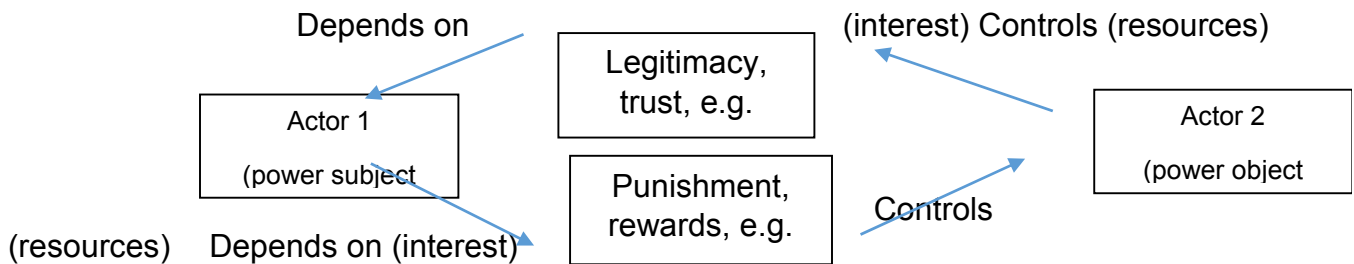
Appendix 2: Sociological approaches by research motive types (Erkenntnisinteressen)

Research motive	Positivist	Humanist	Critical
Business ethics	Predict unethical/ ethical behaviour in situations	Understand ethical decision-making in contexts	Critique of instru-mentalized business ethics and CSR
Deviance approach	Predict norm conformity vs violation	Understand "sinners" rather than judge them	Critique of moral stigmatization
Role approach	Predict role conformity vs role deviance	Understand role-sets and role conflicts	Critique of individual alienation
Power approach	Predict obedience vs opposition, assess net power	Understand that power is ubiquitous	Make power visible and criticise power abuse

THE UNGC: LOOKING FOR A BALANCE BETWEEN IMPLICIT AND EXPLICIT CSR

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Abstract

A recent article published in the *Journal of Business Ethics* (Voegtlin & Pless, 2014) identified the many articles that have been published on the UN Global Compact (UNGC), focusing on the effectiveness and legitimacy of the UNGC alongside arguments of supporters and critics. The gist of this focused literature review is that despite this extensive work there is much research left to be done on the "design features" that underscore the UNGC's impact on CSR as a model of self-regulatory global governance.

We back up from this perspective, and review the UNGC as it "fits" in the conceptual framework of corporate social responsibility. The UNGC is presumed to be a vehicle for CSR because it provides global standards for business firms (Waddock, 2008) and facilitates partnerships across the world (Buono, 2014); however, the CSR literature itself is highly fragmented, with different disciplinary and conceptual lenses (Aguinis & Glavas, 2012). Therefore, it is important to adopt a CSR framework that works for the wide canvas of different global and institutional environments. Rather than adopting an umbrella term of CSR that may not capture the expectations of various stakeholders, we explore the UNGC under the framework of implicit versus explicit CSR defined by Matten and Moon (2008). They introduced this concept to explain how CSR differs among countries, as they describe the global spread of explicit CSR as a result of shifting institutional pressures.

Explicit CSR involves corporate policies that combine social and business value to address issues perceived as being part of the CSR of a company. *Implicit CSR* consists of the values and norms that define the obligations of corporate actors in "collective rather than individual" terms (Matten & Moon, 2008, p. 409). These differ by language (explicit = communicating specific policies/practices to stakeholders; implicit = little description of activities), and intent (explicit = deliberate, voluntary and often strategic; implicit = reaction to/reflection of a corporation's environment). While both types of CSR may have codified requirements, implicit CSR highlights societal norms, networks, institutions and rules rather than their implications for the social responsibilities of a particular business.

We examine the UNGC under this framework to better understand the operational and governance challenges behind this voluntary initiative (Rasche, Waddock, & McIntosh, 2012). While advocates and critics wage battle over the credibility and legitimacy of the UNGC (Voegtlin & Pless, 2014), and researchers and practitioners continue to define its role (Kell, 2013; Rasche, 2009), we believe that looking at the UNGC from an implicit/explicit CSR perspective might provide nuanced insight into how the world's largest voluntary initiative becomes embedded into

the scope of responsibility for corporations. Despite its characterization as explicit CSR (Matten & Moon, 2008), we offer that the UNGC initiative can be viewed as *implicit CSR*, and in doing so we can perhaps better understand the positions of UNGC proponents and critics, while also gaining a better understanding of the way that the UNGC promotes "the necessary reforms of the UN system *from within*" (Rasche, 2009, p.532). In fact, we posit that failures to consider the UNGC an example of implicit CSR can lead to misunderstandings and misinterpretations of its practices--particularly from critics who believe that the UNGC should be more explicit in practice.

However, in analyzing the UNGC under this framework, we unearth a paradox ---in defining UNGC as an embedded, implicit CSR mechanism that crosses cultural and institutional boundaries, we ask, how can UNGC-committed firms be expected to respond to conflicting legitimacy claims, which are often contingent on codified rules/regulations that allow them to manage and prioritize claims? Put another way, the literature has identified the UNGC as a voluntary governance mechanism for firms with a hypothetical implicit contract (Jackson, 2008) that helps to establish hypernorms that should apply across cultures (Laczniak & Kennedy, 2011). However, it does not resolve how firms should respond to conflicting legitimacy claims from NGOs, businesses, or unions (McCarthy, Puffer, Dunlap, & Jaeger, 2012) or the salience of such claims, for example when environmental issues take a front place to labor issues (Barkemeyer, 2009). This issue has often been raised as a "future research" and "discussion point" for UNGC research (Rasche et al., 2012, p. 23). Yet, when viewed through the implicit/explicit CSR lens, one can see that unless UNGC principles evolve into specific corporate CSR claims that are clearly articulated, and facilitate firms to use their discretion to engage in firm-specific responsibilities (i.e., become explicit CSR), there is little opportunity for firms to resolve conflicting claims or even assess the salience of stakeholder claims against this backdrop. Perhaps this is part of the frustration of critics like Sethi and Schepers (2014) who see problems in the heterogeneity, large number of participants, and overly broad initiatives behind the UNGC that can lead to less accountability, adverse selection, and free-riding. In sum, in failing to first conceptualize the UNGC as implicit CSR, the Compact is subject to criticism that might be better directed towards organizations that practice explicit CSR—where voluntary corporate governance programs are couched and codified in CSR language.

The UNGC remains an example of implicit CSR because it is generalist and universalist by design, a "learning platform for development" (Voegtlin & Pless, 2014), motivated by a general consensus about the expectations of all participants captured in its ten guiding principles as a regular course of doing business. At the same time, it faces the same conundrum of principles versus practice faced by other contexts of global governance – for example, the dilemmas of compliance versus collaboration faced by global supply chains in the implementation of multi-stakeholder initiatives (Soundararajan & Brown, 2015), as well as the endorsement of universalist moral principles in cosmopolitan MNC board governance (Clark & Brown, 2015). These contexts struggle with global broad-based versus firm/country-specific governance mechanisms, just as we see with the implementation of UNGC principle-based initiatives. However, unlike these other contexts, the UNGC has a collective membership that invites collaboration for change (Buono, 2014). In fact, one of the UNGC's biggest advantages lies in the discretion of firms to define for themselves how to build trusting relationships through the leadership platform of the UNGC (Gitsham & Page, 2014). It is this CSR element that crosses both explicit and implicit CSR, when norms of practice are developed and communicated

between stakeholder groups using the "language" of CSR (i.e., explicit), but within the institutional network behind the global organization (i.e., implicit).

While viewing the UNGC through an implicit/explicit CSR framework may not reconcile its critics and proponents, combining elements of both may provide opportunities to posit solutions that will improve the quality of UNGC initiatives. In fact, some of this is evidenced already in the Global Compact's Communication on Progress (COP) policy that asks companies to report on their implementation efforts – an example of explicit CSR, but with all members subject to potential delisting for noncompliance (Knudsen, 2011) – thereby codifying requirements for corporations that is an example of implicit CSR. This is echoed in the support of the UNGC by proponents like Rasche and Waddock (2014), who point to the complementary nature of regulatory and principles-based initiatives in the global spread of CSR standards. Alternatively, the UNGC may find itself shifting to more explicit CSR in practice, in the same way that European CSR has shifted from implicit to explicit CSR in response to isomorphic institutional pressures that affected businesses (Matten & Moon, 2008). However, we discuss that the challenge here will be to maintain some of the advantages of *implicit CSR,* including the discretion afforded to firms, nations, NGOs, customers, labor unions, and other civil society stakeholders to work together within the wider net of society's interests—the discretion that is so important to collaboration in multi-stakeholder initiatives.

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ACTUALIZING PRME THROUGH THE OPEN-ENDED CASE METHOD

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Introduction

Today's professional managers face a competitive, information-intensive and globalized marketplace, with a multitude of competing stakeholders demanding their constant time and attention. Through the development of the Principles for Responsible Management Education (PRME), academics have attempted to provide students and future managers with relevant, normative, and character forming solutions that are consistent with the goals of a liberal education.[1]   The PRME focuses on "[developing] the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy." (PRME, 2015) Among others, the PRME accomplishes this goal through its focus on the following principles:

1. **values** where academic institutions "incorporate .... the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact" (PRME, 2015)
2. **methods** which expose students to "frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership."

Theoretical Contribution: PRME and The Open Ended Case Method

The methodological focus of this proposal (discussion paper) complements the theme of the conference which focuses on the "UN Global Compact and UN PRME: What we Practice and What We Teach in Business Ethics." Specifically, this proposal explores how the open-ended case method can be an extremely powerful and effective pedagogical tool that best trains students to be socially responsible, global managers.

A summarized version of either an actual or true to life situation where the outcome is withheld pending student discussion, the open ended case method "strives to capture the complex human interactions at work in a given situation by distilling and synthesizing the seemingly disparate components that comprise an event into a compelling narrative that acts as both an action-drama and a fable" (Calkins, 2014: p. 166). Through decision-making opportunities that draw from workplace realities and conditions, the case method sharpens students' technical, decision-making, communication and persuasion skills, and when incorporating a character dimension, may contribute to personal development. In contrast, a lecture-based pedagogical approach may not necessarily develop students' multiple frames of reference, reflective exploration and practical reasoning capabilities in the way that the open-ended case method does.

The open ended case based ethical decision-making framework considers three broad philosophical paradigms inherent in any dilemma: the motives (principles/values) underlying a

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[1] Liberal education seeks to foster technical proficiency, multiple frames of reference, reflective exploration and practical reasoning among students (Colby, Ehrlich, Sullivan and Dolle, 2011).

decision, the consequences (harms and benefits) of a decision to key stakeholders, and questions of character and identity related to the decision-maker's value system.   After initially identifying the salient ethical dilemma (and with the help of the instructor), students make an initial decision / recommendation and provide the accompanying justification of the decision based on the principles, consequences and character dimensions. Key to this process is both the students' openness to, and the instructor's facility for, considering various conflicting perspectives. Developing this flexibility of perspectives is crucial for managers who cater to a diverse set of stakeholders in their respective workplaces. Instructors must also bring back the discussion to the students' personal values so that the latter can assess if their decisions are consistent with their identity and self-definition. Using the reversibility, generalizability, mirror, publicity, and precedence decision tests can aid in this regard. The framework culminates with the students making a final decision and the instructor revealing the outcome of the case.

Illustration: Merck and the River Blindness Case.

To illustrate this case based method, let us use the well-established Merck and River Blindness Case of the late 1970s. Lab researchers at Merck had discovered a drug (*Ivermectin*) that successfully treated river blindness on livestock brought about by onchocerca volvulus, a parasitic worm transmitted by the black simulium fly. However, the issue that Roy Vagelos, Merck's director of research at the time, had to consider is complex as it involved two valid but conflicting perspectives.

On the one hand, the use of Ivermectin in Sub-Saharan Africa and Central America, the places most threatened by river blindness, has no foreseeable economic potential for the pharmaceutical company. Being economically disadvantaged, the underlying population cannot realistically pay for the drug. NGOs such as the Bill and Melinda Gates Foundation did not exist at this time to augment the funding gap that governments and other related institutions were incapable or unwilling to pay for. Also, the necessary infrastructure to capably deliver and administer the drug also did not exist. This meant that Merck needed to invest additional resources over and above the $250 million it had already spent for drug development. Finally, at the time of the decision, the drug had not yet been proven to be effective and safe for human use; any adverse side effects could cost the company millions of dollars and impact its highly profitable livestock products business.   On the other hand, Merck exists as a company whose primary mission is the alleviation of human suffering through pharmaceutical products. George Merck, the company's CEO, declared the primacy of people over profits, and knew that producing the drug could potentially save tens of millions of people who were either exposed to, or infected by river blindness.

Using the traditional case based teaching method, the instructor asks the students (who have read and prepared for the case) to make a preliminary decision on the ethical issue, and provide the reasons for it. Instructors should insist that students make a decision even if they feel uncertain about the issue because this develops the students' decision-making capabilities. In the Merck case, students must decide whether or not they would introduce the drug in Sub-Saharan African and Central America if human testing proved to be successful.   As the discussion unfolds, the instructor should ensure that all possible perspectives are fully analyzed.

If students gravitate towards one argument, the instructor must advocate for the under-argued, contrarian perspective to produce a balanced discussion.

The strength and validity of the students' decision must be tested using the publicity test (Is the decision publicly defensible?), the role reversibility test (would a decision change if decision-maker exchanged roles with key stakeholders?), precedence (Are there past cases that can justify this current case?), generalizability (Can this case be used to justify other cases?) and mirror (Does this decision make you become a better person?)

The instructor encourages critical thinking by explicitly discussing the conflicting values and principles of the issue. In the Merck case, the economic argument grounded in the uncertainty laden business model of pharmaceutical companies must be as equally considered as the identity/mission-driven argument about Merck's responsibility to alleviate human suffering.

Furthermore, the instructor undertakes a stakeholder analysis of harms and benefits for all relevant decisions. In the Merck case, students must be shown how distributing the drug (and its contrary decision) would benefit and harm shareholders, its customers and its employees.

The instructor must adhere as close as possible to the actual situation that the decision-maker faced at the time the decision was being made. In addition, students must not know the outcome of the discussed case – the instructor will provide this after the discussion. The rationale for withholding the outcome is that the students' decision-making skills improve the more they encounter uncertainty in real time.

THE MODERATING ROLES OF CONSIDERATION OF FUTURE CONSEQUENCES AND PERCEIVED ROLE OF ETHICS AND SOCIAL RESPONSIBILITY IN THE EFFECTS OF FRAMING AND PERCEIVED LIKELIHOOD OF BEING AUDITED ON TAX COMPLIANCE

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The extant literature has examined the issue of tax compliance, a complex behavior influenced by various factors. For example, personally held tax ethics have an effect on tax compliance (Wenzel 2005). Further, individuals with high tax ethics are likely to be more compliant than individuals with low tax ethics. Social norms also play an important role in tax compliance. Specifically, individuals are expected to be more tax compliant when they believe that such behavior is widespread in their social groups; that is, they act in conformity with their perceived social norms (Wenzel 2005). Hence, researchers have called for additional work in examining the diverse effects of psychological, moral, and social influence on tax compliance (e.g., Andreoni et al. 1998).

Previous studies have investigated the effects of framing and perceived likelihood of being audited on tax compliance (e.g., Hasseldine 1998; Schepanski and Schearer, 1995). However, the mixed findings reported by prior research suggest that individuals might not always be susceptible to the effects of framing and perceived likelihood of being audited. One explanation for the inconsistent findings on the impact of framing on tax compliance can be attributed to lack of clear distinction between reflection effect and framing effect (Chang et al. 2002). For example, one study might have actually found reflection effect rather than framing effect when the taxpayers' withholding position was manipulated as either an additional tax payment or a tax refund due (Sanders and Wyndelts 1989). Another study might have also mislabeled reflection as framing effect, and reported lack of framing effect on tax compliance (Cullis et al. 2006). Interchangeable use of reflection and framing effect without delineating the differences of the predicted effects of these two concepts can impair meaningful interpretation of the results, leading to erroneous conclusions (Chang et al. 2002). The inconsistent findings can also be attributed to the possibility that framing may interact with other variables to influence tax compliance. Thus, we posit that the relationship between framing and tax compliance is moderated by unidentified factors (e.g., individual differences).

In addition, the mixed findings on the impact of perceived likelihood of being audited[1] on tax compliance create empirical tension. Prior studies have manipulated perceived likelihood of being audited via unrealistic detection rates (e.g., 30 percent). Since the actual detection rate is unlikely to be as high as those manipulated in previous research, it is possible that the participants may not believe the high detection rates presented in the hypothetical tax scenarios. Use of unrealistically high detection rates biases the findings, leading to formation of erroneous conclusions on tax compliance behavior. Further, prior research has focused on determining the absolute effect of detection rate and has given little attention to potential factors which might

affect this variable (Hessing et al. 1992; Van Baal 2004). Hence, it is imperative for researchers to identify potential factors that moderate the relationship between perceived likelihood of being audited and tax compliance to provide insight into the contradictory findings.

Tax compliance is indeed a very complicated behavior which varies significantly among individuals. Researchers can help tax authorities understand the complex issues pertaining to tax compliance and assist tax authorities to develop effective strategies for increasing tax compliance. To our knowledge, few studies have identified the critical role of individual difference factors on tax compliance behavior. One study identified gender and the students' majors as individual difference factors (Cullis et al. 2006); however, these factors are often considered as demographic information. Therefore, additional research is needed to identify potential factors such as individual differences to examine their impact on tax compliance. The purpose of this study is to examine the moderating roles of two individual difference factors, consideration of future consequences (CFC) and perceived role of ethics and social responsibility (PRESOR), in the effects of framing and perceived likelihood of being audited on tax compliance. This study examines CFC as a moderator because this scale measures individuals' consideration of immediate versus future consequences in their decision-making. In the tax context, individuals are presented with the conflicting goals of obtaining an immediate benefit (i.e., securing a tax refund or reducing an additional tax payment) versus facing a future consequence (i.e., detection of tax noncompliance and imposition of the associated penalties by the tax authorities). We investigate PRESOR as a moderator in this study because individuals are often presented with ethical and social dilemmas which influence their tax compliance behavior. Although a plethora of studies have examined the effects of these individual difference factors on behaviors in a variety of contexts, little tax research has looked at the impact of these factors on tax compliance. Examination of these individual difference factors as moderators can help tax researchers, practitioners, and regulatory authorities better understand the intriguing and complex behaviors of individual taxpayers. Indeed, the results of this study provide insight into the controversial findings reported by previous studies.

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RESPONSIBILITY ATTRIBUTION: DETERMINANTS OF PERCEIVED CONTROL AND THE MODERATING ROLE OF CAUSAL ACCOUNT

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An audit failure (issuance of misstated financial statements) exposes an audit firm and its client to high litigation risk, leading to significant financial and reputational costs. Although prior research has attempted to enhance understanding of factors influencing responsibility attribution to the audit firm (e.g., Lowe et al. 2002; Kadous 2001), increased understanding of the attribution process is critical for providing additional insight into responsibility assessment (Lowe et al. 2002). The present study enhances understanding of the attribution process by examining the separate effects of cause of misstatement and counterfactual thinking on perceived control, the impact of perceived control on perceived adequacy of explanation, and the effect of perceived adequacy of explanation on responsibility attribution and how auditor competency and audit firm size would affect responsibility attribution.

The responsibility model necessitates the presence of the following three interdependent factors for attribution of a failure: a harmful outcome, discretionary conduct, and moral infringement (Schlenker 1997; Schlenker et al. 1994). These three elements of responsibility attribution are fulfilled when (1) issuance of the misstated financial statements harms the interests of investors, (2) individuals believe that the company has control over implementation of an appropriate action to avoid the adverse outcome, and (3) ethical and moral norms are violated because investors suffer economic losses from the misstated financial statements.

The current study extends the extant literature by facilitating an understanding of how a misstatement arising from either an error or fraud (perpetuated by an employee) elicit differential perceptions of control over the misstatement. Since errors are inevitable and random in nature (Homsma et al. 2007; Nordstrom et al. 1998), individuals might conceive that errors within a small probability of margin are beyond the control. In the case of a fraud, a misstatement might be perceived to be controllable with an effective internal control system for preventing and detecting the fraud. Further, counterfactual thoughts (Dixon and Byrne 2011), generation of alternatives to the past event (e.g., how a negative event could have been avoided) can also affect the perceived control over a misstatement.

Perceived control over an adverse event might elicit negative emotions such as anger (Folkes et al. 1987). For example, customer reactions are largely negative when a company is perceived to have control over a service failure (Choi and Mattila 2008). The attribution framework (e.g., Peterson et al. 1993; Weiner 1995) indicates that perceptions of control pertain to individuals' belief about how an outcome is contingent upon an action. Increased understanding of a company's ability to prevent an adverse outcome determines individuals' perceptions of its ability to control the failure (Vaidyanathan and Aggarwal 2003). Although previous research has demonstrated the impact of perceived control on responsibility attribution (e.g., Choi and Mattila

2008), the current study provides additional insight into this relationship by examining the indirect effect of perceived control on responsibility attribution via perceived adequacy of explanation.

Previous research indicates that individuals tend to engage in attribution information processing to search for reasons to help explain one's behavior that results in an unanticipated, significant, and negative outcome (Weiner 1995; Wong and Weiner 1981). Individuals can be viewed as intuitive accountants who focus on appropriate procedures and the equality between input and output (Bies 1987). Armed with a "bookkeeper mentality", individuals perceive an inequity when there is a procedural error or inconsistency in the mental balance sheet (Bies 1987). However, it may be more appropriate to view individuals as intuitive jurists (Hamilton 1980; Fincham and Jaspers 1980) because they demand the reasons for an unfavorable outcome to facilitate their judgment of the misfortune (Bies 1987). A subjective standard such as the persuasiveness of an argument may be more effective than an objective computation of the equality of input and outcome (Bies 1987). Hence, the present study posits that perceived adequacy of a causal account (i.e., explanation for the misstatement) determines the responsibility assessment.

Competent auditors engage in effective and efficient performance of their audit work (Pflugrath et al. 2007) and deliver high quality audits via detection of earnings management or fraud. The present study extends the research on auditor competency to the area of task specific knowledge relating to auditor competency in auditing computer systems to examine its impact on responsibility attribution in the event of audit failure. Research on this issue has been sparse despite the importance of auditor competency in auditing computer systems due to the massive amount of data stored in a company's accounting information system. When a misstatement occurs as a result of a system failure, auditors without competency in auditing computer systems may be perceived as lacking the necessary knowledge for uncovering the misstatement. Hence, individuals might be more understanding and forgivable towards auditors with low competency and attribute them less responsibility.

Further, a company that hires a large audit firm is believed to provide better assurance of its financial statements. Large audit firms can attract and recruit talented auditors and provide high quality audits due to sizeable financial resources and research facilities that facilitate implementation of enhanced technology (Sori et al. 2006). Although the Enron scandal demonstrates that large audit firms do not necessarily signal high audit quality, prior evidence indicates financial reporting quality is higher for larger audit firms (e.g., Ashbaugh-Skaife, Collins, and Kinney 2007; Hoitash and Hoitash 2009). Thus, previous studies indicate that large audit firms are more vulnerable to litigation risk (Carcello and Palmrose 1994), however, additional work is needed to understand whether different responsibility attribution process exists between large and small audit firms. The current study answers this call by comparing the factors that affect the attribution process among large and small audit firms.

In a between-subjects experimental setting, undergraduate students from business and other disciplines read different versions of a hypothetical audit failure case (where cause of misstatement, audit firm size, and auditor competency in auditing computer systems are manipulated), and provided responses to questions which measure perceived control over a misstatement, perceived adequacy of an audit firm's explanation for the misstatement, counterfactual thinking and responsibility attribution to the audit firm. The findings based on the

structural equation model reveal the interactive effect of cause of misstatement and counterfactual thoughts on perceived control, and a negative effect of perceived control on perceived adequacy of explanation for the misstatement. The results also show that perceived adequacy of explanation and auditor competency determine the responsibility assessment of the audit firm. In addition, invariance test results indicate a similar attribution process between large and small audit firms.

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STRATEGIC CORPORATE SOCIAL RESPONSIBILITY, BUSINESS ETHICS, AND CORPORATE SOCIAL STRATEGY: BEST PRACTICES FOR EMBEDDING THE U.N. GLOBAL COMPACT AND U.N. PRME INTO CORPORATE DECISION-MAKING AND BUSINESS EDUCATION

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PANEL ABSTRACT

Over the last 15 years, an enormous global literature has amassed on corporate social responsibility (CSR) (*for a review, see*: Aguinis & Glavas, 2012). Yet, as David Chandler argued in his recent book, *Corporate Social Responsibility: A Strategic Perspective* (Chandler, 2015)*,* there remains little agreement on its definition. CSR has emerged as an umbrella term in academia, public policy, and corporate practice that has come to represent a broad range of subject matter, including topics falling under corporate governance, ethics and compliance, employment, diversity, environmental, legal and regulatory concerns, public / private interrelationships, social and societal interactions, triple-bottom line thinking, corporate citizenship, philanthropy, and globalization. The problem is that, the more CSR comes to mean anything to anybody, the more it means nothing to everybody. In particular, the more ambiguous the term CSR becomes, the less helpful it is to practitioners who are faced with the challenge of implementing these ideas. And, since most of these interpretations of CSR originate in economically developed countries, many question whether and in what ways these ideas translate in emerging markets and to companies operating or based in those countries (e.g. Khan & Lund-Thomsen, 2011).

In spite of the confusion presented by multiple, competing definitions of CSR, it is also clear that there is overlap. Most of the above formulations of CSR, for example, share three common aspects. First, CSR refers to a *voluntary* corporate commitment, not a requirement or obligation. Second, most of these definitions focus on the term *social,* a word that immediately conjures a mindset that CSR is primarily concerned with corporate-societal relationships. Third, many reflect either the ten principles of the UN Global Compact (United Nations Global Compact, n.d.) or the six UN Principles for Responsible Management Education (PRME) (United Nations, 2015) in their definitions or practices.

In this panel, we will use these areas of overlap as our starting point to propose a more strategic approach to CSR. To begin, David Chandler will outline his reformulation of CSR as ***strategic*** corporate social responsibility: "[t]he incorporation of a holistic *CSR perspective* within a firm's strategic planning and *core operations* so that the firm is managed in the interests of a broad set of *stakeholders* to *optimize value* over the *medium to long term*" (Chandler, 2015, p. 126). Central to this definition is a reciprocal responsibility of a firm's stakeholders to "hold the firm to account" (2015, p. 41). Ultimately, Chandler's goal is to conceptualize CSR as "sustainable value creation"—the source of a sustainable competitive advantage for firms in the 21st Century. In doing so, his work seeks to influence how businesses operate across their functional areas, but also how these subjects are taught in business schools worldwide.

Reflecting on Chandler's notion of reciprocal stakeholder-firm responsibilities, and concerned that CSR thinking seems often to focus primarily on corporate *external* relationships, Patricia Werhane will argue that business ethics should be part of CSR (or alternately, that CSR should be part of business ethics), redefining CSR more broadly as "corporate responsibility." This perspective then could link internal (e.g., employee, managerial, customer, and shareholder) relationships both to economic and social outcomes, and to the UNGC Ten Principles.

Next, building on Chandler's proposal that corporate social responsibility is strategic and also responding to the question of whether and how Western-based notions and vocabulary of CSR "translate" in emerging markets, Laura Hartman will elaborate on Husted and Allen's term, "corporate social strategy" (CSS): "the objective of pursuing both social value creation and economic value creation through social action projects" (Husted & Allen, 2011, p. 29). Jointly, Hartman and Werhane will broaden CSS to include four approaches, arguing that this broader formulation more accurately describes the diversity of approaches present in emerging markets.

We conclude that traditional definitions of CSR, as well as its reformulation as strategic CSR, corporate responsibility, and/or corporate social strategy, are voluntary frames of reference for corporate initiatives. No company is obliged to adopt these stances, or to adopt them seriously, and some do not. Nor does any corporation have to sign on to the UNGC and PRME Principles. But, if a corporation engages in, or claims to engage in some form of CSR, then it is in their interest to incorporate CSR practices into their everyday operations and strategic planning to ensure long-term economic success.

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#RESEARCHETHICS: ONLINE SOCIAL NETWORKS AND EMERGING HASHTAG ANALYSIS

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Keywords*:* online social networks, privacy, hashtags, institutional review board

Abstract

Purpose:

With the advancement of online social networks (OSNs), researchers have the opportunity to conduct analysis in an environment where consumers freely communicate their thoughts and beliefs. Consumers also utilize OSNs to connect with family, friends, associates and business partners. Brands pay top dollar to reap the benefits of complicated algorithms based on consumer "likes," interests, location, and other information consumers provide as participants. Consumer research on OSNs has evolved form reviewing online message boards to real time, fully synchronous environments like Twitter.

In contemporary OSNs, consumers may choose to make personal pages private. However, consumers who regularly use hashtags (#) to accent their comments make them available for public search engines. For example, a recent Google search of #newyorkcity turned up 474,000 pages of results across several popular OSNs including Facebook, Twitter, YouTube, Instagram, and Pintrest. Unlike the privacy guidelines across each platform, the hashtag search is one of the few unifying tools for OSN researchers. Modern trends are building on OSNs daily. As a result, given the varying functionalities available on OSNs, hashtag research may be attractive to business research practitioners and academics alike.

Hashtag research is a new and emerging area. As such, it raises significant ethical challenges for researchers. Do OSN platform privacy guidelines compliment or clash with the easy searchability of hashtags in search engines? What are the ethical implications of researchers as hashtag voyeurs? What is the best way to protect the OSN user? Does consent to participate in an OSN mean consent to participate in research or data collection not lead by that OSN?   How might Institutional Review Board (IRB) guidelines be influenced?

Approach:

The present research provides a review of the literature on OSN research, OSN ethical considerations and hashtag research. It also provides a review of the privacy policies of the top 10 U.S. social media websites. Relevant Institutional Review Board (IRB) guidelines are also explored.

Findings:

The present research presents the following:
- Best practices for conducting ethical hashtag research
- Best practices for guarding the privacy of OSN users
- Considerations for Intuitional Review Board

Practical Implications:

This research has implications for how we practice ethical research and how we train young scholars. Clear protocols in this emerging topic area provide a guide for researchers to educate assistants, and explore rich new data collection opportunities. Academics can provide students a viable chance to collect data in an area where they are likely familiar and excited to explore.

Originality/value:

This research updates and adds to an ongoing discussion regarding ethical issues in OSN research. Issues related to hashtag research are increasingly relevant to both qualitative and quantitative research. Fresh research in emerging topics in ethics keeps it a viable area to explore and engages young scholars.

VIRTUE CHARACTER AND VALUES OF GLOBAL FIRMS

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ABSTRACT

Notions of social responsibility vary with time, place and culture, as norms and values established within one local community differ from another (Donaldson and Dunfee, 1994, Epstein, 1987). A different emphasis on ethical values by country and industry of origin should then be expected (Bernstein, 1984). The virtue ethics approach, as opposed to Kantianism, is more receptive to cultural relativism because different people and cultures can consider different character traits as virtues (Whetstone, 2001). Applying virtue ethics theory to business ethics became increasingly popular but the empirical studies are rare. This study compares the different virtuous ethical characters of the Fortune Global 500 firms by country and industry. Two propositions were defined to guide the empirical work;

Proposition 1: Global 500 firms have different emphases on virtuous character in their ethical values, depending on their Industry of Origin.
Proposition 2: Global 500 firms in the same industry have different emphases on virtuous character in their ethical values, depending on their Country of Origin

A content analysis of the ethical statements of 122 Fortune Global 500 firms drawn from 4 sectors is presented, using correspondence analysis: Petroleum refining (29 firms), Commercial banks and savings (56 firms), Pharmaceuticals (13 firms), and Food and drug stores (24 firms). Data were downloaded from the Internet homepages of the sample company, and then imported into a computer software package *Nudist* for coding. The English version of a website was chosen if a firm had several language options. The framework for coding themes used the Virtue Ethical Character Scale (Chun, 2005), which was developed for the empirical assessment of virtues at the organizational level. Six dimensions of organizational virtue (integrity, empathy, warmth, courage, conscientiousness and zeal) were identified through confirmatory factor analysis.

The frequencies of word counts for the 6 organizational virtue character dimensions were further analyzed using correspondence analysis (*Simca* version 2), a technique that displays the rows and columns of a data matrix in low dimensional vector space (Greenacre, 1984: 54). American firms emphasize courage, while European firms emphasize integrity and empathy, with Asian firms being closer to Europeans. Retailers and pharmaceuticals emphasized empathy while banks and petroleum emphasized courage. Theoretical contribution and managerial implications are discussed
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(References are available upon request)

MEASURING CORPORATE GOVERNANCE EFFECTIVENESS AT THE INDIVIDUAL DIRECTOR LEVEL

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ABSTRACT

The practice of corporate directors serving on multiple boards is commonplace in the U.S.   A number of U.S. regulatory bodies and organizations have expressed serious concerns about the possible negative consequences of multiple directorships. Some of these organizations have made proposals that are intended to reduce the potential negative effects caused by "overboarding." As an example, the Council of Institutional Investors (2014) recommends that directors who are employed full-time should be limited to two outside board positions unless there are special and/or unusual circumstances that would warrant an exception. Similarly, the National Association of Corporate Directors suggests that corporate executives should limit their board memberships and that directors should allow at least four 40-hour weeks of service per board assignment (NACD, 1996).

There is conflicting evidence in the academic literature about whether multiple directorships either increase or decrease corporate governance effectiveness. One strand of prior research tests the "Busyness Hypothesis," which proposes that as directors assume additional directorships, they become distracted and/or overcommitted, which results in a decrease in corporate governance effectiveness (Ahn et al. (2010); Fich and Shivdasani (2006)). Another line of research examines the "Experience Hypothesis," which posits that as directors take on additional directorships they obtain beneficial experience, resulting in increased governance effectiveness. A number of prior research efforts have documented results consistent with the Experience Hypothesis (Booth and Deli (1996); Carpenter and Westphal (2001)).

In addition, a recent line of research proposes that an experience effect and a busyness effect likely occur simultaneously, and that one of these effects will dominate the other, based on certain firm-specific characteristics. Importantly, this strand of research documents that serving on multiple boards may enhance governance effectiveness in certain circumstances. For example, Clements et al. (2015a) predict that the experience effect will dominate the busyness effect for directors that serve on outside boards in related industries, while Clements et al. (2015b) hypothesize that the experience effect will also dominate when a director accepts an outside board position on the board of a comparatively larger company.

The vast majority of this prior research has examined governance effectiveness at the board level. In the current paper, however, we will contribute to the corporate governance literature by examining governance effectiveness at the individual director level. In particular, using data collected from the *Audit Analytics* database, we will compute a "director quality score" for each individual director in the database. We will employ a commonly used ranking algorithm to calculate our director quality scores. The quality score for each director will attempt to capture

the overall effectiveness of that director based on his/her performance on all the boards on which that director sits.

The primary input to the ranking algorithm will be the number of reported material internal control weaknesses for each company for which a particular director serves on the board. The number of reported material internal control weaknesses is commonly used in prior research as a proxy for governance effectiveness (e.g., Johnstone et al. (2011)).

First, we will use data from 2004-2010 in an estimation model to determine a "quality score" for each individual director. We will then attempt to determine the validity of our individual director quality scores by using the results in a validation model. The validation process will be conducted at the board level, consistent with prior research. We will aggregate our individual board member quality scores to form a quality index for each company in the *Audit Analytics* database. We will then use this aggregate company quality index as a predictor of corporate governance effectiveness for the years 2011-2014.

Our results may be of value to various groups that are interested in assessing governance effectiveness either at the individual director level or at the aggregate board level. For example, at the individual director level, companies that are seeking to add new members to their board may be interested in assessing the "quality" of a potential individual director. In addition, other individuals or entities, such as current and potential investors and creditors, regulators, and financial analysts, might be interested in assessing governance "quality" at the aggregate board level. Results from our analysis should be useful in determining the extent to which director quality scores may be helpful in assessing governance effectiveness.

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LESSONS FROM THE ONGOING GREEK FINANCIAL CRISIS

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Abstract

Currently the Greek government is attempting to renegotiate its bailout package with the EU. As it stands, Greece must implement numerous measures liberalizing its economy and reducing government expenditures in return for loan relief and aid from the ECB. The resulting economic hardship led to election of a new Greek government dedicated to reversing the austerity measures. However, the Greek economy will collapse without EU aid, which European leaders have said will end if the agreement is abrogated.

This crisis presents many interesting issues for business ethicists. For example, the Greek government's manipulation of financial information to gain admittance to the EU and its many unsustainable promises to Greek citizens both played a direct role in the current crisis. The EU's willingness to ignore financial misrepresentation and its disregard (once German and French banks were protected) for the hardship caused by Greek austerity poses troubling questions for other small EU nations. All of these issues are relevant to business and political leaders in other countries, including the US.

This paper outlines significant ethical implications of the ongoing Greek financial crisis. Section one provides background information on the crisis and a motivation for the paper. Section two examines the ethical issues surrounding the Greek government's actions, while section three illustrates those of the EU. Section four discusses these lessons' relevance to those beyond the EU. Section five concludes the paper.

THE UN GLOBAL COMPACT IN THE MIDWEST: THE EFFECTS OF UNGC PARTICIPATION ON BUSINESS PRACTICES IN MIDWEST FIRMS

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Abstract

This proposal is for a discussion paper. The following abstract describes research which is currently underway. It is anticipated that the project will have advanced significantly by the time of the October 2015 conference.

The United Nations Global Compact (UNGC) was launched in 2000 as a voluntary but strategic initiative through which participating firms publicly affirm their commitments to ten widely accepted principles relating to labor and environmental practices, anti-corruption and human rights. The goals of the UNGC are ambitious, aiming to bring the UNGC principles into mainstream business strategy and operations around the world, and to catalyze business action in support of UN goals and issues, with emphasis on collaboration and collective action.[1] Previous studies have investigated the whether the act of becoming a UNGC signatory substantially changes corporate behavior. Berliner and Prakash (2015) found, for example, that firms may use UNGC membership as a way to shirk more substantive change, though Schembera (2012) finds that the implementation of corporate social responsibility initiatives increases with UNGC membership. Similarly, Bernhagen and Mitchell's (2010) research suggested that large firms, who are also UNGC signatories, are more likely to develop human-rights related company policies.

This research project investigates whether the UNGC acts as a catalyst for change in the labor and environmental practices of UNGC signatories located in Midwestern United States. It has two primary research goals: (1) to develop a preliminary understanding of why firms joined the UNGC, and (2) to evaluate whether the objectives of the UNGC are being met within the Midwestern companies that have joined. We believe our project is unique in several ways. First, to our knowledge, this is the only study that focuses specifically on the impact of the UNGC on companies in the Midwestern United States. Second, rather than studying externally observable characteristics or behaviors, our study is interview-based and captures participating firms' self-perceptions and experiences. Third, while many studies focus on the impact of UNGC participation on the behavior of very large and/or transnational firms (Berghagen and Mitchell, 2010; Baumann-Pauly and Scherer, 2013) many of the firms in our sample are small to medium sized.

Additionally, we have a working hypothesis that most Midwestern UNGC firms might not have much knowledge of whether other firms in their geographic area and/or their industry are also UNGC signatories. This is based on our knowledge of local firm behavior, which hypothesizes that the most salient knowledge for firms revolves around competitors and markets and that other knowledge domains, such as CSR and UNGC related actions, are only tangentially or dimly

known. Thus, a secondary research outcome of this study is to provide a foundation for interaction and community building within the network of Midwestern UNGC signatories. By following up the initial interviews with a series of organized meetings, we anticipate that this research can itself become a catalyst for a deeper integration of the UNGC principles. This collaborative approach to capacity building is supported by the research of Perez-Batres (2011), which argues that peer influence is a more powerful determinant of sustainable firm behavior than coercive policies such as government regulation.

Our study design set a 100 mile radius around the city of Chicago from which to select firms. Eighty three UNGC signatories were identified, including forty four regional offices of large multi-national firms (of which thirteen are Fortune 500 companies) and twenty six small to medium sized enterprises. The sample also includes five academic institutions, two business associations, one city, and five NGOs. Fifty firms have been selected for interviews, representing a mix of NGO/public sector firms, large private firms, and small to medium private firms. The key UNGC advocate at each firm was contacted to request participation in a semi-structured interview about the effects of UNGC participation within the firm. Some of the questions we asked were:

> 1. How did you first hear about the United Nations Global Compact?
>
> 2. Who championed the UN Global Compact initiative at your company and why was it important to join the UN Global Compact? What did the firm hope to achieve or gain?
>
> 3. What was that initial reaction from executive management when the UN Global Compact signatory option was presented?
>
> 4. When did your company become a signatory of the UN Global Compact? What issues arose with becoming a signatory?
>
> 5. What changes have you seen after becoming a UN Global Compact member?

To date, we have completed 15 interviews, with an additional 20 interviews anticipated to be completed by the conference date.

Two preliminary findings have emerged. First, the initial impulse to sign on to the UNGC is often driven by a highly motivated person within the firm, as opposed to a strategic direction or vision.

Second, companies are likely to report that business practices already in place, or changes happening for other (non-UNGC) reasons are in alignment with the UNGC principles. It is much less common for companies to report that the UNGC is a driving force for a particular strategy or change. These observations suggest that the current role of the UNGC is to serve as an identifying marker for companies whose values and business practices already align with the principles. This is an important but modest impact, not quite achieving the stated goals of bringing the principles into mainstream business strategy or catalyzing business action. These preliminary findings raise questions about how

the UNGC can increase its influence on firm behavior and business culture. So far our findings contradict Bernhagen and Mitchell (2010) as noted above.

Our proposed presentation at the International Vincentian Business Ethics Conference will present the current state of this research and its findings as of the conference date. The findings should invite further discussion about the role of collaboration between academic researchers and UNGC companies, especially with a focus on how this collaboration can deepen firms' commitments to the UNGC and further the objectives of the Compact.

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1 https://www.unglobalcompact.org/AboutTheGC/index.html

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PRME, Religious Ethics and Interfaith Cooperation: Opportunities and Challenges for Implementing the PRME Principles at Faith-based Institutions of Higher Education

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Abstract

This proposal is for the conference-related theme on "an emerging approach to teaching business ethics." The following abstract describes research that is currently underway. It is anticipated that the project will have advanced significantly by the time of the October 2015 conference.

Religiously-affiliated academic institutions generally have mission statements that detail explicit values from the underlying religion/tradition that are present in at least some aspects of a student's academic and/or extra-curricular opportunities while enrolled. These institutions fit the general definition of faith-related or faith-based organizations (FBOs) that appears in the literature, which are institutions whose mission and identity are "self-consciously derived from the teachings of one or more religious or spiritual traditions" (Ferris, 2005: 16). As such, there is often a desire on the part of at least some faculty and administrators for these explicit values to be present in the curriculum. There are many obstacles to discussions of ethics and values in business classrooms though: faculty aren't trained in ethics, faculty see their role as imparting content comprehension but not values training, some faculty are agnostic or atheist and do not espouse the religious values of the institution or the religious foundations of the values, and so forth.

This paper analyzes PRME from the perspective of the three main monotheistic religions to see what opportunities there are for religiously affiliated institutions to develop both a religious and secular way of discussing/evaluating/teaching values and ethical decision-making such that there is some consistency with other business schools in the US; and, identifies how religiously infused mission statements might facilitate adoption of PRME principles from the perspective of various religious traditions. The paper proceeds to explore whether or not there are also challenges involved in adopting a UN proposal for integration of values at religiously affiliated institutions of higher education. Finally, we look at the opportunities that might come from interfaith cooperation/critical reflection and interfaith ethics in PRME implementation.   In bringing in the various religious perspectives, one portion of the paper focuses on Catholic ethics and evaluates the six PRME principles in light of the themes of Catholic social teaching (CST) on the economy and recent, related papal documents and pronouncements. Presenters discuss the distinct perspectives lodged in CST that "help nurture future managers to be more attuned to the societal and ethical impacts resulting from their … decisions" (Laczniak, et.al., 2012: 101) and that align with PRME dictates... A second section examines PRME from a Jewish Ethics Perspective to identify those characteristics or values that distinguish it from other secular approaches to business ethics (Pava, 1998), and the related implications for adopting the PRME principles at a Jewish University .   A third section examines PRME from an Islamic business

ethics perspective and uncovers the roots of Islam as they pertain to the adoption and implementation of the PRME principles (Badawi, 2001). These perspectives along with the opportunities and challenges they pose for PRME implementation are followed by an exploration of the extent to which religiously-affiliated institutions are, in fact, PRME signatories and how the six principles are integrated into the business school curriculum that may be distinct from implementation schemes at non-religious institutions. Finally, the paper proposes some avenues where interfaith cooperation and critical reflection may be an option in the more effective implementation of PRME.

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THE VALUE OF SPIRITUAL ENGAGEMENT IN A VOLUNTEERING CONTEXT

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Abstract

With a growing number of not-for-profit organisations facing limited resources, there is a rising demand for volunteers. Therefore, organisations must better understand volunteers to mobilise their support and ensure volunteer engagement. However, much of extant research neglects the value volunteers seek in their humanitarian activities. We investigate the nature and consequences of volunteer engagement, and advance understanding of engagement in terms of cognitive, affective, and behavioural components by enriching the concept through spiritual components. Our results demonstrate the importance of all engagement components while highlighting significant effect differences on volunteers' perceived value-in-context, offering important theoretical and managerial implications.

1. Introduction

With a growing global need for volunteers and greater competition to engage this valuable resource, it is becoming increasingly important to understand the drivers and motivations of voluntary support in our society. Moreover, with increasing time, complexity and resource constraints people need to see sufficient meaning and value in their volunteering efforts so as to ensure consideration of these efforts as part of their daily lives. For example, 6.1 million Australians (36% of the population) aged 18 years and over participated in voluntary work in 2010 (Australia Bureau of Statistics, 2010). In this environment it is important to focus on engaging volunteers to enhance their experience and maintain their loyalty to the institution. Volunteer engagement has been defined as a "*positive, fulfilling, affective, motivational state of work-related well-being*" (Vecina & Chaćon, 2013 p. 872). More broadly, volunteer engagement refers to a willingness to invest one's own resources such as thoughts, emotions, and actions for the benefit of others. Previous research on volunteer engagement has focused on the perspective of the not-for-profit organisation (e.g. Millette & Gagné, 2008). However, as the importance of volunteering increases, it is imperative that volunteer engagement is considered from a volunteer perspective and the value derived from volunteer engagement identified and understood.

The objectives of this study are to investigate and expand our understanding of volunteer engagement with a focus on the volunteer perspective. We consider volunteer engagement using a multi-dimensional approach that encompasses commonly considered cognitive, affective, and behavioural dimensions, while introducing a spiritual dimension to the engagement literature. In addition to these conceptual extensions, we also contribute to the literature by examining the relationship between volunteer engagement with the institution and respective value outcomes for the volunteer. In so doing, we provide important insights into volunteer

engagement and the diverse roles that the individual engagement dimensions play in view of desired value outcomes.

2. Volunteer engagement

The concept of volunteer engagement has recently emerged from psychology literature and has extended to marketing and management realms (Brodie, Hollebeek, Juric and Ilic, 2011). Within this literature volunteer engagement has been greatly associated with a positive, fulfilling experience when being connected and involved in a socially responsible and supportive activity. The primary defining and measurement factors of engagement have utilised a multidimensional approach comprising cognitive, affective and behavioural dimensions (Brodie et al. 2011).

The majority of research investigating the outcomes of volunteer engagement has focussed on the benefits to the not-for-profit organisation (Millette & Gagné, 2008). While it is recognised that volunteer engagement results in volunteer satisfaction and commitment among volunteers (Millette & Gagné, 2008), researchers have highlighted this relevance to enhanced intentions to continue volunteering (Vecina, Chaćon, Sueiro and Barron, 2012). Vecina, Chaćon, Marzana and Marta (2012) investigated volunteer-related outcomes and demonstrate that volunteer engagement results in improved psychological wellbeing. However, a follow up study highlighted that volunteer pressure-based prosocial motivation, that is motivation to fulfill a duty or conform to a social norm rather than for intrinsic enjoyment, did not correspond with engagement or improved psychological well-being among volunteers (Vecina & Chaćon, 2013). Therefore, there is a need to further investigate the impact of volunteer engagement from the perspective of the volunteer.

2.1 Spiritual engagement

The current conceptualisation of volunteer engagement is consistent with the marketing and management literature and focuses on cognitive, affective and behavioural dimensions. However, this research proposes that there are additional dimensions in which people can gain a connection with their volunteer institution. Although the notion of spiritual engagement has appeared previously in academic literature, it has not been connected with volunteerism or customer/employee engagement, but rather appears in religiosity and healthcare contexts. Previous research has considered spiritual engagement akin to a personal transformation, human values, or participation in religious activities (Penman, Oliver and Harrington, 2012). Interestingly, relationships and social experiences have been identified as a means of individuals expressing their spirituality (Penman et al., 2012). Stewart, Kocet and Lodell's (2011) focused on transforming religious university campuses in order for them to be more spiritually engaging. This required individuals coming together and collaborating to overcome differences and develop communities based on commonly held values which underlie specific religious traditions (Stewart et al., 2011). Based on this literature, for the purpose of this study we define spiritual engagement as a *volunteer's state of motivation (or heightened level of interest) directed towards transcendent interactions and personal transformation*. Little is known about the spiritual engagement that occurs between an individual and an institution that espouses spiritual virtues.

3. Value-in-context

Volunteer engagement has been demonstrated to improve volunteer satisfaction and performance (Millette & Gagné, 2008). However, while considered nomological networks are narrow and constructs are broad, they don't provide insight into the value that volunteers receive from engaging in the volunteer experience. Therefore, this research will add to current literature by examining specific forms of value as an outcome of engagement and utilise the concept of value-in-context to examine this. Value-in-context doesn't measure the value of 'things', it measures the unique value which emerges from the volunteer's engagement in activities. The volunteer experiences the emerging value as connected with either (i) the resource-integrating activities associated with volunteering, (ii) the items supporting his/her activities, or (iii) the people they are interacting with, either the beneficiaries or other volunteers.

Five engagement dimensions (cognitive, behavioural, affective, social and spiritual) will are analysed in relation to value outcomes. As underlying theoretical basis for these relationships, social exchange theory suggests that interactions on reciprocally beneficial terms are likely to lead the involved parties to perceive what is exchanged as valuable (Thibaut & Kelly, 1959). Volunteer engagement is thus reasoned to contribute to meaningful interactions as manifested in value-in-context outcomes. Hence, we predict positive association between the engagement antecedents and the value-in-context outcomes.

4. Method

An Australian division of an international Vincentian not-for-profit institution was identified as an appropriate setting to examine the relationship between volunteer engagement and value-in-context. This institution has a religious ethos aimed at assisting the under-privileged in society and is largely serviced by a volunteer workforce of over 2000 volunteers. After a qualitative phase of the research (5 focus groups and 11 in-depth interviews), a survey was designed and distributed to volunteers via an online survey link and printed surveys. Over 500 returned surveys resulted in 464 usable responses.

To further our understanding of how volunteer engagement facilitates value-in-context for volunteers, the interrelationships were examined by means of a structural model. Overall, all dimensions of engagement impacted on several value-in-context dimensions, highlighting the relevance of the multi-dimensional approach and the need for strategies to address each.

5. Conclusion

This study provides insight into the value outcomes associated with volunteer engagement from the perspective of the volunteer. While previous studies have focussed on institutional metrics, such as turnover and performance (Millette & Gagné, 2008), this research clearly demonstrates that volunteer engagement provides social value, spiritual value, self-value, and object-value to the volunteers. Understanding these outcomes is critical to engage and energise volunteers over time. A multi-dimensional approach to measuring volunteer engagement was adopted; extending the broader literature on engagement by introducing spiritual engagement as a further dimension. These scales were rigorously checked for measurement qualities. The value-in-

context scale was replicated, and although the general structure held there were key differences among engagement dimensions and their relevance in view of valued outcomes. This allowed further understanding of the value outcomes associated with institutional engagement.

Theoretically, this research demonstrates the relevance of spiritual engagement as important yet commonly neglected manifestations of the concept. Managerially, this research highlights the role of volunteering organisations in ensuring that these alternative engagement forms are being met to increase the meaning of the volunteering experience, ultimately for the benefit of the individual and the collective.

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"UN GLOBAL COMPACT: MORAL ARBITRAGE BETWEEN PRINCIPLES & PRAGMATISM"

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Abstract

Since its official Launch in 2000 the UN Global compact (UNGC) has become the most widely supported initiative in corporate history with over 12,000 participants including over 8,000 businesses in 145 countries. These have agreed to its stated aim of developing business models according to 10 working principles advocating human rights, labour standards, protection of the environment, and anti-corruption controls.

However, The UNGC is not without its defects and this presentation seeks to explore the moral arbitrage involved in the practical real world execution of its founding principles.

The UNGC focus on learning, dialogue, partnership and voluntary participation rather than strict oversight, compliance and enforcement of its own standards means it is, in its own words "more of a guide dog than a watch dog". Similarly, the original reach and scope of corporate responsibility for a member organization's "sphere of influence" has been quietly dropped form its mission statement.

Other concerns that have been levelled at the agency are the high attrition rate of expelled members (over 5,203 since foundation) - with inadequate data for rationale be it failure to act in faith with UNGC Core values, reportage burden or other reasons – and the lack of proportional participation of businesses from the United States of America.

The parity of board composition does not conform to its own selection guidelines for gender parity and SME representation is virtually non-existent. Companies from the energy sector, however, are over represented. There have been some board appointments that have met with some questions and debate due to the character and history of certain individuals, not unusual in itself, but the selection process is opaque.

The appointment of convicted and jailed fraudster Chey Tae-won's to the board was defended by the Executive Director of the Compact, Georg Kell, who stated that Mr. Chey's appointment was " very fitting because the Global Compact is not a white knight benchmarking exercise, which says 'If you participate in the Compact you are a holy person'. We need real world case studies and lessons to internalize the relevant lessons."

The UNGC faced sustained criticism for its decision to maintain energy company, Petrochina as a compact member despite claims by over 80 civil society organizations claiming it was involved in human rights abuses in the Sudan.

Income

Sources of Income for the Global Compact in 2013 (in USD)	
Public	**3,671,121**
Governments	3,594,886
Interest and Other income	76,235
Private[1]	**14,661,630**
Foundation for the Global Compact	
TOTAL INCOME	**18,332,751**

Income by source in 2013

Public
$3.67 mm

Private
$14.66 mm

The UNGC receives the lion share of its funding from its constituent members - with the danger of its agenda being shaped by those corporations with the deepest pockets – measures to ensure the limitation of undue influence are reviewed.
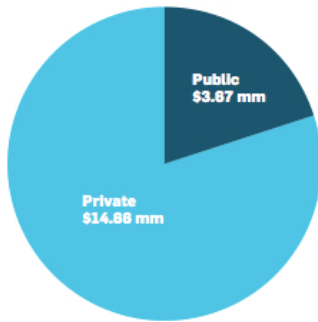
The Morality of Compromise

To conclude, let us ask:

To what extent can the principles of the UNGC be assessed, traded and bargained under the moral relativism of *realpolitik*?

Are the UNGC 10 Principles subject to a form of cost/benefit trade off – an arbitrage between profit and principles as an incentive for participation?

Does UNGC participation encourage moral licensing?

What expediencies must be afforded to "internalize the relevant lessons" and achieve the vision?

What are the political pressures on the UNGC?

Is the future for UNGC a pragmatic path beyond principles to process?

These are the questions for educators and the UNGC.

REVITALISING THE ETHICS IN HRM: A THREE LEVEL FRAMEWORK FOR EMPIRICAL ANALYSIS

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Abstract

Human Resource Management (HRM) – being concerned with organisations' relationships with people – is intrinsically ethical in nature. However, research examining the ethical issues surrounding HRM has been limited over the past 20 years (Jack et al., 2012 and Greenwood, 2013) and what research there has been has two significant limitations. First, the research on ethical issues in HRM has become fragmented. Second, existing research especially at the macro level, often lacks credibility because it fails to ground itself in the realities of HRM practices and base itself in empirical work.

The paper argues that the root of these deficiencies lay in gaps in theory which examines micro and macro level issues in isolation missing the meso level policies that can link them and enable better conceptualisation of cause and effect. This makes it difficult for researchers to properly locate practice in the context of macro theory when conducting empirical research. The resulting vacuum has also led researchers to neglect examination of the integration between ethical HRM activities at the micro level. This paper presents a three level framework to guide the investigation of ethics in HRM that helps locate micro level practice in the context of macro level theory and provides a framework to guide empirical research.

Introduction

Human Resource Management (HRM) – being concerned with organisations' relationships with people – is intrinsically ethical in nature. However, research examining the ethical issues surrounding HRM has been limited over the past 20 years (Jack et al., 2012 and Greenwood, 2013) and what research there has been has two significant limitations.

First, the research on ethical issues in HRM has become fragmented. Responding to the criticism by Rowan (2000) that research that attempted to apply ethical theories to HRM at the macro level was too complex and esoteric for practitioners or many academics to understand, attention has been directed at developing more accessible frameworks (Greenwood 2002). Researchers including Greenwood (2002, 2013), Janssens and Steyaert (2012) and Weaver and Trevino (2001), each expend considerable effort on definition of ethical HRM and proposing frameworks for further research. At the micro level researchers have focused on responding to specific concerns related to HR ethics by examining particular HRM practices. Progress has been made looking at diversity and discrimination (Demuijnck, 2009 and Martin-Alcazar, 2012), organisational restructuring (Warren, 2002 and Wilcox, 2013), performance appraisal (Ryan, 2006 and Warren, 2002), privacy (Nye, 2002), recruitment (Ryan, 2006 and Warren, 2002), reward (Warren, 2002), and workplace bullying (Carden and Boyd, 2010). However, at both levels, the failure of much of this research to have impact on the promotion of the wider HRM ethics project is apparent.

At the macro level the debate is often still so detached from practice that it is difficult to see how the frameworks can speak to practitioners. Research at the macro level is fragmented in that it has isolated itself from lower levels of analysis. At the micro level the focus on specific issues in silos means that discussion rarely examines how different functions of HRM may come together through an ethical perspective. Research on HR ethics at the micro level is fragmented in that it fails to provide integrating perspectives that bring together bundles of HR activities. Together, the lack of dialogue across and within levels of analysis means that the research of ethics in HRM has failed to build a coherent integrative framework to challenge its managerialist counterparts.

Second, the limited research that does exist, especially at the macro level, often lacks credibility because it fails to ground itself in the realities of HRM practices and base itself in empirical work. Far too often research is presented without recourse to those who actually implement and experience the policies promoted in the name of HRM. Where this is the case there is little to convince HRM practitioners or, more importantly, company executives that they should change their approach to HRM issues. Indeed, where research does take place with an empirical basis it demonstrates the naivety of the assumptions often made in the macro analysis. For example Wilcox (2012) demonstrates how HR Managers in her case study organisation actively resisted executive moves to reduce headcount through restructuring, countering the assumption that HR practitioners no longer have an interest in taking responsibility for employee welfare. Indeed, to be credible, research into the ethics of HRM needs to build its understanding of multiple perspectives on ethical issues by actively talking to company executives, HR professionals, employees and community members amongst others.

This paper begins to address these issues by presenting a framework for research that works across levels. The paper starts by examining 'A Three Level Framework for the Investigation of Ethics in HRM' and points to the linkages between macro, meso and micro level issues. It continues to examine 'A Research Agenda for Ethics in HRM' and the work that needs to be carried out when using the framework to revitalise research of ethics in HRM. Finally, in the 'Discussion and Conclusions' the implications of the paper for theory, practice and future research are discussed.

The Three Level Framework for the Investigation of Ethics in HRM

The ethical nature of HRM has been recognised since the concept gained traction in the 1980s. As Greenwood (2013) notes, in this early period critical examination of the structures and impacts of HRM had a vitality that led to some progress. Typical of this vitality was Hart's (1993) colourful (macro level) critique that represents HRM as amoral and antisocial, unprofessional, reactive, uneconomic and ecologically destructive and the robust if somewhat defensive repost from the profession's leaders (e.g. Torrington, 1993). Indeed, ethical critiques were attacked on the grounds that they were in some substantial way incorrect in their representation of the profession. On the other hand, the critiques were criticised for taking an approach that failed to address managers' concerns and were condemned as being irrelevant (Barrett, 1999). Whilst unresolved, the debate was moving forward. Early research of ethical issues at a technical (micro) level also had a positive momentum. For example research examining empowerment

initiatives (Claydon and Doyle, 1996) privacy (Taylor, 2000), pay (Heery, 1996), health and safety (Tidwell, 2000) and performance (Winstanley and Stuart-Smith, 1996) each pointed to practical outcomes.

Since this early period, debate of the ethical nature of HRM at the conceptual (macro) level has waned whilst the amount of work at the technical (micro) level is small in comparison to the import of the issues at hand. Central to this lack of progress is the fragmentation of research examining ethics in HRM. As noted in the introduction, recent research at the macro level is detached from practice and at the micro level it has developed in silos meaning that discussion rarely integrates different functions of HR when examining ethics. Central to this fragmentation between the macro and micro levels is an over ambitious approach where macro level analysis is assumed to link directly to micro level practice. The rest of this section argues that in order to revitalise research on ethics in HRM – and bridge the gap from macro to micro level – that a third level needs to be introduced to the analysis.

Key to revitalising research on the ethics of HRM is the ability to show its impact on practice and bridge the gap between the macro and micro levels of analysis. Lessons can be learned by observing how the shift from conceptualising people management as Personnel to HRM took place. That move represented a distinct conceptual change for the profession, one that has had dramatic consequences for the way HRM practitioners conduct their day to day activities. When creating that change those developing the theory of HRM spelt out how changing concepts would lead to changes in culture, structures and policies. Only then were the impacts on micro level practices demonstrated. Subsequent practice provided examples that others could follow. If ethical HRM is to influence HR practitioners it must follow a similar route.

So, the fragmentation between the macro and micro levels of analysis has two root causes. First, by trying to move directly from concepts and principles (macro) to techniques and practices (micro), key cultural, structural and policy components of HRM essential to shaping practices are lost. Second, the research has failed to pay attention to how translation between levels of analysis occurs. That is, analysis of how macro level concepts and principles have an impact on micro level practices is missing.

Debate of ethics at the macro level examines HRM in its totality. It tends to argue for an alternative focus that uses an ethical or sustainability lens. As such, it is concerned with concepts and principles and key themes in this work are power, fairness, and contextual influences. Whilst examination of each of these concerns is legitimate in its own right, it is very difficult to determine their impact directly on the micro level. For example, whilst individual employees can express their opinion about whether their reward is fair in relation to the work they do or not – and thus use the macro level concepts in relation to micro level practice – a judgement on whether it is actually fair or not cannot be made without appealing to organisational policies and frameworks for reward. Only by examining higher level structures and policies can an answer be derived.

This points to the need to recognise the very real role of what here shall be called the meso level components of HRM. By providing culture, structure and policies that support macro level concepts and at the same time shape practices at the micro level, meso level components prove

essential to translating ideas into actions. As a result, if the meso level components fail to reflect the concepts and principles of ethical HRM they will act to block the translation of ethical concepts to practice. Indeed, the examination of the meso level is essential to gaining the impact that ethical HRM desires.

Having recognised the need to analyse meso level components of HRM it is also important to focus on how ethical concepts and principles get translated into structures and policies and in turn techniques and practices. Only by understanding these processes can ethical HRM become effective at influencing HRM practices. This means that research needs to determine how components that operate at the different levels of analysis interact and have an impact on one another.

What this argument leads to is the proposal that research of ethical HRM should move to work across three levels of analysis and an agenda for analysis revolving around the framework outlined in Figure 1. The macro level focuses on HRM in its totality as manifested in the concepts, principles, theories and frameworks that are used to describe, explain and proscribe the management of people in organisations. The meso level focuses on institutional level interpretations of macro level theory as manifested in structures and policies set by organisations. The micro level focuses on the practices and experiences of HRM and how they are operated and experienced by HR practitioners and employees in context. Research of ethical HRM should also work on translation to understand how actions at each of these levels interact and ultimately impact on ethical HRM practice.

Level	Focus	Manifestation	Translations
Macro	HRM in its totality	HRM ethical concepts and principles	Macro / Meso translation
Meso	Institutional level stance	HRM ethical culture, structures and policies	
Micro	Practices and experiences	HRM practitioners' and employees' experiences of ethics operating in context.	Meso / Micro translation
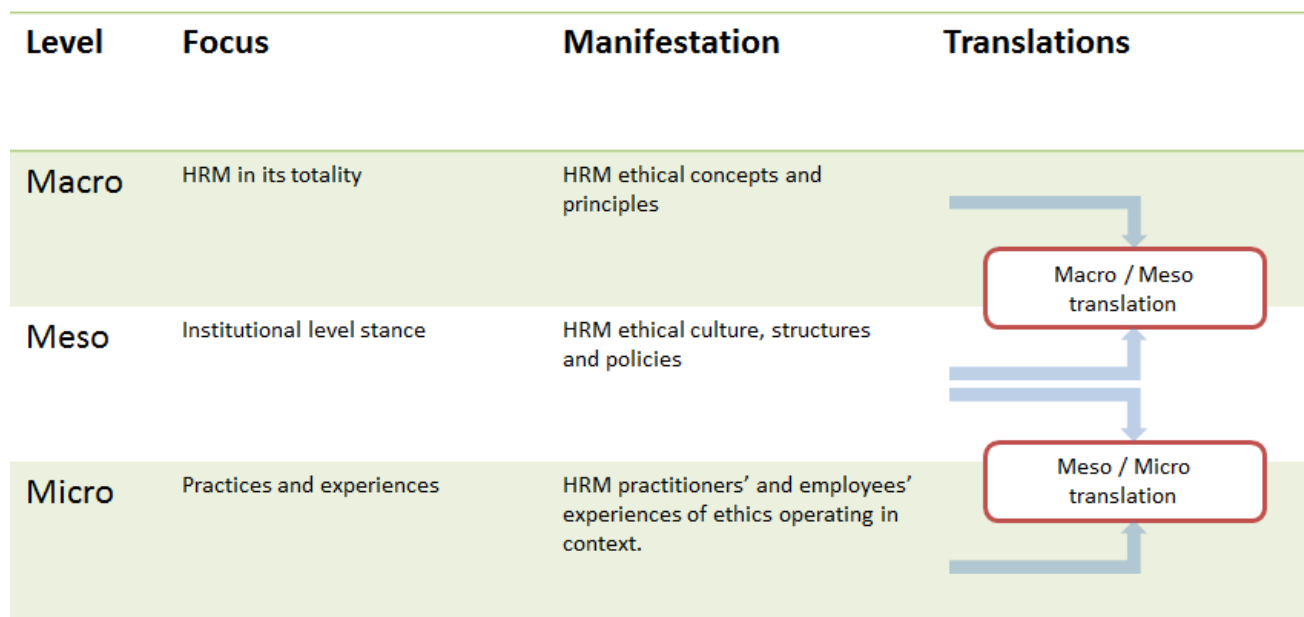
Figure 1: Levels of HRM Ethical Analysis

MEASURING THE IMPACT OF INDIVIDUAL VIRTUE

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Keywords: Virtue Ethics, Moral attentiveness, Ethical Leadership

Abstract

In 2008 Shanahan and Hyman developed their Virtue Ethics Scale. The scale based on Solomon's (1992) examination of virtues in business shows potential to identify peoples' virtues and identification of their impact on ethical behaviours in a business context. However the scale has yet to be validated with samples of business people. This paper attempts to (1) validate the scale and its ability to measure individuals' virtue (IV) and (2) examine IV's ability to support ethical behaviour by raising individuals' Moral Attentiveness (MA) and the extent to which they Perceive of Ethics and Social Responsibility to have a role in creating organisational effectiveness (PRESOR).

Confirmatory Factor Analysis (cfa) of data collected from a sample of 137 HR practitioners establishes that the 6 factor solution identified by Shananan and Hyman was not appropriate for the sample under examination. Rather, exploratory factor analysis results in three dimensions based in 17 items focusing on the individuals' reliability, resourcefulness, and leadership. Multiple regression analysis establishes that the IV leadership dimension is positively associated with both perceptual and reflective MA and the belief that ethics and social responsibility are important to organisational effectiveness. Moreover, reflective moral attentiveness is shown to mediate the associations between IV leadership and PRESOR Stakeholder Effectiveness. The paper concludes by examining the implications of the findings for further research and practice.

ORGANIZATIONAL ETHICAL FAILURES

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ABSTRACT

What makes an organization successful (and what generates economic and ethical failures)? In this paper we address this question by defining and exploring the concept of *Organizational Ethical Failures* (OEFs), which we define as those organizational failures generated by *managerial decisions that despite being well-intended involve unethical conduct in the decision-making process and/or fail to continuously equilibrate stakeholder interests in a fair and efficient way.* This definition combines to the concept of "unethical conduct" traditionally used in business ethics research with the concept of "stakeholder equilibration failure" introduced by Venkataraman (2002) in his path-breaking article on ethics and entrepreneurship.

We develop our analysis by combining insights from two different disciplines, namely business ethics—in particular, stakeholder theory—and entrepreneurship. Within stakeholder theory, successful organizations are those who are able to create value for their key stakeholders over time and continuously balance their interests in a fair and efficient way. As written by Freeman, Harrison and Wicks (2007: 48): "*A business is successful insofar as it creates value for and satisfies key stakeholders continually over time".* Despite stakeholder theory is relatively recent, we believe that the foundations of this idea can be traced back to the roots of economic theory, that is to Adam Smith, and to the contribution by Amartya Sen in *On Ethics and Economics* (1987).

In the field of entrepreneurship, the idea that *successful business* can only be sustainable when the corporation is at the same time creating value for all its key stakeholders *and* balancing stakeholders' interests has been supported by Venkataraman (2002), who argues that "*the process of entrepreneurial discovery and exploitation will ensure that the corporation will be managed* as if *for the benefit of all stakeholders to the enterprise. Firms, which are not so managed, will, over time, be selected out of the business (and, therefore, social) landscape*" (Venkataraman, 2002: 50). The corollary to this idea is Freeman's description of the key role of managers: they "*must look after the health of the corporation, and this involves balancing the multiple claims of conflicting stakeholders*" (Freeman, 2004: 60). Managing stakeholder relationships is so crucial to the success of the corporation that Freeman concludes: "*when these relationships become unbalanced, the survival of the firm is in jeopardy*" (Freeman, 2004: 61). Even more explicitly, Freeman et al. (2010) recently assert that the 'standard account' of management—i.e. the idea that to create value managers need to focus on profit maximization—is, at its core, a self-defeating idea: "*trying to maximize profits is counterproductive because it takes attention away from the fundamental drivers of value—stakeholder relationships*" (Freeman et al., 2010: 11).

Overall, we take these ideas to represent a clear statement of the linkages between the concept of organizational success (and failure) with considerations of ethics—and in particular, with the core principles of stakeholder theory recently re-stated by Freeman et al. (2010). Managers in their organizations, and entrepreneurs in their business venturing, continuously make decisions that affect not only the economic outcomes of their organizations, but may have significant impacts on the well-being of the different stakeholder groups that are involved in each of those decisions. This is why the management of a value-creating organization is, *by definition,* a "*moral activity*" (Tenbrunsel & Smith-Crowe, 2008: 551). When the *economic* performance of an organization is poor, owners and shareholders are directly affected by the reduced market value or reduced share price. Management theory, particularly strategy scholars, help us to investigate the various antecedents of economic performance, analyzing relevant elements of the decision-making process within the organization (e.g. managerial reward schemes, information systems, organization's culture, etc.), and assessing the influence of external conditions (e.g. the market dynamics, competitors' strategies, resource availability, etc.). In other words, management theory explores the different sources of (economic, managerial, market-driven) *organizational failures*: biased decisions and/or external factors that lead to poor economic outcomes, thereby *failing* to accomplish the organization's objectives.

Following a similar logic, we argue that we can improve our understanding of the sources of organizational failures if we explore them *from a different point of view,* that is, from an interdisciplinary research perspective linking together business ethics and entrepreneurship with insights from social psychology, that can improve our understanding of the cognitive processes operating in managerial decision-making.

That ethical failures can have, as a consequence, bad organizational performance is not a new concept, and has been already discussed by scholars in the business ethics literature. For example, De Cremer et al. (2010) have investigated how ethical failures—by eroding trust within organizations–can result in diminishing individual contribution and poorer organizational performance. We suggest that it is time to put at the center of business ethics research a new concept—extending the concept of "unethical conduct"—that we call "*Organizational Ethical Failures*" (OEFs), which we define as following:

> ORGANIZATIONAL ETHICAL FAILURES *are a particular type of organizational failures, i.e. failures originated by managerial decisions that, despite being well-intended: Involve* <u>unethical conduct</u> *in the decision-making process; and/or* <u>Fail to continuously equilibrate</u> *stakeholder interests in a fair and efficient way.*

This definition allows us to distinguish among three different types of OEFs:

<u>Type I OEFs</u>: '*Unethical conduct',* i.e. decisions based on, or generating behaviors that are either illegal or violate some ethical standards according to widely accepted moral norms of behavior, ethical theories and social conventions (Jones, 1991; Trevino, Weaver and Reynolds (2006);

Type II OEFs: '*Stakeholder Equilibration Failures' (SEFs),* i.e. decisions that—in a dynamic process—fail to continuously balance in a fair[1] and efficient[2] way the interests of the organization's key stakeholders (Venkataraman, 2002); and

Type III OEFs: decisions that involve both Type I and Type II ethical failures.

Table 1. Types of Organizational Ethical Failures

		No	Yes
Ethical Conduct	Yes	**Type II OEF** "*Stakeholder Equilibration Failure*"	**ETHICAL DECISION MAKING**
	No	**Type III OEF** "*ENRON World*"	**Type I OEF** "*Unethical Conduct*"
		No	Yes
		Stakeholder Equilibration	

Our definition of SEFs is built on the idea that the firm is "*a mechanism for equilibrating potentially conflicting stakeholder interests*" (Venkataraman, 2002: 47)[3]. If this mechanism is not working in a fair and efficient way, there will be potential negative effects for the organization itself, such as crisis of legitimacy, conflicts with some stakeholders, and increased transaction costs.

We further elaborate this model (see Table 2) on the basis of Venkataraman (2002), who distinguishes between **weak** and **strong** equilibration mechanisms to solve situations of "*inequalities*" (SEFs concerning the process, i.e. issues of fairness) or "*inequities*" (SEFs concerning the outcomes, i.e. issue of efficiency):

Weak SEFs indicate that the equilibrating mechanism is not working in a fair and efficient way for at least some ("victimized") stakeholders (e.g. an employee of the firm who justifiably believes that her effort has not been rewarded adequately);
Strong SEFs indicate that the whole equilibrating mechanism suffers from systemic problems. While in the case of a weak SEF the action required to re-equilibrate the 'anomalies' can be

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[1] Fairness in balancing stakeholder expectations can be expressed in different ways according to different ethical theories. For example, "fair" could be "what corresponds to an universal principle", or "what generates the greatest happiness for the most people", or simply, "what works best". A discussion of these different positions is beyond the scope of this work, but, no matter what criteria one may choose, considerations of fairness are a key aspect of any stakeholder approach in management.

[2] Efficiency in the process of stakeholder equilibration refers to the outcomes generated for the stakeholders, i.e. on a situation where the relative utility of a stakeholder (group) cannot be increased without decreasing the utility of another stakeholder (group).

[3] According to Venkataraman (2002), to ensure a fair and efficient equilibrating mechanism there must be three different components: 1) a Moral Manager, i.e. a manager with a strong moral character, valuing stakeholders as *ends* and not *means*; 2) a Rawlsian Bargaining Process, i.e. a set of rules for reconciling potentially conflicting interests developed under the "veil of ignorance" and a "Visible Hand", i.e. the possibility of exogenous intervention to correct failures of the previous two elements.

limited toward one single stakeholder (group), in a sort of *exit/voice* mechanism (Hirschman), in the case of a strong SEF there is the need of a radical change in the nature of the equilibrating mechanism to deal with the persistence of "accumulated inequities".

After analyzing the meaning of this new conceptual construct by differentiating between Type I and Type II OEFs, and between *weak* and *strong* Stakeholder Equilibration Failures, we discuss its implications for business ethics research. We argue that the adoption of OEFs as central unit of analysis can help business ethics scholars to extend the research domain of our discipline to investigate a wider set of managerial decisions, beyond the limited set of "ethical issues" that are traditionally investigated by business ethics scholars adopting the normative ethical theories approach. We conclude by discussing some examples of these managerial decisions–e.g. analyzing to what extent the decision by a multinational corporation to close down one production plant, despite passing all ethical tests by the traditional ethical theories, could generate an OEF.

Table 2. Weak and Strong Stakeholder Equilibration Failures

		Weak	Strong
SEFs in the PROCESS (issues of *fairness*)	**Strong**	**"Process innovation/ System Reform"** (E.g. 2009 financial Bailout?)	**"Revolution"** (E.g. Wall Street 1929/New Deal?)
	Weak	**"Arbitrage"**	**"Outcome innovation/"** (E.g. Grameen Bank?)

SEFs in the outcomes (issues of *inefficiency*)

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A CLAIM OF AN ETHICS VIOLATION: REVERSE RACIAL DISCRIMINATION

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ABSTRACT

This case study is about a claim of reverse discrimination, which is discrimination in hiring practices against members of a dominant or majority group in favor of members of a minority or historically disadvantaged group. A group may be defined in terms of race, gender, ethnicity, or other characteristics. This discrimination may seek to restore social inequalities under which minority groups have had less rights to privileges afforded the majority group. In such cases it is intended to remove discrimination that minority groups may face. The label reverse discrimination may also be used to highlight the discrimination inherent in affirmative action programs. Reverse discrimination can be defined as the unequal treatment of members of the majority groups resulting from preferential policies, as in college admissions or employment, intended to remedy earlier discrimination against minorities (Baer 1982).

Much has been written about discrimination and reverse discrimination. Neither has a place in a meritocracy, which strives for a selection system based on intellectual talent measured by either objective examination or objective demonstrated achievement in the field sought. "We would not allow a state university to favor applicants because they are White, not even an iota, whether it called the adjustment a quota, affirmative action, or anything else. To allow it to favor applicants because they are Black seems to be countenancing the most flagrant of double standards" (Ely, p. 723).

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WORK: MORE DECENT OR MORE JUST? WORK AND THEORIES OF SOCIAL JUSTICE AT THE BEGINNING OF THE 21ST CENTURY. CHALLENGES FOR MANAGEMENT AND BUSINESS ETHICS.

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Abstract

Together with CSR and organizational justice, the notion of "decent work" has been put forward during the last decade – especially by the ILO (Ghai, 2003 ; Sen, 2000 ; ILO, 1999) – , as a way to tackle the existence of massive inequalities in working conditions all over the world. Interestingly, such a notion has chosen to concentrate ethical reflexion on "work" rather than on "management" (Willmott, 2005, 1996) or "capitalism" (Sandel, 2012 ; Van Parijs, 1995). More specifically, "decent work" has been seen as an attempt to reconcile work and social justice by (1) promoting a definition of work able to go beyond the current definitions of "work as an activity" or "work as an identity" (Sainsaulieu, 2014 [1977]; Clot & Faïta, 2000 ; Hofstede, 1984); and (2) arguing in favor of a more "socially constructed definition", the one linked with fundamental rights, social protection and social dialogue (Ghai, 2003). Therefore, in line with other neo-institutionnalist approaches (Esping-Andersen, Gallie & Hemerjick, 2000 ; Esping-Andersen, 1996), the notion of "decent work" supports a certain level of "decommodification" in capitalist economy, by underlying the role of legal and social support in productive activities. From an ethical point of view, shall we then consider that the notion of "decent work" has fulfilled its promise, i.e. contributed to reinforce social justice at the workplace?

This paper will answer "no" to such a question, while insisting on the necesity to renew ethical reflection on work in our post-industrial societies. This argument will be divided in two parts.

Part 1 will critically examine the sociological and philosophical fundations of "decent work". Sociological fundations allow us to support a notion which intends to analyse "work" in all places and all forms (formal and unformal working situations, temporary work, homeworking, undeclared work, etc.); but they also show that such a notion is unable to go beyond a general classification of national social systems, and to tackle structural dimensions of social injustice. In fact, "indecent work" is most of the time seen as the result of an uneffective distribution of wages or rights, not as a product of structural unequalties, especially within the international division of labour. That's why philosophical arguments underline the ambiguity of "decency", especially when applied to work. As a typical Kantian notion, "decent work" presupposes that work should comply with a definition of work which *prexists* the social actors; and whereby *formal aspects* of work are more important than *substantial* ones. But how could a definition of work preexists the social actors? "Who" would then be authorized to define the frontier between decency and indecency? Moreover, isn't work a moment of human condition whereby forms of social links are unable to capture issues of social justice at stake – from contempt to abuse of power going through "incivility as modern discrimination in organizations" (Cortina, 2008) ? In brief, it is quite clear that "decent work" requires a deeper – and more solid – definition of social justice, in order to be ajusted to the wide range of injustices experienced at the workplace.

Part 2 will search for such a definition, through the analysis provided by some authors belonging to the critical theory in social sciences (J. Habermas, N. Fraser, A. Honneth).

It will first discuss the status given to "work" by J. Habermas' theory of "communicative action" and "public space" (Habermas, 1987, 1984 [1981]). Though Habermas considers that working situations are entirely dominated by "strategic rationality", part of his own work invalidates such a radical point of view (Habermas, 1996 [1992]). In addition, many empirical resarch (Zarifian, 1993 ; Ferreras, 2005) tend to proove that work remains a crucial place for the apprenticeship and/or the desire of forms of genuine communication, i.e. structured by an ideal of mutual understanding. Such a perpsective is especially at stake in caring activities. Therefore, the challenges and rules built up by the "ethics of discussion" are one of the main lines for social justice at the workplace. And the management has a specific responsibilty in creating the conditions for it. However, such an ethics remains too narrow to address the wide range of social injustice experienced by social actors. That's why it will completed in two ways.

With Nancy Fraser, we'll examine the way work stands at the crossroads between "redistribution" and "recognition" (Fraser & Honneth, 2003 ; Fraser, 1997). Such a vision favors the emergence of a new conception of work, as a "local" public space where the conditions of economic dynamics and "values" are constantly being discussed – as, says Nancy Fraser, in "popular public spaces" where women play a key role (Fraser, 2007). Beyond the form of public discussion as such, what is ethically important is the ability for workers and managers to question the expected social roles required by the economic process and/or the dominant forms of redistribution. Even though Fraser would be skeptical about that, it seems that her orientation opens up a road for a renewal of managerial practices, in line with Critical Management Studies (CMS) (Willmott, 2005).

With Axel Honneth, the ethical project changes quite radically. Its main goal is at the same time to fight against forms of comtemporary contempt and to formulate ethical norms grounded in the actors' social experience (Honneth, 2008, 1996). In both aspects, work appears at the center of such an theoretical architecture, though under specific premices that this paper will examine. Recognition here implies new ethical practices, in the sense that one has to identify *who* are the individuals or groups afected by social humiliation at the workplace, and *how valid* are the normative principles they mention to claim for social justice. At the heart of Honneth's theory stands the notion of "mise à jour" ("to bring to light"), as the ability to put some light on hidden working situations. Therefore, if management can be defined as a major scene of ordinary (mis)recognition, it is argued that Honneth's theory can be used as an adequate "tool" to examine managerial practices from an ethical point of view.

As a whole, this paper supports a reflection dedicated to the ethical foundations of work in the new capitalism. As "decent work" appears quite deceiving on this issue, a strong discussion with political and moral philosophers is undertaken, in order to clarify and densify the ethical frame(s) dedicated to the analysis of the world of work. More than a paper on business ethics, it is a reflexion on the ethical issues *within* business…

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THE GOOD AND THE FAIR IN ACCOUNTING EDUCATION: MORAL CLUES AND MORAL AWARENESS IN TEACHING PROFESSIONAL ETHICS

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KEYWORDS: curricula; ethics; moral awareness; moral clues; professional activities.

ABSTRACT

The legacy of the already not so recent accounting scandals and the world financial crisis has been a heated debate as to how to promote ethics training. Business schools all over the world have been reviewing their curricula and engaging in this debate in order to discover what has been lacking in their training programs. Thus, both higher education institutions and professional bodies have been considering how to include ethics in the training of future professionals so as to influence their professional behavior. In order to provide inputs for this debate the aim of the present study is to: a) identify the impact of moral language (moral clues) on the breadth and level of moral awareness of business students in two Brazilian public universities and; b) verify whether the number of years engaged in professional activities affects students' moral awareness.

A survey was undertaken of 133 undergraduate students in two public universities from different courses: Accounting and Actuarial Sciences, Administration and International Relations, some of who were exchange students. The present study replicates the study developed by Lowry (2003) in a British University, which identified that Year 2 students possessed higher overall moral awareness scores than the final year group and that different scenarios containing different moral language and "cues" did impact on levels of moral awareness.

The respondents' answers were analyzed according to three categories: (1) scoring of consequences (including only non-moral consequences, such as, for example, loss of market share and financial losses); (2) scoring of moral consequences, such as leaking company secrets, lying to obtain rewards, stealing ideas, etc; and (3) scoring of framed questions, where the affirmations that repeat the framing included in the text (see Figure 1) were scored. A fourth "overall score" was calculated by combining (summing) the moral consequences and framed question scores.

In order to identify the level of moral awareness shown by the students analyzed, the responses collected were analyzed as dichotomic variables, codified as: low=0, if there was no indication of consequence, moral consequence, question framing, and high=1, if there was an indication of consequence, moral consequence or question framing.

As a mean to illustrate the analysis process, Figure 1 shows some responses, translated from the Lowry (2003) article, typical of a high score (scoring=1) in the three categories. The

responses were analyzed qualitatively, numerically codified and checked for reliability and then statistically tested and analyzed using Stata© software, version 12.0.

Score Category	"High"
Consequences	"If it gets out that 14 Bis had inside knowledge then they might lose market share"
Moral Consequences	"If 14 Bis pushes Techtronics out of business then employees in that firm will lose their jobs and livelihood."
Issue-Framing	"Hiring Emanuel Magalhães isn't be fair/ right /honest/ethics"
	"This situation is an ethical one and calls the company's integrity into question"

Figure 1 – Examples of typical responses for each category of analysis
Source: Lowry (2003, p. 11)

The research used multiple linear regressions to verify whether the consequences (other than the moral ones), type of scenario, professional activities and semester variables contributed to explaining students' level of awareness (overall score). As the variables "semester" and "professional activities" were significantly correlated (more than 40%) two models were estimated: i) including the professional activities variable; and ii) considering the semester variable.

In general the descriptive analysis of the data showed that the individuals who were taking or had already taken the General and Professional Ethics course had a reasonable level of moral awareness. Among the respondents, 63% indicated some kind of consequence in the scenarios presented and approximately 61% indicated some type of moral consequence in each of the scenarios presented. The results obtained for the regressions suggest that individuals' levels of moral awareness does not differ when "moral clues" are used and that students who have been in the labor market longer do not show a significant increase in their ability to identify ethical conflicts. On the contrary there is a negative association between professional activities and respondents' moral awareness, which ratifies the result obtained by Lowry (2003) in the original study. The content analysis of students' responses shows that the main ethical conflicts identified by most students are: a) the risk that an anti-ethical stance may promote (in the future) the dissemination of a firm's confidential information to a competitor; b) the possible costs associated with the "leaking" of information that a firm hired an employee from a competitor to obtain confidential information.

Very few studies about teaching Ethics in educational institutions and its possible impacts have been performed in the business education in Brazil and it should be the subject of greater debate. Despite its limitations, the present study examines some dimensions of moral awareness, which, consciously or unconsciously, influence the professional behavior, whether they are economists, actuaries, accountants or administrators. Ignoring this reference is to let oneself be guided by

circumstances and encourage the perpetuation of practices that are not always compatible with organizational interests and especially with the interests of society at large.

The dimensions of ethical behavior need to be understood and their investigation constitutes a suggestion for future research in order to achieve a better understanding of the breadth and development of moral behavior and even of ethical attitudes. Longitudinal studies are strongly indicated as they make it possible to analyze the moral development of future professional during the course. Another interesting research possibility would be to use an experimental approach.

A SET OF CRITERIA TO DELIMIT THE POLITICAL ROLE OF CORPORATIONS

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Abstract

The political role played by private business firms, and, more particularly, by large and multinational corporations (MNCs), has already a rather long tradition in the relatively short history of business ethics as an academic discipline (Weber 1996, Christensen 1997). Over time, some topics have remained on the discussion agenda, like e.g. political lobbying or the complicity with human rights violations of MNCs in host countries. Other topics, like 'respect for cultural values and traditions in host countries' are less present in recent discussions. With respect to the different topics, normative business ethicists disagree strongly about whether or not corporation are or should be political actors, as well as about the nature, the scope and especially the legitimacy of possible political actions of omissions of corporations.

In this paper I propose some criteria that may be helpful in the discussion about the delimitation of the political role of corporations, that is, criteria that help to define which political responsibilities and duties corporations should accept and which political actions they should stay away from. The criteria are constructed on the basis of a mapping of the recent contributions related to the political responsibilities of corporations. The mapping starts from the different background assumptions and the different lenses through which normative ethicists approach this issue. A first element that determines the kind of political roles that corporations could play is obviously determined by the assumptions made about the institutional background in which corporations operate, going from extreme situations where states are failing or where states violate basic rights, -where companies should assume state-like roles and provide social rights (Scherer, Palazzo and Baumann, 2006) - to situations where companies operate in well-ordered societies. This dimension is explicitly present in the discussion. Less present is the background assumption about the type of liberal society in which companies are situated, a social-democratic society with an elaborated system of social protection versus a more economically liberal capitalist system. Further we should also take into account the type of capitalism that is assumed in the discussion: short-term shareholder value capitalism versus long-term shareholder value capitalism (Nielsen 2011). Beyond background conditions there are the specific conceptions of business ethicists of business ethics that influence their visions on the political role of corporations: some focus on the obligation to cooperate to the elaboration of standards to overcome market failures, others on duties of distributive justice with respect to specific stakeholders (Néron 2010). Finally, the lens which mostly determines business ethicists' position about the political role of corporations is ideological. Rawlsian egalitarians (Blanc e.a. 2013) and Nozickean libertarians end up with radically different conceptions of the political role of corporations, related to a totally different conception of the division of labor between corporations and the state.

Once these different dimensions and lenses are clearly spelled out, we can easier argue what the precise political duties or interdictions should be, given a given specific set of background assumptions and ideological positions.

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AFFECTIVITY OR CAPABILITY? A COMPARATIVE APPROACH

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Abstract

Michel Henry's radical phenomenology has been the object of a recent interest coming from several management scholars and business ethicists (Faÿ 2008, 2009; Letiche, 2009; Perezts et al. 2014; Puyou and Faÿ, 2013). In this communication, I would like to discuss his notion of affectivity (Henry, 2003; 2004) in relation to the proposals made by the economist Amartya Sen about the concept of capabilities (Rocha & Ghoshal, 2006; Gilardone, 2010). A theorist of social choice and the economics of well-being, Sen (2007) considers economic development from the angle of the development of capabilities allowing individuals to profit from their individual potential, which by definition is unequal. For Sen, development projects only make sense insofar as they take into account an individual's ability to satisfy (or not) some of his/her needs, from the most basic (particularly in developing countries) to the most complex. This theory draw on Aristotelian *eudaimonia* in particular and on various currents of American philosophy, especially Rawls – whose thinking is partly criticised in the capabilities approach. As Giovanola remarks, the capabilities approach "shows how people can be happy in the sense of 'flourishing', but not in the sense of 'subjective well-being' – as used by the welfarist and utilitarian tradition" (2005, p. 253). Renouard (2010) have attempted to transpose this theory to the field of business ethics. She emphasises the notion of empowerment (p. 85), but also a reading of Sen that gives priority to what she calls "atomistic anthropology" (p. 87) in which everyone opens up to the opportunities that are theirs, develops their potential according to their resources and, in doing so, enters into contact with others.

In Henry's thought, the attention paid primarily to self fulfilment even in professional existence is also very present. According to Seyler, "the principle of practical competence (for Henry) affirms that decision-making falls to the most capable individuals in the field in question." (2009, p. 374). It is not, indeed, Society that finds its principle in itself, that "does nothing and has never done anything. Indeed: who has every seen society digging a hole, building a wall, mending a tap, or bandaging a wounded person?" (Henry, 2008a, p. 61; 2008b). If Society alone is considered to be real then nothing ever happens and everything is confined to "paralysis", to "scarcity" and to a "mediocre" existence. The only real power is that of the body, of this immanent "I can" that creates, that grows and which is the source of all human capabilities in their multiplicity. In the rupture with immanence to the self, the revolted are first and foremost dissatisfied with themselves. We consider that Henry's theory of the body echoes the capabilities approach. Furthermore, it offers it an ontological and phenomenological level of analysis, i.e. an anchor in "the sensitive experience of humans", that is sorely lacking (Gilardone, 2005, p. 3; (Giovanola, 2005 ; 2009) and prevents it from moving beyond a pragmatic conception of joy and well-being.

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EDUCATING BUSINESS LEADERS TO THE MORAL DANGERS OF INCOME INEQUALITY

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Abstract

This paper will explore the question "why MBA students should care about income inequality". Aside from the political punditry, and the extreme economic position of Milton Friedman, it is clear that the rapidly growing disparity between the average worker and the average CEO is unsustainable. And yet many of the nation's leading business programs do not address the question as a fundamental component of the curriculum. The perception of individualistic gain is reinforced by the exclusion of social injustice, and this is not merely bad ethics it is also bad business.

On April 13, 2015 Dan Price, the founder of Gravity Payments in Seattle, announced that his company would raise the minimum salary of every employee to $70,000 per year. Whether a publicity stunt or a genuine belief in social justice, the announcement has garnered a substantial amount of chatter on the pay gap in America. The US leads the world in income inequality, with CEOs earning roughly 300 times what the average worker earns. In 2014 the World Economic Forum named income inequality as the risk most likely to cause serious damage globally in the coming decades. And Oxfam International reports that the world's 85 richest people have more wealth than the 3.5 billion at the lower end of the economic scale.

This paper will highlight both the ethical and economic considerations associated with income inequality. Ethically, there is a shift taking place that replaces Milton Friedman's emphasis on shareholder value toward a more holistic approach to the ethics of capitalism. And, additionally, we see mounting evidence that income inequality increases social problems (crime, teen pregnancy, obesity, etc.), it disrupts consumptive behavior which businesses depend upon, and lastly, with the wages of college educated people growing by 22% and the wages of high school drop outs falling by 3%, the vast majority of Americans will not continue to fall lower into poverty without serious social disruption and/or revolution.

For these reasons, it is incumbent upon business educators to address the growing economic divide and develop solutions to a problem that could, potentially, undermine the American experiment.

THE "LEARNING SERVICE" OF SERVICE-LEARNING: AN EXPLORATORY STUDY IN A BUSINESS ETHICS COURSE CONTEXT

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Keywords: Community-based service learning, serving "other", business ethics education

Abstract

Interest in service-learning and community engagement has been increasing in academic institutions and business schools globally (Helm-Stevens & Griego, 2009; Kenworthy-U'Ren, 2008; Mason O'Connor & Lynch, 2011; Talloires, n.d; www.compact.org, n.d.;). At the same time, universities and schools of business have been critiqued for emphasising competencies, career goals, and commercial interests over higher moral purpose (e.g., Brooks, 2014; Godfrey, Illes, & Berry, 2005). Service-learning is a pedagogical approach that provides opportunities for students to learn to serve through engaging with their communities (e.g., Kendall, 1990) and to "make a difference in our communities and in the world" (Dipadova-Stocks, 2005, p. 352).

Drawing on our teaching and learning experiences with community-based service learning (CBSL) over the past 17 years, we present an exploratory study of how business ethics students can learn the value of service through CBSL. Although there has been a significant increase in empirical study of CBSL over the past decade (e.g., Bringle, Phillips, & Hudson, 2004; Casile, Hoover, & O'Neil, 2011; Flannery & Pragman, 2008; Goldberg & Coufal, 2009; Helm-Stevens & Griego, 2009; Seider et al., 2010; see also special issue on service learning in *Academy of Management Learning & Education,* 2005), our study answers recent calls for empirical research on CBSL and business ethics education (e.g., Seider, Gimour, & Rabinowicz, 2010). We first review some of the literature on experiential learning, service-learning, and business ethics education. We describe our context and methods. We conclude with implications for scholarship and practice in CBSL and business ethics.

According to Godfrey et al. (2005, p.309), "the underlying paradigm of business education views humanity and human interactions in purely transactional terms..." They suggest that the four Rs of service-learning, i.e. Reality, Reflection, Reciprocity, and Responsibility provide a counter-point perspective, a richer learning experience, and necessary breadth in business education (Godfrey et al., p. 309). Others have specifically focused on the connection between service learning and business ethics education (e.g., Fleckenstein, 1997; Vega, 2007). The experiential aspects of service learning provide opportunities for students to adopt a wider approach to ethics (Kohls, 1996), to increase moral capabilities (Godfrey, 1999; Kenworthy-U'ren, 1999; Sims & Sims, 1991), and to enhance critical thinking and social citizenship (Angelidis, Tomic & Ibrahim, 2004; Cress et al., 2010). Bamber & Hankin (2011) draw on transformational learning theory (e.g., Mezirow, 2000) to show how students' worldviews are transformed through service learning. According to Baran, Jones, & Hipp (2011, p.8) this can lead to a "developed philosophy of service" and students participating in service learning have been found to be more likely to do community service in the future (Hanson & Moore, 2014; McCarthy and Tucker, 2002; Salimbene et al., 2005).

Research Q. 1. How are students able to learn the value of service through CBSL?
Research Q. 2. How are students able to develop a deeper and more meaningful connection to "the other" through CBSL?

Sample and Methods

We used five focus groups (n = 56) and interviews (n = 5) with undergraduate Bachelor of Commerce students who had completed a 3rd year mandatory business ethics course. Convenience samples were drawn from four semesters of multiple sections of the course with a mandatory team-based CBSL component. Examples of projects, detailed methods, and interview questions will be provided. Focus groups have been used to gain a better understanding of student attitudes, perceptions, and opinions following a CBSL experience (Flannery & Pragman, 2008; Maphalala, 2012). We content analyzed (Guthrie et al., 2004) transcripts and a sample of anonymized reflection exercises from the authors' courses during the 2012-2014 school years. Themes and final codes are listed in Table 1.

Table 1 – Emergent Themes and Coding Terms

Learning for community	Stewardship
	Delivery
	Application
	Reinforcement
Learning with community	Experiential co-learning
Learning through community	Experiential
	Transformation
	Consciousness raising (self-aware)
	Consciousness raising (other-aware)
	Community role models
Pro-social attitudes and values	

Findings and Preliminary Discussion

Students described how the service learning projects helped them to learn "for", "with" and "through" community. Students primarily focused their comments on learning "through" community, describing the transformative (e.g., "Changing me for the better") and consciousness-raising ("It opened my eyes") aspects of this theme. Several students referred to learning service through the life stories and role-modeling of community members, thus helping students to develop a "names-and-faces" approach to business ethics (McVea & Freeman, 2005, p.57). Table 2 provides a summary of some of our findings for this particular theme.

Table 4 - Learning Through Community

Primary focus	Secondary focus	Examples
Learning through community	Experiential	"It was really neat that we actually got to do something and not just talk about doing something. It was not like a case analysis at all. The fact that we could actually do something to raise money for a real charity was really cool. It made it seem more real that students can actually make a difference. All that we have to do is come together." (Reflection (RE))
	Transformational	"When the time came to volunteer at the church I wasn't really looking forward to it. It was a rainy Sunday and honestly I just wanted to lie around and watch football with my friends. When I arrived at the church there was already a huddle of hungry people around the door, not the huddle I was originally planning to see on a Sunday afternoon, but it made me feel good to help these people, a lot better than I would have felt at home watching overpaid millionaires toss a football around." (RE)
	Consciousness raising Self-aware	"Just looking at someone smiling and that person has an extra pair [of pants] or jacket.' I'm like wow, I wish I could do that, you know." (Interview (I))
	Consciousness raising Other-aware	"The [drop-in] center is something that I was not aware that we had in the city...It helped me realize how many are living without homes." (RE)
	Community role models	"To hear what Jacob went through at the age of seven was tragic. No one should have to go through the things that he did especially at that young of age." (FG) "Sister Jovida, who runs the center, thinks of no one but others and does everything that she can to help and improve the quality of life for these less fortunate people." (RE)

We also found evidence of CBSL sensitizing students to tensions between pro-self and pro-social attitudes, values, and motivations.

"This was the first time where the effort I put into a project was rewarded by helping others instead of just helping my GPA. I found this very rewarding (FG).

"[The] project…recognizes the needs of others outside of [school]…It reminded me that I needed to do something that doesn't benefit myself." (RE)

Students referred to "bigger picture", "doing good", and "common goals", or possibly transcending instrumental and transactional learning goals. Much of past literature on service learning focuses on application of skills and knowledge in a model of delivery and/or stewardship (e.g., Helm-Stevens & Taylor, 2009; Salimbene et al, 2005; Segal & Drew, 2012). This emphasis on applied learning is viewed as a mutually beneficial exchange between university and community. We emphasize the role of students learning "through community" to increase their self-awareness and other-awareness through transformational experiences or in the words of our students, "reaching into the community", "showing me the different value of the world that I never touch before", and "people living for the other people." Following Baran et al. (2011), our study shows how CBSL helps students to develop a philosophy of service, or the "learning service" of service learning. We conclude with implications for business ethics educators and management education scholars and acknowledge the limitations to our study.

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THE IMPACT OF CONSUMER-GENERATED SOCIAL MEDIA ON CONSUMER ATTRIBUTIONS AND BEHAVIOUR TOWARDS UK SUPERMARKETS' CSR

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Abstract

Social media is "redefining interactions between corporations and civil society" (Lyon and Montgomery 2013, 747). With previously unheard of access to information regarding a wide spectrum of CSR behaviours, consumers have found a new, empowered voice through social media. For the UK's food retail industry, this has significant impact, with social media's unpredictable ability to generate and spread positive and negative eWOM (Lee et al, 2013). The risk of negative eWOM increases when supermarkets are involved in corporate scandals, such as the 2013 horsemeat scandal.

This paper builds on an existing qualitative study and empirically tests a model developed based on the qualitative findings. The model helps establish the relationship between consumer-generated social media communication, its effect on consumer attributions towards CSR and the impact of this on consumer attitudes and behaviour following corporate scandals. It is set in the context of the UK supermarket industry, yet the pressures these retailers face stem from global forces. The study contributes to extant literature by gaining an understanding of the distortion effect of social media on supermarkets' CSR communication. It therefore addresses a significant knowledge gap, as "little is known about how interactive online media change the effect of corporate communication about CSR" (Eberle et al. 2013, 732).

Despite its power, and potential to dramatically impact organisations, consumer-generated social media remains significantly under-researched. The majority of existing literature focusses on the effects of company-controlled social media (Haigh et al, 2013). Yet existing research has begun to indicate the dramatic effects of consumer-generated social media, showing that it can have a significant negative impact on brand sales (Corstjens & Umblijs, 2012) and damage message credibility and corporate reputation (Eberle et al, 2013). Such findings emphasise the pressing need to further understand consumer-generated social media.

This is particularly true for the UK supermarket industry which, following recent corporate scandals, is increasingly branded as an industry negatively associated with social, environmental and ethical issues (Lee et al, 2013). Indeed, the food retail sector faces "the threat of being the tobacco industry of the new millennium" (Wansink and Huckabee 2005, 6). Recent CSR-related crises, such as the horsemeat scandal, contribute to this negative reputation. When such issues air on social media, consumers use the platform to spread negative eWOM and organise boycotts. Yet little is understood about the impact this has upon consumer responses to supermarkets and their CSR. The current study therefore addresses this knowledge gap.

Unable to stop social media communication once it has been posted and become viral, it is in supermarkets' best interest to gain an understanding of the effects of such consumer-generated communication on consumer trust and, ultimately, purchase intent.

The initial qualitative phase of this research offered evidence of the effects of social media's impact on consumer perceptions of supermarkets and their CSR. The study showed that, when corporate scandals aired on social media, consumer-generated social media communication amplified scepticism towards supermarkets and their CSR, whilst adding longevity to the crises. This had a detrimental impact upon valuable consumer qualities, such as trust.

In drawing specifically on attribution theory and theories of socialisation and the communication view (Schultz et al, 2013), the model tested in this study shows the impact social media has on consumer trust and how this affects consumers' eWOM and purchase intent, whilst exploring the mediating role of consumer attributions towards CSR.

This is achieved through a quantitative online survey of a representative sample consumers. Our findings provide empirical evidence, highlighting the power and effects of social media and how it is now a permanent aspect of consumers' lives. The research is of practical significance in showing that, as it continues to grow, social media will continue to reshape how supermarkets should communicate CSR with their different publics. Ultimately, the study suggests transparency in all supermarkets' actions needs to increase in order to minimise the negative impacts of the powerful force of social media.

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WHY DID IRELAND HAVE TO PAY? THE IRISH BANKING CRISIS: 2008 TO THE PRESENT

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Abstract

The question 'Why did Ireland have to pay?' in the wake of the recent banking crisis is an extremely complex one. Irish people are still learning more from the ongoing Committee of Inquiry into the Banking Crisis, referred to as the Banking Inquiry. This is a joint committee of the Oireachtas, the two Houses of the Irish parliament, the purpose of which is to inquire into the reasons Ireland experienced a systemic banking crisis, including the political, economic, social, cultural, financial and behavioural factors and policies which impacted on or contributed to the crisis and the preventative reforms implemented in the wake of the crisis. The Committee is due to report at the end of 2015.

The issues at the heart of the crisis concern Ireland, the European Union (particularly Germany), and World finance (particularly events in the USA). In Ireland, the main players were the Cabinet (in particular the then Taoiseach [Prime minister] and the Minister for Finance), the Oireachtas (particularly the enactment of the The National Asset Management Agency [NAMA] legislation), senior staff in the Department of Finance, the Central Bank, the Financial Regulator, the Auditors of the Banks, Bank Chief Executives and senior management, Internal Auditors and Compliance Officers, Banks' Boards (but with due care being taken to distinguish between executives and non-executives), the News Media and others.

Much research on the crisis has already been done.[1] All of the following reports are relevant and important:

1 'The Honohan Report' (May 2010): 'The Irish Banking Crisis Regulatory and Financial Stability Policy 2003-2008: A Report to the Minister for Finance by the Governor of the Central Bank'
2 'The Wright Report' (December 2010): Strengthening the Capacity of the Department of Finance: Report of The Independent Review Panel
3 'The Nyberg Report' (2011): Misjudging Risk: Causes of the Systemic Banking Crisis in Ireland
4 'The Regling and Watson Report' (2011) ... A Preliminary Report on the Sources of Ireland's Banking Crisis

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[1] http://www.irisheconomy.ie/index.php/category/banking-crisis/

It is important also to study the genesis of the 'The National Asset Management Agency' (NAMA) legislation,[2] the nature and implications of that legislation, and its impact on banking. The role of the European Central Bank is also critical.

The present paper aims to examine the causes and consequences of the banking crisis. It will commence with a brief historical account of the emergence of the modern Irish economy. It will examine the factors that destabilized the economy – and therefore – all those societal components impacted by it during the period known euphemistically as 'the Celtic tiger'. Drawing of the American 'banking crisis' of the 1930s, this paper will attempt to show that there was nothing novel in the Irish banking crisis with its familiar elements of failure of banks, collapse of the housing market, unemployment and emigration.[3]

The final part of the paper will assess developments in business ethics in Irish society, the economy and in the universities since 2008 and will attempt to draw on the UN Global Compact and on the UN Principles of Responsible Management Education (PRME) with reference to Ireland.

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[2] www.nama.ie/about-us/governance/legislation/

[3] See Eric Foner, *Give me Liberty!: An American History*, 3rd edn (New York: Norton 2012), pp. 787-837.

WAYNE VISSER'S _FUTURE OF CORPORATE SOCIAL RESPONSIBILITY_, SUN AND BELLAMY'S BUSINESS MODEL PERSPECTIVE, AND THE SUSTAINABILITY OF CATHOLIC SOCIAL TEACHING ON SOCIAL AND ETHICAL RESPONSIBILITY

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Abstract

Elizabeth W. Collier asserts that globalization has created constructive change. She does so in chapter six, "Subsidiarity in the Midst of Globalization" of _Good Business: Catholic Social Teaching at Work in the Market Place._ Collier explains that persons in underprivileged areas and countries have gained employment through industries' outsourcing and worldwide growth. Simultaneously, people in prosperous areas and countries have gained entrée to mass-produced, economical goods such as meat and produce throughout the year, regardless of season or local growing conditions. They've also acquired virtually immediate access to global information (O'Brien, Collier, and Flanagan, 2010, p.176).

The Catholic social teaching approach to ethical reflection and decision-making pertaining to subsidiarity offers four guiding concepts.
1. Humans are created in the image and likeness of God. All humans should be treated with dignity and respect. They should be allowed to flourish.
2. Humans are social. They are created to live in relationship with others. A constant dialogue between the individual and the community must exist.
3. The Earth's goods are gifts from God. They have a "social" destination. They are not for the sole use or enjoyment of the person who possesses them, but for the overall community as well.
4. Poverty is a scandal. It would cease to exist if human dignity, common good, and stewardship governed our interactions with one another (O'Brien, Collier, and Flanagan, 2010, p.177).

Catholic social teaching undergirds society as a vibrant independent system. This system in turn must protect and promote human dignity, stewardship, and the common good. All levels must operate well and in harmony with the principle of subsidiarity. Things that can be managed locally should be done so, since local people understand local issues. They are familiar with their resources and are personally invested.

Pope Paul VI's _Populorum Progressio_ states that economics and technology are worthless if they do not benefit and serve mankind. Man is only human if he is the master of his own actions and the judge of science's worth. He must be the architect of his own progress; he must act according to his God- given nature. He must be free to reach his potential, with collaborative strategies and participative structures constructing a livable, sustainable world--not just one that can be browbeaten for profit and discarded. Thomas O'Brien holds that business has the power to enhance our world (O'Brien, Collier, and Flanagan, 2010, p. 187).

Sun and Bellamy (2010) believe that Corporate Social Responsibility has limitations. They perceive business as lacking ethics. They assert that Corporate Social Responsibility should be

entrenched in business and society rather than detached from society. They deem the stakeholder value model as restricted in its scope--its highest objective is maximizing profits, and it prioritizes the interests of select, influential groups. Sun and Bellamy further note that the financial industry can manipulate policies with this model. It allows the abuse of mortgage underwriting standards since business can justify the transfer of high risk loans to investors in pursuit of financial gain. The model demolishes CSR, disallowing businesses to broaden their interests beyond a few select stakeholder groups.

The business ethics model is ideal for capitalism, according to Jackson and Carter, since business is seen as "an inherently amoral system, concerned only with money making money" (Jackson & Carter, 1995, p.883). The business model focuses on social obligation and the moral duty of business to help society. It states that business should not be separated from society, but rather, integrated into it. The purpose of business is serving the common good (Sun & Bellamy, 2010).

The five principles of the future of CSR according to Wayne Visser (2010) are as follows.
1. Creativity deals with businesses directing their creativity toward resolving social and environmental problems. Businesses can create innovative products to help solve social problems.
2. Scalability includes ethical consumerism (organic and fair–trade) as well as granting loans to the impoverished.
3. Responsiveness deals with climate change, a threat to sustainability. Heightened transparency in reporting mechanisms is required.
4. Glocality deals with global localization. Businesses must be trained in understanding local contexts. They must adhere to local standards while remaining true to universal principles.
5. Circularity deals with businesses providing education and training to communities and employees in order to contribute to their well-being.

According to Visser, the purpose of business is to serve society. He maintains that business can serve society by supplying safe, high quality products and services which enhance well-being. David Packard echoes Visser's point: "Why are we here? Many people assume wrongly, that a company exists solely to make money. People get together and exist as a company so that they are able to accomplish something collectively that they could not accomplish separately- they make a contribution to society" (Visser, 2010).

This paper discusses how Catholic social teaching on ethical reflection and decision-making regarding subsidiarity supports Sun and Bellamy's (2010) business model perspective as the model which will replace the stakeholder's model used today. The paper also discusses how Wayne Visser's (2010) five principles of the future of corporate social responsibility can help facilitate Catholic social teaching's four concepts related to subsidiarity.

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ABRAHAMIC TONE-AT-THE-TOP: TZEDEK V'MISHPAT, CARITAS IN VERITATE

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ABSTRACT

The Biblical example of leadership from Abraham provides a template for business leaders to implement a tone at the top based on a balance of *tzedek/tzedakah* (righteousness/charity) and *mishpat* (justice). The former expresses a generosity of spirit required of leaders, while the latter expresses the pursuit of truth which is equally important. Catholic Social Teaching expresses the same concept as *Caritas in Veritate* (charity in truth), the title of a 2009 encyclical by Pope Benedict. The key lesson is that leadership requires not just the pursuit of truth and justice but also a charitable spirit. At the same time, leaders are called upon to make choices in which they need to temper their generosity of spirit with an overriding regard for truth and justice.

EXTENDED PROPOSAL

Most people would agree that there is a leadership crisis in the world today. Indeed, according to a World Economic Forum study (2014), a concern for a "lack of values in leadership" is one of the top 10 trends for 2014. Young people in particular are especially concerned with the kind of values they are seeing among leaders.

At a time of increasing fragmentation in society's values, there is one historical leader that at least half of humanity can identify with, and that is the Biblical figure of Abraham. In the Bible, Abraham is the first person to exercise leadership in a range of contexts. In many of those contexts he blends two related but sometimes contradictory virtues that each leader must possess: righteousness (*tzedek*) and judgement (*mishpat*). The two virtues can sometimes dictate contradictory courses of action.

Righteousness (*tzedek*) is reminiscent of the values of the Christian gospel (i.e. turning the other check, offering the second coat too, walking two miles, avoiding litigation). In Talmudic terminology the phrase *lifnim meshurat hadin,* "beyond the line of the law" describes righteousness or its extreme version. Abraham was righteous beyond the line of the law when it came to advocating for the condemned and extending hospitality to strangers.

Judgement (*mishpat*) on the other hand, represents a more sober attitude that is necessary in navigating a complex world. Abraham is the first leader in the Old Testament who makes tough, unattractive choices such as waging a battle against a rapacious enemy. In another instance, Abraham famously obeys God's command to sacrifice his son Isaac without protest. Whatever the reaction of modern readers to the story of Isaac's sacrifice, given its context the story provides a lesson in commitment to values (Kierkegaard 1986).

Modern leaders, especially spiritual leaders, must similarly blend the two virtues of righteousness and judgement (Pava 2003). According to Badaracco (2002 178-179) such leaders "find ways, when necessary, to bend the rules. They view compromise as a high form of leadership and creativity."

Leaders need to temper Judgement with Righteousness

Pope Francis has criticized the lack of leadership on social solidarity on the part of the world's political and economic elite. He has specifically attacked the inequities of unfettered, free-market capitalism and crony capitalism:

> We have to say, 'Thou shalt not' to an economy of exclusion and inequality. Such an economy kills. Some people continue to defend trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness. This opinion … expresses a crude and naive trust in the goodness of those wielding economic power and in the … prevailing economic system (Allen, Jr., 2015).

Abraham as Biblical Leader

Many Christians would point to Jesus as the epitome of humanity and leadership (Loftus 2014). Jews might point to Moses or King David as the paragon of leadership. Muslims would almost certainly point to Muhammad as the "messenger of Allah" to lead on earth. What all three traditions hold in common is that they trace the values of Jesus, Moses, David, and Mohammad to the initial example of Abraham. Abraham introduced two key concepts that continue to define the very essence of leadership – righteousness (*tzedek*) and moral judgment (*mishpat*). These concepts are free of religious dogma and are therefore relatable to by people of any faith. According to Sacks (2013a):

> Abraham is without doubt the most influential person who ever lived… Yet he ruled no empire, commanded no great army, performed no miracles and proclaimed no prophecy. He is the supreme example in all of history of *influence without power*. Why? Because he was prepared to be different.

Leadership through Adversarial Collaboration

Abraham did not mind being different. His view of what leadership was all about was also different from what the world believed 3,800 years ago. Ancient man's typical relationship with his deity was one of propitiation and fear. Abraham, on the other hand, challenged God to live up to His standing as the "judge of all the earth" (Gen.18:25). Furthermore, Abraham exhibited the quality that Nobel laureate Daniel Kahneman calls "adversarial collaboration": *You have to be willing not to win. That is, you have to be willing to accept a draw and to see that in the interest of science and civility and other things a draw is better than a win* (Gots 2012).

One context in which Abraham collaborated adversarially with God was when God decided that He could no longer abide the evil of Sodom and Gomorrah, two wicked city states. Their major

sin dealt with how they treated the poor and strangers from other countries (Friedman, 2010). Those evil city states passed legislation to discourage people from other countries to do business in their own country and passed special laws making it unlawful to help the poor (Friedman, 2010). God stated that he would reveal to Abraham what he was planning to do. After all God changed the patriarch's name from Abram (father of Aram) to Abraham meaning "father of a multitude of nations" (Genesis 17:5):

> Seeing that Abraham will surely become a great and powerful nation, and all the nations of the earth shall be blessed through him. For I have known and loved him, because he instructs his children and his household after him to keep the way of the Lord, acting with *tzedaka* and *mishpat* (righteousness and justice) (Genesis 18: 19-20)

Tzedek and *Mishpat*

The secret of effective leadership is in the phrase, *tzedaka* and *mishpat*. Alter (2004) makes the thought-provoking observation that "this is the first time that the fulfillment of the covenantal promise is explicitly made contingent on moral performance." The difference between these two Hebrew nouns is crucial to understanding what good leadership is about. Sacks (2013b) explains the difference between the two.

> *Tzedek*, "justice", is a key word in the book of Devarim [Deuteronomy] - most famously in the verse: "Justice, justice you shall pursue, so that you may thrive and occupy the land that the Lord your God is giving you" (Deut. 16:20).What does it mean? *Tzedek/tzedakah* is almost impossible to translate, because of its many shadings of meaning: justice, charity, righteousness, integrity, equity, fairness and innocence. It certainly means more than strictly legal justice, for which the Bible uses words like *mishpat* and *din*. One example illustrates the point: "If a man is poor, you may not go to sleep holding his security. Return it to him at sun-down, so that he will be able to sleep in his garment and bless you. To you it will be reckoned as *tzedakah* before the Lord your God" (Deuteronomy 24:12-13). *Tzedakah* cannot mean legal justice in this verse. It speaks of a situation in which a poor person has only a single cloak or covering, which he has handed over to the lender as security against a loan. The lender has a legal right to keep the cloak until the loan has been repaid. However, acting on the basis of this right is simply not the right thing to do. It ignores the human situation of the poor person, who has nothing else with which to keep warm on a cold night. The point becomes even clearer when we examine the parallel passage in Exodus 22, which states: "If you take your neighbor's cloak as a pledge, return it to him by sunset, because his cloak is the only covering he has for his body. What else will he sleep in? When he cries out to me, I will hear, for I am compassionate" (Exodus 22:25-26).

Thus, *tzedek* deals with distributive justice and compassion; *mishpat*, on the other hand, is retributive justice.

Tzedek/Fairness, a precursor to Tzedakah/Charity

Samson Raphael Hirsch was the leader of a nineteenth century German-Jewish community that pioneered the integrated of strict Orthodox Jewish observance of Torah with full participation in modern professions and culture. Hirsch commented on all aspects of the social and philosophical movements of his times. In his commentary on Psalm 72, Hirsch (2014: 585) observes that a state (or an organization) must be founded upon the twin pillars of *tzedek* and *mishpat*:

> The ideal of the equal distribution of wealth for all men is an unfortunate dream which is at variance with the natural state of the world's affairs and which, if it were to come true, would bring about the disintegration of human society. For God has founded the society of man on the premise of unequal distribution of wealth rather than upon the equal apportionment thereof. The term "wealth" as used here is to be understood in its broadest interpretation, namely, to include not only material possessions, but spiritual gifts and values as well. Were it not for the fact that the gifts of this world are not equally distributed, the self-discipline required as part of the respect for *tzedek* would not have its proper worth, nor would there be any basis for the duty of *tzedakah* (charity) which is set down in verse 3 and which constitutes the lofty ideal of ennobling perfection of both individual and society.

> Let me repeat: the ideal of the equal distribution of wealth is an idle dream that is at variance with conditions as they really are. For it would presuppose universal equality of intellectual ability, physical strength and potentialities, an equal number of members in every family etc. Such a state of affairs would be contrary to the design of the Creator of Mankind (Hirsch, 2014: 586).

Caritas in Veritate

In the past century, the Catholic popes have built an impressive body of normative social knowledge known as Catholic Social Teaching (CST). CST is mainly embodied in a series of nine papal encyclicals, beginning with Pope Leo XIII in 1891 and continuing to Benedict XVI in 2009 (Yuengert 2011). Benedict's (2009) encyclical is entitled *Caritas in Veritate*, charity in truth:

> Only in truth does charity shine forth, only in truth can charity be authentically lived. Truth is the light that gives meaning and value to charity. Without truth, charity degenerates into sentimentality. Love becomes an empty shell, to be filled in an arbitrary way. In a culture without truth, this is the fatal risk facing love. It falls prey to contingent subjective emotions and opinions, the word "love" is abused and distorted, to the point where it comes to mean the opposite.

The notion of *Caritas in Veritate* is that truth and charity are complementary and incomplete without each other. This is essentially the same concept as *Tzedek* and *Mishpat*, where *mishpat* represent blind justice in pursuit of truth, while *tzedek* represents a charitable spirit that goes beyond mere justice and truth

DISCUSSION – to be completed later

The paper will conclude with a discussion of how Abrahamic leadership concepts of *Tzedek* and *Mishpat* and the corresponding CST notion of *Caritas in Veritate* apply to key social, economic, and business ethics that contemporary leaders must address. These include the ethics of

- *The 10 Principles of the United Nations Global Compact (2015)*
- *Minimum Wage*
- *Investment in Public Infrastructure*
- *Prison Policy and Prisoners' Rights*
- *Greed and the Financial Crisis*
- *The Idol of Shareholder Value*
- *Empathy with the Poor*
- *Income Inequality*

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Humanizing Capitalism: Dynamics of a Post-Crisis Ethical Business and Social Contract

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Abstract

Should the employment contract of the 21st century be provisioning for non-waged benefits to workers? Related are several conceptual aspects of business ethics, labor market differentiation, employment practices, but also, more broadly, issues of capitalist economy's development, sustainable growth path, and transformation.

The Great Recession, the years of demise since the 2007-2008 global economic collapse, has unveiled a number of problems with modern economic system. Aside from concerns over macroeconomic structure and financial speculation of grand proportions, some of the previously subdued inherent contradictions emerged as new challenges to the modern capitalist system. On top of financial and macroeconomic deterioration, the Great Recession has also exposed the controversies over the executive pay and unequal income (and wealth) distribution on a global scale.

Further, as the Great Recession has shown, massive layoffs, severe income disparities, and swelling numbers of the global poor are just a few of the aspects of widespread social costs. Yet at the same time, employers are expanding benefits either unilaterally (e.g. maternity and paternity leaves, flexible work times, remote office, childcare, concierge, and other services) or are agreeing to increased government regulation in the labor market (e.g. living wage ordinance or paid sick leave mandate in New York City).

Partially the contradiction may be resolved by focusing on the differences between the high-skilled and low-skilled labor (and occupations, as skills concept is dynamic, yet, workers tend to stay in one occupation for longer periods of times and hence are affected by the managerial decisions on human resources). Here, the high-skilled is the sought out talent, offered privileges adapted to the workers' needs. On the other hand, low-skilled occupations are those that are relatively easier filled, since they don't require specialized training and advanced economies may rely on surplus labor resources in forms of international migration. Hence, there is less of an incentive for companies operating in the low-skilled occupational area (which in fact applies to a wide range of small business segment) to extend non-waged goods and services to their employees.

Will the high-skilled approach to labor market management emerge as dominant in the ethical business model of the 21st century? The emphasis of this paper is on the evolving meaning of the concept of corporate social responsibility and non-waged goods provision in the post Great Recession business environment. Moreover, does the labor market and business-specific regulation play any role in shaping the new ethical business model? We believe the recent structural and macroeconomic transformation to be of a significant scale with strong implications for the subsequently evolving social contract.

CORRUPTION AND ITS EFFECTS ON FDI: ANALYSING THE INTERACTION BETWEEN THE CORRUPTION LEVELS OF THE HOST AND HOME COUNTRIES AND ITS EFFECTS AT THE DECISION-MAKING LEVEL

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Introduction

Corruption has been defined as the abuse of entrusted power for personal gain (Rodriguez, et al., 2005). In the International Business (IB) field, the issue of corruption has been widely studied, specifically on how it affects the attraction of foreign direct investment (FDI) to a specific location (Habib & Zurawicki, 2001; Cuervo-Cazurra, 2006). However, the vast majority of these studies only focused on whether or not corruption in the host country deters FDI. However, the decision-making process of whether or not to enter a highly corrupt foreign location and the strategies used to this effect has been under researched in the management discipline. Therefore, by limiting the study of corruption and its effect on FDI to analyze whether or not corruption deters FDI is only part of the issue.

The purpose of this study is to analyse how managers prepare and react when investing in a foreign location characterised by high corruption. In order to do so, we decided to analyse how managers from two different home locations (either more or less corrupt than the host country) rationalise their plans to enter a foreign location that is characterised by high levels of corruption.

Literature Review

Despite the wealth of studies analysing how corruption might affect the allocation of FDI, this subject is still not yet well understood. Even though the topic has remained popular in the management research agenda, this problem is elusive to study due to its secretive nature. Another reason why corruption and its effects on FDI are not yet fully understood may be because of the macroeconomic method usually employed to analyse this phenomenon. According to Yackee (2010), generally, research analysing corruption and its effects on FDI share a similar design. Such design includes an independent variable comprised by an index measuring the perception of corruption. Then, this independent variable is regressed against data measuring country-level FDI flows. Regrettably, Yackee (2010) points out that the results of these complex statistical methodologies are inconsistent due to their dependence on secondary data. Therefore, the return to the less cutting-edge, but probably more informative methodologies of interviews and surveys is advised to analyse this phenomenon.

While there have been advances in the study of corruption and how it affects firms, this issue has not yet been fully understood. Understanding corruption at the firm level and how likely managers are to engage in it is not enough. According to Luiz and Stewart (2013), firms entering less developed countries should develop formal strategies to deal with corruption since the probabilities of facing corruption in these locations are high. Nonetheless, studies dealing with entering new foreign locations only deal with issues of whether or not to engage in corrupt activities (Doh, et al., 2003; Galang, 2012). Taking into account this shortcoming, Luiz and Stewart (2013) propose that firms are not only faced with the option of whether or not to engage

in corrupt activities abroad, but firms can actually create a strategy of 'instigation' towards corruption. In other words, these authors say that firms can actually promote corrupt activities in foreign locations.

Though, some companies are being proactive in how they deal with corruption abroad, there is a dearth of research dealing with specific approaches that can be used to create strategies to deal with this problem. Therefore, we propose to analyse how managers react to high corruption abroad when deciding whether or not to invest in such location. In order to do so, we decided to analyse how managers from two different home locations (either more or less corrupt than the host country) rationalise their plans to enter a foreign location that is characterised by high levels of corruption.

Institutional Theory to analyse how corruption affects FDI at the firm level

Institutions, also known as "the rules of the game" are humanly devised constraints that regulate human behaviour (North, 1990). Early institutional theorists argued that behaviours are modelled and reproduced because common activities become taken for granted by firms of individuals (Greenwood & Suddaby, 2006). Early researchers in this discipline argued that organisational interests were pursued in a rational and calculated fashion (DiMaggio, 1988). However, nowadays it is generally accepted that organisational behaviour takes place within a web of socially created, taken for granted guidelines of proper conduct (Scott, 2002). In this sense, institutional theory argues that individuals and organisations consciously rearrange the institutions on which they are embedded (Dacin, et al., 2002).

Based on this premise, researchers have argued that investors would prefer to start operations abroad in a location that would resemble their home country institutional environment (Driffield, et al., 2013). The same premise has been applied to the study of corruption and how it affects FDI. Scholars have concluded that firms located in home countries with low corruption levels would be deterred from investing in host countries with high corruption levels (Cuervo-Cazurra, 2006). This idea also known as "corruption distance' argues that the higher such distance the less FDI would flow to a given location.

Recently, Godinez and Liu (2015) argued that corruption distance had a negative effect on FDI when a company invested located in a home country with lower levels of corruption as compared to the host country. On the other hand, corruption distance did not have an effect on FDI flows when a firm located in a highly corrupt home country invested in a foreign location also characterised by high corruption levels. The authors, however, analysed this issue at the macroeconomic level. Thus, the authors did not entirely answer the question of how corruption and its distance between home and host countries affect the attraction of FDI based on the corruption levels of the home country as compared to those of the host country.

Research Design and Data Collection

Sampling and Interview Administration

Due to the nature of the study a purposive sampling will be used. This is proposed in order to understand how managers in charge of allocating FDI to a highly corrupt foreign location perceive the effects of corruption on their decisions. The potential respondents are identified as managers with decision-making authority of MNEs investing in Guatemala. According to the Guatemalan Chamber of Commerce, as of 2013 there were 299 MNEs operating in the country and all firms have been contacted to participate in the study. After sending the invitations, twenty eight managers were interviewed.

Interviewees were selected based on the following criterion: (a) Respondents should be managers of MNEs operating in Guatemala, and (b) The respondents should have direct involvement on foreign investment decisions in their companies. Respondents will be divided in two groups: those whose firms were located in countries with lower corruption levels than Guatemala and those located in countries with higher corruption levels based on the CPI (Transparency International, 2010).

Analysis and Preliminary results

For the purpose of this empirical study, an inductive approach was used to identify how high levels of corruption affect decision making process of FDI allocation and strategies to deal with the problem. The interviews had a duration between 45 and 60 minutes and were analyzed using NVivo. Based on the results of the interviews the following decision-making model was devised Figure 1: Corruption, its effect on allocating FDI, and strategies to minimize its effects

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Using UN PRME for Teaching Business Ethics: Insights from the Catholic Identity Matrix for Business Schools

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Abstract

The ten principles for socially and environmentally responsible business practices of the United Nations Global Compact (2010a, hereafter, UNGC) build upon the United Nations Declaration of Human Rights (1948) and support the United Nations' broader development goals regarding human rights, labor, environment, and anti-corruption. In addition, the United Nations Principles for Management Education (UN PRME) provide a framework for institutions of higher learning to incorporate the UNGC's principles in their academic activities and curricula. The UNGC and UN PRME principles support what Mele (2003, p. 3) described as "humanizing organizational cultures," i.e., fostering cultures that respect a person's dignity and capacity for personal growth, respect human rights, promote care and service for others, and improve the organization's ability to serve the common good rather than only narrow special interests. They also serve as important resources for Catholic business schools to both deepen their mission and participate in a broader conversation of educating highly principled global business leaders who can manage the complexity and fluidity of global business.

Our proposed paper will address a way for Catholic business schools to assess and improve their programs that draws upon the insights and learnings of the UNGC and UN PRME as well as the specific larger mission of their own universities. It also draws from the experience of an institute at our university that has developed assessment tools to help Catholic health care organizations integrate moral values within their policies, processes, and practices.

The paper will have three sections. The first section will address how the leaders of a Catholic business school can articulate and assess the school's integration within its management systems of six principles drawn from the Catholic social tradition: (1) Producing goods and services that are authentically good; (2) maintaining solidarity with the poor by serving deprived and marginalized populations; (3) fostering the dignity of human work; (4) exercising subsidiarity; (5) exercising responsible stewardship over resources; and (6) acquiring and allocating resources justly (cf. Pontifical Council for Justice and Peace, 2012).

The second section will describe the *Catholic Identity Matrix* (CIM), an assessment tool created to provide a quantitative and qualitative portrait of the current state of a Catholic business

school's academic and curricular activities. CIM is based on a previously-developed tool that has been used successfully by senior executives of Catholic health care organizations to assess how well they deploy Catholic moral principles within their institutions. The CIM is patterned after the assessment process pioneered by the Baldrige Performance Excellence Program. The CIM framework identifies five tasks a business school must undertake to implement principles effectively within its management system: (1) Planning, (2) alignment of critical leaders, (3) the deployment of systematic processes, (4) training, and (5) the measurement of impact. Application of the CIM involves multiple stages, including data collection, evidence-based assessment, and pursuit of continuous improvement opportunities.

Finally, the third section of our paper will summarize our analysis and discuss how the CIM can both learn from and contribute to UN PRME. We will also explore ways to modify and generalize the CIM to fit business schools whose missions are inspired by different religious or secular traditions.

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BUSINESS SCHOOLS AND THE DEVELOPMENT OF RESPONSIBLE LEADERS: A MORINIAN FRAMEWORK OF COMPLEXITY

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Abstract

There are more and more decision makers and leaders in the business world who agree that greater responsible and sustainable forms of leadership are required to address current and pressing global socio-economic and environmental challenges such as unequal wealth distribution, overexploitation of resources, pollution and environmental degradation[1].

According to Paul Polmann, CEO of Unilever, business leaders 'have a duty' to ensure that these challenges are being taken on by their firms: 'Business needs to be part of that solution, to find a world that is more sustainable and equitable for everybody, and become a proactive actor in finding the solutions, not just [being] a bystander' (Paul Polmann, 2012).

Yet despite the awareness and good intentions of many of today's decision makers, collectively they seem to continue to rely on current practices and processes, and continue to conduct business as usual (Lacy, 2013). By conducting business as usual, future usage of natural resources and emissions will exceed 'all measures of available resources and assessments of limits to the capacity to absorb impacts' (UNEP, 2011: 29), and income inequality will not be solved by any means, keeping income allocation among the richest in the world (Piketty and Goldhammer, 2014)

Thus, many of the urgently required changes and actions will depend on the current and future graduates from our business schools, and the products of our (higher) educational systems. Considering our roles and responsibilities in the recent – and in many places still very current - economic and moral crises, we have an obligation as educators to unlearn and relearn the way we form and develop future leaders and members of society.

In the first part of our paper, we discuss value systems, competencies, and attitudes we believe are important for our future leaders in leading organizations in sustainable and responsible ways. We argue that business schools have to guide students in their pursuit of answers to the very core questions on which our lives with their decisions and actions are based on: from self-reflective questions about our purpose, our mission in life, and our guiding values, to questions about our responsibilities and contributions towards the common good - as individuals, and as members of families, organizations and societies. We propose that regardless of the disciplines, business schools need to put the human being back into the center of all decisions and actions, and evaluate the latter not only in economic terms but also for their social, ethical and moral consequences, and their contributions to the common good.

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[1] For more information about global socio-economic and environmental challenges see, for example, United Nations Environmental Program (2011), UN Millennium Project (2006).

Frameworks and guidelines to which business schools can refer do already exist. In 2007, for example, the UN Global Compact Developments and an international task force of sixty deans and university presidents of leading business schools introduced six principles for responsible management education (PRMEs). Epstein (2008) proposed a model for the development of corporate sustainability, where leaders could have a significant impact, via leadership and sustainability practices. And many schools in Europe and the Anglo-Saxon world have been promoting courses on business ethics, responsible leadership, corporate social responsibility, and social entrepreneurship. All these programs and initiatives have in common that traditional business models and manager roles are starting to be questioned, that alternative models and manager roles are identified, developed and accepted, and that having different priorities and values – in other words – being different is no longer only seen as a threat to a perceived status quo – but as an opportunity to better meet the multiple challenges we altogether face. However, it is not only new programs or courses which need to be developed. We posit to revise the educational frameworks and some of the ways we have taught our students in the past.

In the main part of our paper, we propose Edgar Morin's notion of transdisciplinarity as an educational framework that spans across different disciplines, between disciplines, and beyond individual disciplines. We apply Morin's transdisciplinarity as an educational mode that is inquiry driven and that provides the holistic/humanistic vision and awareness which challenges our habitually dualistic thinking (see Morin, 2008). Morin's transdisciplinarity requires and simultaneously develops greater diversity and complexity in terms of methods, perspectives and knowledge generation. Based on a pedagogical teaching case study, we illustrate how confronting students with different modes of thinking, imagining and feeling provides them with greater self-awareness, critical reflections, creativity, different frames of references, and an openness and confidence to engage in the much needed changes needed to address our global challenges.

We question current learning methods that emphasize memorizing rather than understanding, and the teaching of subject areas in isolation from their larger context. In response to the complex challenges leaders are facing, our case study illustrates how to develop courses within a transdisciplinary framework; courses which take a more holistic perspective at the subject of inquiry, and which provide a systemic perspective much needed to the sense-making of the whole. Transdisciplinary modes of thinking emphasize cyclic rather than linear cause and effect relationships, by which many of our actions and processes are governed. We show how helping students to study their actions from within and across systems, students will be able to better understand and consider the consequences and implications of their decisions and actions for the different parts of a system and the system as a whole.

Introducing a transdisciplinary perspective means challenging and questioning the many taken for granted epistemologies to which we introduce our students. Current epistemologies assume that sciences are neutral. Teaching economics, finance or management is supposed to amount to an 'objective' teaching, which does not induce any moral focus on action. This taken for granted assumption is to be traced back to the birth of modern sciences, that the German sociologist Max Weber so radically made clear when writing on the differences between science and politics (Weber, 2004). Sciences and technologies are everything but neutral: they are not

only grounded on paradigms that influence humans' understanding of the whole, but they make individuals behave depending on this understanding, and on the integrated prescriptions in technologies (Latour, 1988, 2004). The taken for granted difference between facts and values needs to be questioned in order to make room to a genuine rebirth of ethics in, and epistemological revisions of our teachings.

All the above is only possible if faculty members are themselves convinced that a radical change must occur in business schools to tackle the real and complex contemporaneous worldwide-economical and social problems. In the concluding part, we focus on the different profiles of business school faculty members, and their efforts to transform and constantly educate themselves. We highlight the role of faculty members as researchers, and point to the current discussions about how our research community might want to work more on what matters to managers, and avoid being driven by the theoretical debates in our academic journals (see Hodgkinson and Rousseau, 2009; Worrell, 2009).

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DETERMINANTS OF BUSINESS ETHICS: A CROSS-COUNTRY COMPARISON

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Abstract

In the last 20 years, the concept of business ethics achieved prominence both in academic and professional spheres. The reasons for this increased interest are threefold: first, the highly mediatized cases of unethical behavior and corruption which destroyed the reputation of several large firms (e.g. Arthur Andersen, Enron, Tyco, Worldcom, etc.); second, the economic and financial crisis started in 2008, which raised questions regarding the ethical behavior of financial institutions; and, third, the increased importance of Corporate Social Responsibility (CSR) for the competitiveness and market success of modern firms. The link between corruption and economic development is so important (World Bank in Hawthorne, 2013) that combating unethical practices represents today an essential pillar of sustainable development (Andersson and Heywood, 2009).

Following this trend, global institutions, such as Transparency International, the World Bank, or the World Economic Forum, introduced several indicators for measuring the level of business ethics and corruption perceived in different countries, and launched a series of regular surveys to identify the evolution of these variables (Hawthorne, 2013). In fact, Johnson (2013) indicates that there are currently more than 250 global and local ethical indices schemes, which create some confusion due to their measurement formula, and level of application (i.e. country-level or company-level).

Although the regular measurement and reporting of business ethics and corruption indicators is necessary and important, from an investor's perspective they raise the danger of Social Labeling, making the situation worst for the poorly ranked countries (Hawthorne, 2013; Warren and Laufer, 2009). The analysis of this social phenomenon should provide insights not only in the specificity of the existing situation, but also in the direct causes and contextual conditions that determine or enhance the problem, which may help policy makers to identify and address the social causes and mechanisms which result in corruption and in the replication of unethical behaviors.

Previous studies analyzed the connection between international business bribery, culture and economic factors (Sanyal, 2005); the effect of culture and religion on perceived corruption in a global context (Mensah, 2013); Hofstede's cultural dimensions and perceived corruption at national level (Davis and Ruhe, 2003; Seleim and Bontis, 2009); or the clustering of countries in terms of economic, technological, cultural, demographic, and quality of life conditions, and the subsequent investigation of their level of perceived corruption (Grein, Sethi and Tatum, 2010).

In our opinion, these studies provide a broader perspective which permits a finer interpretation of the causes and conditions of perceived corruption at country level, however, their main shortcoming rests with the justification of selected variables (which seem selected often on a convenience basis, rather than in connection with existing models of behavior or social interactions). To address this gap, we initiate this study which develops a model of various social forces and phenomena that may influence ethical behavior and corruption at country level, and investigates the importance of these forces in terms of determinants or moderators.

In our opinion, the main social forces that determine the level of perceived corruption in business are: macro-economic factors – such as the level of economic development, but also the level of social inequality in a country; political elements - such as the credibility, model behavior and performance of the government and of the main politicians; the rule of law (e.g. judicial independence and the reliability of policy services); the facility to do business, and last but not least, the freedom of press – which can act as a watchdog of democratic rules and ethical behavior in the society. Theyrepresent direct determinants of the level of perceived corruption, but the impact of these factors is moderated by the level of cultural dimensions that specifically characterize every country.

In order to explore the relationship between these variables, we use two sets of data – one collected mainly from the World Bank databases, and the second one from the Global Competitiveness Reports realized by the World Economic Forum. Some other variables are taken from Transparency International – e.g. the perceived country-level of corruption, and the Reporters Without Borders' World Press Freedom Index. The cultural dimensions specific for every country are taken from the well-known studies of Geert Hofstede. The use of two data sets, originating from different surveys, and using different types of respondents, represents a guarantee of the quality of our approach. It can also provide the basis of an interesting comparison between two different sets of data, which may highlight either a convergence of effects, or meaningful differences related with the perception of various categories of respondents, on the same phenomena, during the same time period.

The analysis of this data is realized applying regression analysis, although we also explore the possibility to apply a factor analysis of the various items originated from the existing databases, in order to develop second-order variables and apply structural equation modelling. We also aim to apply this analysis to three time periods – before, during, and after the 2008-2012 financial crisis, in order to identify the effect of this major global phenomenon on the level of corruption and ethical behavior.

At this stage, this project is still a work-in-progress, but we are confident to finish in time our analysis and to present at the Conference, in October, some very interesting results, that will also represent the basis for a series of theoretical and practical implications for political and social management, aiming to reengineer the impact of this forces and reduce progressively, but surely, the level of business corruption at both global and national level.

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ETHICAL ISSUES IN ROMANIAN BANKING SERVICES: AGGRESSIVE SELLING AND CUSTOMER MISINFORMATION

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Abstract

Since many banking services and offers are extremely complex, and are expressed in a highly specialized and technical language, their terms and conditions are often difficult to understand by a regular customer. This situation requires bank agents to act responsibly towards their clients, presenting and explaining clearly all the elements of bank services in order to give the client the possibility to make an informed decision. Several studies identified and classified the ethical issues associated with bank activity: Mitchell et al. (1992) found 17 categories of ethical problems, while Hortacsu and Ozkan-Gunay (2004) analyzed eight factors and five independent scenarios of ethical misconduct in Turkish banking. However, a more in-depth analysis of specific ethical issues is also necessary, in order to understand their determining factors and contextual characteristics. From this perspective, the present study focuses only on the problems of aggressive selling and misinformation, in the Romanian banking sector.

Romania is considered as a highly attractive market for financial and banking services, because it is far from the level of saturation reached by the Western European countries, which implies a fierce competition among local and foreign banks. Many of these banks implemented a highly aggressive strategy to develop and sell new products, in order to control a larger market share and increase the dependence of their customers (Coman, 2007). Unfortunately, this competitive pressure exacerbates the ethical issues related to aggressive selling and consumer misinformation (Diosi, 2010). On the other hand, some authors consider that the situation was worsened by the 2008-2012 financial crisis, which increased the level of uncertainty in the Romanian economy, both for the population and for companies (Baicu and State, 2012; Zapan and Agache, 2014). In order to investigate these ethical problems, this study formulates the following research objectives:
  a) To analyze the manifestation of these ethical problems in the Romanian banking sector;
  b) To identify the determining factors and the contextual conditions for the manifestation of these ethical problems;
  c) To investigate the impact of the financial crisis on the magnitude and gravity of these ethical problems.

In order to answer these research objectives, both secondary and primary data have been collected and analyzed. In the first stage of the research process, a series of articles, studies and reports regarding unethical banking issues have been accessed and analyzed, with a particular focus on aggressive selling and customer misinformation. In the second stage, 34 interviews with bank agents and 180 interviews with bank clients have been conducted in order

to collect data about the investigated ethical issues (half of these interviews were conducted in 2011, and half in 2013, to allow the comparison between crisis and post-crisis periods). The name of banks and or respondents was kept confidential, this representing a basic condition for obtaining data about these highly sensitive topics. If the selection of bank agents was realized on the basis of convenience sampling, the interviewed customers were selected through stratified sampling, the population of study being divided into three categories depending on the level of banking and financial knowledge: low, medium and high, from each of these three categories being selected 30 customers. This differentiating criterion was chosen because a low level of knowledge increases significantly the vulnerability of bank clients. The interviews lasted between 15 and 20 minutes, and were conducted first during July-August 2011, and then between July and August 2013 , in the city of Oradea, located in the north-western part of Romania. In line with the exploratory approach of this paper, the answers were transcribed and then analyzed using discourse analysis techniques, in order to identify the convergent concepts and themes provided by respondents.

The findings indicate that the two ethical issues are often associated, as an effect of competitive banking strategies that combine aggressive offers with time and cost reduction. The ethical codes of banking institutions are applied rigidly, and many bank agents recognize their incapacity to explain all the details of bank services during a standard interactive session with the client. However, they often blame the clients, who should be more knowledgeable about the main banking offers. A few bank agents outline that the internal incentive system is also partially responsible for aggressive selling, being based on quantitative (number of products sold) rather than qualitative (customer satisfaction) performance objectives. Many clients express their frustration regarding the quality of banking services, especially concerning the degree of personalization in line with their specific needs. As expected, the less knowledgeable clients are more vulnerable to aggressive selling and misinformation, which significantly reduce their capacity to take informed decisions and choose the best product for their individual situation. However, even the more experienced clients outline the difficulty of developing a long-term relationship with a bank agent, based on mutual confidence and respect. Many agents are young and ambitious, but lack experience and sensitivity, being driven by sales number and profitability rather than customer satisfaction. The 2008-2012 financial crisis had a two-phased effect on the behavior and strategy of Romanian banks. In the first phase, it increased the competitive aggressiveness, and the unethical behavior of some banks; while, in the second phase, the banks realized that these practices increase the number of non-performing loans and create long-term reputation problems for the affected banks, which led to better loan securitization and less aggressive credit promotion. On the basis of these findings, the article formulates a series of practical propositions for the potential improvement of the existing situation.

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"PROVOKING EMPATHY AND INSIGHT: THE CASE METHOD IN BUSINESS ETHICS"

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Keywords: case study, pedagogy, business ethics, teaching ethics, employee loyalty.

Abstract

The teaching of business ethics often assumes that individuals can apply abstract reasoning proactively to real dilemmas in real time in choosing a path towards resolution. In fact, many ethical dilemmas are not even apparent until after-the-fact.   Many cases in the teaching of business ethics also presume audience sophistication with large organization-wide issues and strategy. Cases should be employed that are sensitive to their participants, who are often young students with little organizational experience just beginning to launch their own careers. Empathy is key to simulating a case analysis that will be both meaningful and impactful.

This case presentation and discussion is based on an original, unpublished case "Torey Lampart's Two Jobs: A Case Study."   This case describes a common conflict that young jobseekers face – at what stage to share their job search with their current supervisor – and presents this as a dilemma that the protagonist only realizes belatedly. She now faces a dramatic situation which perhaps she could have anticipated and avoided, but now has to resolve in a way that will test her loyalty and values (perhaps at the expense of her advancement).

The goals of this session are:
1. To illustrate a common ethical dilemma of a job seeker where loyalty conflicts with ambition, and discuss the ethical responsibilities of valued colleagues in the workplace.

2. To illustrate the naiveté of those caught in an unanticipated ethical dilemma, and how this might be addressed once damage is done.

3. To explore the pedagogy and utility of the case method for teaching ethics, and the importance of using cases that young students can relate to with empathy and understanding.

4. To question an abstract philosophical approach to ethical dilemmas versus a more reality-based, behavioral approach, recognizing that individuals often lack the self-consciousness, objectivity, and reasoning skills to treat problems thoughtfully and intellectually in the moment.

5. To consider what the goals of teaching ethics might be and how best to construct a lasting and effective learning experience.

The challenge of teaching business ethics is how to have meaningful and lasting impact on future behavior in real situations of consequence. This session will focus on the strengths and limitations of the case method as a means of simulating experiences that explore ethical choices and action.

THE IMPLEMENTATION OF PRIME IN A BUSINESS SCHOOL: DO WE REALLY NEED TO CHANGE ANYTHING?

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Abstract/Proposal

The number of Universities who are signatories for the Principles for Responsible Management Education (PRIME) initiative has grown year on year, since its inception. Signatories are expected to commit to six principles in the design of their curriculum and teaching methodologies, as well as their strategies for research. Central to PRIME is to "make the implicit explicit" (PRIME Inspirational Guide, 2012) and much more than simply something which is included in a mission statement. A variety of papers and case studies have reported on Universities who are at different stages of implementation of PRIME initatives; evidencing some of the positive initiatives as well as the barriers (Goderman et. al. (2014); Stachowicz-Stanusch (2011). Implementation of the six principles requires Universities to build upon existing practice, but also to make positive changes to implement new ideas for Management Education.

Barriers to change are well documented in the management literature with writers focusing on aspects such as history in creating a "collective subconscious" (Muscalu, 2014). Allied to this, a variety of models suggest strategies for successful strategic change (Kash, 2014; Luecke, 2003; Kotter, 1996).The change management literature offers a range of perspectives in relation to whether change should be top down and bottom up, and the relative success of these approaches. Authors such as Kanter (1983) argue that change must be driven from the top but that local changes must be valued by those at the top and part of an integrated change process. Paton and Boddy (2007) suggest that "top" needs to be defined. There may indeed be several "top" levels of management, all with different agendas, and different levels of buy in and support for initiatives.

Case studies on the implementation of PRIME outlined in the PRIME inspirational guide similarly report on differing approaches, aligning with much of the change management literature. Aarhus University and University of Dubai outline a strategic approach driven from the top. Australian School of Business and Asian Institute of Management discuss curriculum changes they have made in line with the bottom up approach. Many focus on specific Schools as "top" in relation to the drivers for initiatives (e.g. Bentley University Business School and Hanken School of Economics), with Business Schools offering the significant majority of the examples, as would be expected. In all cases, building on established good practice is offered as a tool for success. A gap in knowledge exists as the case studies have not considered the role that established practice and history might play as a blockage to further implementation.

This paper reports on a case study of PRIME implementation in York St John University Business School, part of York St John University in the UK. York St John University is a small and long established University, founded in 1841 as a church College. It's Chancellor, since 2007, is Dr John Sentamu, the Archbishop of York. The foundations for PRIME are already laid in its history and tradition. Interviews with senior members of staff involved in the strategic

implementation of PRIME are undertaken to understand the key drivers and approaches taken. Focus groups with the academic team are utilised to explore the extent to which existing initiatives exist which fit the agenda and views on what further developments are required. Barriers to implementation are considered, with a specific focus on current practice, in particular "we don't need to do anything more because we already do it" as a potential barrier in reducing willingness to further implementation. Management implications for greater embedding of practice and addressing cultural barriers are made.

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ETHICS UNDER PRESSURE: A STUDY OF UNDERGRADUATE PERCEPTIONS AND BEHAVIORS

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ABSTRACT

Ethics is often defined as moral principles that govern a person's behavior and decision-making. Ethics, and business ethics specifically, have become an increasingly hot-topic in today's world. As there have been many corporate scandals in the recent past, business ethics has become an increasingly debated topic. Through this academic research study we hope to analyze and determine if pressure plays a significant role in ethical decision making. Taking it further, this study not only looks at the effects of pressure in decision-making as a whole, but also the possible effects of gender and religiosity on ethical conduct under the perception of pressure.

Past studies have been conducted to determine and evaluate which gender tends to be more ethical. In a study conducted by Professors Durwood Ruegger and Ernest W. King, they found that in business ethics scenarios, females were more ethical than males (Ruegger & King, 1992). In another study, Professor Arlow discovered that females were more socially responsible than males (Arlow, 1991). This is one of the reasons we predict that females will be more ethical than males; however, what makes this study unique is that we are adding the variable of pressure.

Studies have also been conducted on ethics and religion. In one study conducted by Stephen J. Conroy and Tisha L.N. Emerson, they found religiosity to have an effect on students' ethics (Conroy & Emerson, 2004). We predict that those who attend religious services once or more a week will be more likely to behave ethically than those that do not attend less than once a week; again, however, we include the variable of pressure.

Accordingly, we developed the following hypotheses:

H1: The perception of pressure to succeed impacts ethical decision-making of students, such that students that perceive pressure are more likely to behave unethically than students that do not perceive pressure.

H2: Gender impacts ethical decision-making of students, such that females are more likely to behave ethically than are males.

H2a: Gender and the perception of pressure to succeed impact ethical decision-making, such that females perceiving pressure are more likely to behave unethically than females not perceiving pressure.

H3: Religiosity impacts ethical decision-making of students, such that students who attend religious services regularly are more likely to behave ethically than those not attending regularly.

H3a: Religiosity and the perception of pressure to success impact ethical decision-making, such that students who attend religious services regularly and perceive pressure are more likely to behave unethically than those who attend religious services regularly and do not perceive pressure.

While the majority of these college students are likely to act ethically, those that feel more pressure than their peers are more likely to act unethically. Overall, there seems to be a relationship between the perception of pressure and ethical decision-making.

The paper discusses the findings of the study, and concludes with recommendations for future research.

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DO FOREIGN ANALYSTS REACT MORE STRONGLY TO FINANCIAL FRAUD IN CHINA?

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Abstract

This paper investigates financial analysts' response to corporate fraud using longitudinal data from Chinese stock exchanges between 2001 and 2012. Specifically, we examine whether foreign analysts react more strongly than domestic analysts by adjusting their future earnings forecasts and recommendations when a public firm is caught of committing a fraud. We argue that foreign analysts will react more negatively to financial fraud due to their information disadvantages in the domestic market and higher corporate governance standards. We also explore reaction differences between foreign and domestic analysts for various types of fraud. We expect that financial analysts will respond more strongly to more serious fraud and predict that the reaction differences between foreign and domestic analysts will also be larger in case of this type of fraud.

PROPOSAL

Corporate financial fraud can bring serious harm for firms and their stakeholders. The Association of Certified Fraud Examiner (ACFE)'s 2014 report estimates that a typical organization loses approximately 5% of its revenues to fraud each year. This figure can translate to a potential annual fraud loss of more than $3.7 trillion if applied to the 2013 Gross World Product. Corporate fraud not only damages investors' economic interests but also undermines the integrity of the entire capital market that depends on a basic level of ethical corporate behavior to operate (Harris and Bromiley, 2007). From an ethical perspective, corporate fraud constitutes a direct breach of shareholder and stakeholder trust and represents an ethical failure of corporate managers to perform their fiduciary duties and to fulfill their responsibilities to investors (Staubus, 2005).

The problem of corporate fraud is especially severe in emerging economies such as China due to its primitive financial market regulation and weak law enforcement (Conyon and He, 2015; Ding et al., 2010). Research examining corporate fraud in China has found that firms being caught of committing fraud experienced strong negative stock market reactions and the likelihood of corporate fraud is affected by board and ownership structure (Hou and Moore, 2010; Jia, et al., 2009). These studies have also documented that fraudulent Chinese firms are associated with a larger probability of auditor turnover, board chair turnover, CEO turnover, and CEO compensation reduction (Conyon and He, 2015; Ding, et al., 2010; Firth, et al., 2005, 2011). Our paper differs significantly from these works by investigating financial analysts' response to corporate fraud in China. Specifically, we examine whether foreign analysts react more strongly

to financial fraud than domestic analysts by adjusting their future earnings forecasts and recommendations.

Prior finance literature has stressed the important role of financial analysts as information intermediaries in the financial market and as an external corporate governance mechanism to reduce agency costs associated with the separation of ownership and control (Fama and Jensen, 1983; Jensen and Meckling, 1976). Financial analysts add value to investors by distributing information about firm performance through their earnings forecasts and stock recommendations (Barber et al., 2001; Chung and Jo, 1996; Womack, 1996). By doing so, financial analysts not only increase investor awareness of their covered firms, but also affect these firms' stock demands. Specifically, the stock market typically responds positively when a firm is added to the "buy" list, while negatively when a firm is removed from the "buy" list or added to the "sell" list (Stickel, 1992). Similar reactions in the stock market are also observed when financial analysts adjust their earnings forecasts on a firm (Barber et al., 2010). Financial analysts thus do play a corporate governance role by signaling to investors about the future value of their covered firms. The first objective of our paper then is to investigate the response of financial analysts when a firm is caught of committing financial fraud.

More importantly, we expect foreign and domestic analysts may react differently to the news of financial fraud. First of all, foreign analysts typically possess information disadvantages compared to their domestic counterparts (Bae et al., 2008). As a result, less informed foreign analysts have to rely more on publicly disclosed information instead of private information to make earnings forecasts and recommendations. In contrast, local analysts often have better access to information through other channels. For example, domestic analysts can talk to firm representatives in person or directly observe firm operations and conditions due to their location proximity with these covered firms. In addition, local brokerage firms these domestic analysts work for may have better relationship with local firms compared to foreign firms, thus are able to obtain information before public release. In the case of financial fraud, a firm's credibility and its financial disclosure quality are severely impaired. As a result, foreign analysts heavily relying on public disclosures may respond more negatively to this news since the integrity of their information source is seriously discounted. In contrast, domestic analysts may be able to compensate insufficient information disclosure with private information to reduce information asymmetry, and may not respond as strongly as their foreign counterparts.

In addition, financial analysts may not always make impartial recommendations. Prior literature has pointed out that companies can often exert pressure on financial analysts to provide more favorable analyst recommendations through contracts and deals with employers these analysts work for. Dechow et al. (2001) for example document that financial analysts employed by brokerage firms managing firm seasonal equity offerings tend to offer more optimistic forecasts for these firms. They also document that fees paid to the analysts' employers are positively associated with forecast optimism. Similar findings are echoed by Hong and Kubik (2003) who likewise find that analysts are more likely to issue positively biased recommendations and opinions on firms that are clients of their employers. In the Chinese context, Firth et al. (2013) find that Chinese analysts tend to make more favorable recommendations when the stock they cover have a larger weight in a mutual fund client's portfolio and when their employers generate larger commission revenues from these mutual

fund clients. These evidences suggest that the implicit conflict of interests may affect analysts' opinions and recommendations. Because listed firms tend to have larger influence on domestic analysts than on more independent foreign analysts, we expect foreign analysts will respond more negatively to the news of financial fraud, while domestic analysts are more inclined to withhold intense negative responses given larger pressures they receive from client firms. In addition, foreign analysts residing in more developed nations may weight corporate governance and internal control quality more heavily in their assessment of firm future value and are thus more likely to discount firms experiencing financial fraud that indicates a failure of corporate governance and internal control mechanisms. Taken together, we hypothesize that foreign analysts will respond more negatively to financial fraud than domestic analysts by adjusting earnings forecasts and recommendations.

The fraud literature has documented that financial fraud varies in terms of impact on equity prices and shareholder value. Palmrose et al. (2004) for example document that a financial restatement related to a correction of intentional violation of GAAP standards elicits much stronger negative stock price reaction than an error-related financial restatement in US. Chen et al. (2011) find that more severe financial fraud committed by Chinese listed firms, such as failure to disclose materials matters in time, disclosure of false information, or price manipulation, has a much stronger negative effect on these firms' refinancing ability than minor violations. Since more severe financial fraud is associated with larger economic loss for shareholders, we thereby expect that financial analysts will respond more strongly to this type of fraud. We also predict that the reaction differences between foreign and domestic analysts will be larger in case of more severe fraud.

Our sample includes all firms listed in two major Chinese stock exchanges, Shanghai and Shenzhen Stock Exchanges, between 2001 and 2012. Data on foreign analyst forecasts are provided by I/B/E/S Global. Data on domestic analysts, as well as corporate fraud and other financial information of Chinese listed firms are provided by CSMAR.

Overall, our paper adds to the broad financial fraud literature by examining analysts' responses to financial fraud. We also contribute to the literature on information differences between foreign and domestic analysts. Finally, we extend prior literature on financial fraud and financial analysts that has largely focused on the Western setting by studying China, a drastically different institutional context characterized as earlier stage of capitalist development, an economy in transition, significant state influence, and nascent corporate governance regimes. We hope that our study will stimulate further research on the role of financial analysts in preventing corporate fraud and protecting shareholder value.

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COMBATTING CORRUPTION AND RESPECTING HUMAN RIGHTS: BRIDGING THE GAP

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The United Nations Global Compact established ten general principles that corporations should "embrace, support and enact, within their sphere of influence." Initially, there were nine principles, which covered the areas of human rights, labor rights, and the natural environment. Later, a 10th Principle was added, which stated that "Businesses should work against corruption in all its forms, including extortion and bribery." This principle was added after lobbying by those that believed that the other nine principles could not be meaningfully implemented without a fight against corruption. Currently, most corporations focus only on ensuring that their employees or agents are not paying bribes. However, to "embrace, support, and enact" the first nine principles of the Global Compact, combating corruption must mean more that just ensuring that employees and agents do not pay bribes, but ensure that corruption is not interfering with the corporation's responsibilities with respect to human rights, labor, and the environment.

Increasingly, there is awareness that corruption and human rights are intimately connected: high levels of corruption in a country prevent the realization of human rights and fuel human rights abuses. However, the debates and reform proposals on improving corporations' social performance in these two areas are often treated as separate concerns that run parallel to each other. The goal of this paper is to show why the 10th Principle of the Global Compact must be integrated with the other nine principles.

Corporations view corruption as a local issue and their only obligation is to attempt to prevent their employees from paying bribes. One factor driving this view is the increased enforcement of anti-bribery laws in the U.S. and elsewhere, which pushes corporations to view combating corruption as primarily, or solely, a legal compliance issue. Corporations focus on ensuring that their employees or agents do not pay bribes by adopting compliance programs that are likely to be effective in ensuring that anti-bribery laws are not violated (or, at least adopting the minimum necessary elements of a compliance program that will satisfy external demands). Underlying this view seems to be an assumption that corruption abroad is something that corporations have done to them. That is, corporations do not bring a corrupting influence to the country ("exporting corruption"), but they are unwillingly forced into situations where they need to decide whether or not to give into a demand for bribes.

This is a different perspective from that of corporations in the area of human rights. With respect to labor conditions, for example, a motivating force behind policy developments and multi-stakeholder initiatives is the view of corporations as *exploiters* of developing countries' low wage workers and weak labor laws. Likewise, with respect to environmental issues, corporations are viewed as *causing* the environmental damage. This difference in underlying views potentially changes how corporations' view their obligations. That is, corporations are

more likely to take a broader view of their responsibilities and expand from "avoid the harmful activity" to "work for positive change in the local environment to prevent the harmful activity from occurring."

To meet their responsibility to protect the rights of workers, corporations regularly hire auditors to determine if their suppliers are meeting established standards on worker safety and rights. Corporations then report these findings to their shareholders and other interested stakeholders in disclosures such as sustainability reports. These audits of suppliers' factories are often "fast and flawed," however, as stated in a recent New York Times headline. The auditors often simply run through a check list of items and are easily tricked by factories that coach employees on how to answer auditors' questions, send a signal when auditors arrive to let child laborers know that they should run out the back door, or the factory has its products (e.g., clothing and toys) made at an unaudited factory and then brings those items to audited factory and claims they were made there. Overall, some experts believe that even with greater public attention to the issue of "sweatshops" and the introduction of factory audits, very little has changed in the last twenty years.

Underappreciated in this lack of progress is the role of corruption. In some cases, the factory making the apparel or other items can simply bribe the auditor to get a passing grade. The auditor may extort a bribe payment from the factory by threatening the factory with a failing grade, or the factory may hire a consulting firm in advance of the audit to help the company pass the audit, which is accomplished by the consulting company bribing the auditors.

In other situations, certain aspects of building safety are beyond the scope of an audit, and are the responsibility of local building inspectors. For example, one of the major CSR news items in 2013 was the collapse of a building in Bangladesh that housed factories supplying goods for many different multinationals. The building collapse caused the deaths over one thousand workers. Corruption at the local government level allowed the building to be built in direct violation of building codes (including additional stories), and allowed various other safety violations to go unchecked. Likewise, commentators have noted that in Pakistan, which has seen several hundred workers die in factory fires recently, state inspectors make significant additional money by allowing factory owners to pay bribes to avoid health and safety regulations.

In response to the tragedies at these factories, various initiatives have formed, such as the Accord on Fire and Building Safety in Bangladesh. However, unless corruption is brought under control, corrupt payments will prevent these programs from reaching their potential, or worse, having any impact at all, but still creating the impression that some progress is being made. Overall, whether it is bribes paid to auditors or to local government inspectors, corporations are linked to this corruption that causes significant human rights violations. Although corporations may have short-term financial incentives to look the other way due to the lower costs of production corruption affords, these actions make them complicit in human rights abuses. In addition, these situations create significant risks to the corporation's reputation.

Overall, corporations know (or should know) that corruption greatly impacts their ability to respect human rights. Thus, awareness of how corruption impacts human rights throughout the corporation's supply chain should be essential for conducting "human rights due diligence." To accomplish this goal, corporations should not only ensure that their employees and agents do not pay bribes, but that corruption is not standing in the way of their suppliers to meet human rights obligations. This may also include an obligation to work towards reducing the enabling

environment that allows corruption to thrive in that location. This duty goes beyond legal compliance with the FCPA or other national anti-bribery laws and must be central to the discussion of corporations' human rights obligations.

In short, this article will argue that corporations will have a more positive impact on human rights if these issues—corruption and human rights—are considered together. CSR initiatives aimed at improving corporations' human rights performance must directly consider the impact of corruption and how combating corruption can improve human rights outcomes. In other words, combating corruption should not just be considered as an end in itself, but also as a means for preventing human rights abuses. Anti-corruption efforts cannot focus only on multi-national corporations refusing to pay bribes, but how anti-corruption efforts can enable the respect for human rights.

To develop the argument, this paper will also discuss the following issues. First, how a human rights focus changes our perspective on combatting corporation (shifting the focus away from the violator and towards the victims of corruption). Second, how the due diligence requirement under the UN Guiding Principles may not encourage this shift in perspective. Third, how this discussion relates to the debate of whether there should be a human right to be free from corruption.

EXPLORING THE ANTECEDENTS OF UNETHICAL NEGOTIATION TACTICS WITHIN THE CONTEXT OF ETHICAL LEADERSHIP

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Abstract

In light of high profile business scandals and a growing lack of faith in the ethical integrity of business leaders (Maak & Pless, 2006), there has been mounting interest in understanding the antecedents of ethical leadership and to a lesser degree the factors that take leaders down a potentially destructive path (Brown & Trevino, 2014; Hoffman et al, 2013). Studies of leadership and ethics are important for several reasons: Leaders play a pivotal role in shaping the ethical behaviour of followers, generating an ethical climate within the organisation and cultivating sustainable relationships with a plethora of stakeholders. Furthermore, numerous studies have identified that ethical leadership can have a positive influence on a range of outcomes including employee satisfaction, perceptions of fairness, willingness to deal with problems and reducing negative employee behaviours.

Business schools are key stakeholders in developing future leaders and consequently are a conduit through which principles of responsible management and corporate responsibility can be disseminated. The following study encouraged students to reflect on their basic tendencies while enacting core leadership functions namely negotiation and the likelihood that they would justify the use of unethical tactics (Solitander et al, 2012). Taking these ideas as the basis for the project, two questionnaires exploring the views of 500 1st year Undergraduate students of business-related degree programmes at three northern British business schools were conducted. The data was collected at two time points, three weeks apart to examine perceptions of ethical leadership, negotiation tactics and the influence of key personality variables. Understanding the factors that influence unethical behaviour and choices of leaders is a positive step towards developing techniques for reducing unethical behaviour by leaders and organisations (Meyer et al, 2012) and such reflections can establish a foundation for embedding ethical considerations more deeply in management graduates.

Maak and Pless (2006) promote a move away from leaders as "big men" and "heroes" towards the idea of responsible leadership in a stakeholder society in which leaders are citizens, servants, coaches and stewards of interconnected relationships. These roles all promote an outward sense of responsibility on the part of the leader. Others have suggested ethical leadership represents a tension between altruistic and egotistical motives (e.g. Kanungo & Mendonca, 2001). Brown et al's (2005) theory of ethical leadership as a distinct style has gained considerable traction in recent years. Their conceptualisation highlights three key components: being an ethical example, treating people fairly, and actively managing morality. The first two of

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these components link to the *moral person* in whom the individual has desirable characteristics such as being fair and trustworthy. The final component relates to encouraging ethical behaviour over unethical behaviour. Implicit in both these discussions of ethical leadership is an awareness or capability of the leader to examine what lies beyond their own desire and personal needs, engage with stakeholders and colleagues in meaningful two way discussions and solve problems collectively. Considerable research has been conducted demonstrating the positive influence of ethical leadership on outcomes but less so on its antecedents (Kalshoven et al, 2011). The considerable influence that potential leaders can have on outcomes (Anderson et al, 2008) makes the exploration of factors which shape ethical/unethical behaviour crucial. The overarching purpose of this study is to identify factors which shape our ethical behaviours so organizations can effectively prevent managerial misconduct, promotes responsible leadership and promote reflection on the potential outcomes of engaging in unethical practices.

It is proposed there is likely to be a link between personality traits, ethical leadership, and negotiation tactics (e.g. Brown & Trevino, 2006; Kalshoevn et al, 2011; Walumbwa & Schaubroeck, 2009; Paulhus & Williams 2002). Various individual differences have been proposed as likely determinants of ethical leadership for example, social responsibility (De Hoogh & Den Hartog, 2008) and leader moral identity (Mayer et al, 2008). The five factor model of personality in particular has been highlighted as a potential influencer. The "Big Five" are believed to be a basic underlying trait, genetically based, stable over time and cross culturally generalizable (Goldberg, 1990; McCrae & Costa, 1997). Consequently we replicate earlier studies and further extend them by investigating how more egotistical traits may shape our perceptions of ethical behaviour in organisations.

Narcissism is a particularly germane personality factor to examine in relation to both ethical leadership and core leadership roles. Narcissism is described as a "dark side" personality trait, with narcissistic individuals tending to demonstrate a strong positive self concept and seek status, success and admiration from others and will endeavour to achieve these goals at the expense of interpersonal relationships (Campbell et al, 2005; Wallace & Baumeister, 2002). They frequently exaggerate achievements, fantasise about power and are hostile to criticisms and compromise. On the positive side narcissists report high levels of positive affect and self esteem (Morf & Rhodewalt, 2001). Studies have suggested that these qualities may aid in their promotion to leadership positions and offers an advantage in some negotiation scenarios (Park et al, 2014; Resick et al 2009). With the focus of those tending to be narcissistic on the satisfaction of the self over others we propose those more narcissistic individuals will relate less to ideas of ethical leadership (Hoffman et al, 2013).

Interestingly recent research has suggested that while narcissism is not a uniquely male or female disposition the genders do appear to demonstrate differences in structure (Tschanz, Morf, & Turner, 1998) and motivation (Morf, Weir, & Davidov, 2000). Indeed this is consistent in related fields of research such as perceptions of conflict (Pinkley & Northcraft, 1989). Moreover Tschanz et al (1998) builds on a body of evidence that suggest in order for women to influence men they must appear more likeable and sociable or risk being evaluated more negatively (Eagly, Makhijani, & Klonsky, 1992). Consequently Tschanz et al (1998) report that women score lower on the Exploitiveness/Entitlement component of the NPI than men. These differences may

account for the weaker findings in Hoffman et al's study. Consequently we predict gender will moderate the relationship between narcissism and ethical leadership perceptions.

H1 Conscientiousness, agreeableness & emotional stability are positively related to ethical leadership

H2a Narcissism is negatively related to perceptions of ethical leadership in business

H2b Gender will moderate the relationship between narcissism and perceptions of ethical leadership

It is suggested that negotiation is at the core of a leader's job and people engage in some form on a daily basis (Lax & Sebinius, 1986). We deploy negotiation tactics as a constructive means of managing resources, doing business, settling disputes and resolving interpersonal conflicts (DeDreu et al, 2000). Due to negotiation being such a pervasive function of leaders, in this study we use it as a proxy for exploring Brown et al's (2005) third component of the ethical leader, "encouraging ethical behaviour". We suggest that the tactics people are willing to deploy in such scenarios can serve as a test of ethical leadership. Defined as communication between two or more parties with divergent interests in order to reach agreement (Pruitt, 1981), negotiation has been described as a process of 'jointly decided action' in which negotiating parties engage in an integrative and co-operative process. We may term this conceptualisation as a co-operative frame. However, parties may also engage in competitive negotiating in which interests of other parties are opposed in a competitive frame, or a mixture of the two.

Authors have suggested that within the process of negotiating there is a degree of legal and ethical freedom that does not exist once a deal or solution has been agreed (Burr, 2001). Consequently defining what constitutes ethical behaviour in such conditions is questionable and leaves room for ethically questionable acts to take place. Robinson et al (2000) highlight, the possession of information in negotiation situations is a major source of power and provides the possessor with the opportunistic advantage and the dilemma of co-operating or exploiting for personal advantage. Building on previous studies that have identified and modelled unethical negotiating tactics (Lewicki , 1983, Robinson et al, 2000) we explore how individual difference factors may influence acceptance of such tactics and suggest the following:

H3: Ethical leadership will be negatively related to approval of unethical negotiation tactics

Evidence suggests that a willingness to exploit power and assertiveness can be beneficial in negotiations; moreover in one-shot scenarios coercion and exploitation are also seemingly beneficial. Paulhus and Williams (2002) reported that highly Machiavellian individuals (closely related to narcissism) demonstrate a willingness to manipulate others for their own personal gain. Building on these findings a number of studies suggest that those with more narcissistic traits may have some advantages in negotiations as such "skills" are core to the narcissistic personality type. Previous studies of narcissists in negotiation situations have suggested they are more likely to be concerned with the self (Campbell et al, 2005) and focus on economic gain over relationship building (Park et al, 2013). Hoffman et al (2013) suggest that narcissism may

be an influential factor in ethically related work place behaviours. Consequently we hypothesise that more narcissistic individuals will support the use of unethical negotiation techniques than their less narcissistic counterparts due to their innate desire for success, self promotion and lack of empathy.

H4: Narcissism will be positively related to unethical negotiation tactics

The Sample

The sample contains 400 students at three northern British business schools. The study will collect data at two time points three weeks apart. This split questionnaire method is used for two main reasons; firstly, we were able to separate the independent and dependent variables enabling us to better manage issues of common method variance. Secondly, due to the length of the questionnaire we could reduce issues of question fatigue (Podsakoff et al, 2002). Students complete the questionnaires during tutorials and returned them in sealed envelopes to ensure anonymity. All the questionnaires included in the instrument have been validated and report acceptable levels of reliability.

Summary

Drawing on the suggestions of Brown and Trevino we investigated potentially key antecedents of ethical leadership and unethical negotiation tactics. Using a large sample of business school students our preliminary findings suggest personality can indeed be an influential variable but is moderated by gender. It is hoped that the study can add to our understanding of how we can manage the risk of leaders engaging in unethical behaviour and contribute to building more responsible organisations. Furthermore the study provided learners with a useful opportunity for personal reflection on how individuals approach ethical and moral issues, a starting point for challenging deeply held assumptions.

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INTERNATIONAL SPORTS FOR SOCIAL JUSTICE INITIATIVES

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Abstract

The last decade, and especially since the United Nation (UN) declared 2005 to be its International Year of Sport and Physical Education, has seen a significant expansion in the use of sport – broadly defined – as a tool for initiating social and economic development. Projects involving sport have included attempts to educate young people to appreciate health concerns such as the dangers of HIV and malaria, engender respect for local communities, discourage anti-social and criminal behavior, increase gender-awareness, as well as assist with the rehabilitation of people with disabilities and the reconciliation of communities in conflict. These sport-in-development initiatives have been credited with being a very useful and non-political vehicle to bring disparate and often opposing groups in the development policy-making process together. Similarly, a growing number of traditional non-governmental organizations – for example, the Catholic Agency for Overseas Development (CAFOD) and the International Olympic Committee (IOC) - are turning to sport to further some of their developmental goals. The aim of this presentation is to analyze the complex and interdisciplinary field of sport for international development movement, shed some light on the opportunities it has as well as describe the challenges it faces worldwide. The main focus of this research initiative is to inform academics as well as practitioners about the pros and cons of using sport programming to achieve a more just society worldwide.

Promoting Critical and Innovative Approaches to Teaching Fair Play – In Sport Management and Beyond

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Abstract

The concept of 'fair play' is considered as imperative teaching components of successful physical education classes. Further, sport and physical activities are not only seen as but market themselves as main instruments for teaching new generations to act, live, and behave 'fairly' in all other aspects of life. Since the United Nations (UN) declared 2005 to be its International Year of Sport and Physical Education we see a significant expansion in the use of sport – broadly defined – as a tool for initiating social and economic development. Projects involving sport have included attempts to educate young people to appreciate health concerns such as the danger of malaria and HIV; engender respect for local communities; discourage anti-social and criminal behavior; increase gender-awareness; assist with the rehabilitation of wounded veterans and people with disabilities; as well as serve in reconciliation of communities in conflicts. These sport-for-development initiatives have been credited with being a very useful and non-political vehicle to bring disparate and often opposing groups in the development policy-making process together. At the same time, the last decades of participation show an unexpected growth in unfair practices in sport internationally. Doping and other unfair practices in sport embedded in a complex network of institutions and personal relationships that contact athletes to many actors in the sport industry. Singling out the drug-consuming athlete for punishment has long served to divert attention away from unfair practices of sport managers, politicians, owners, and support personnel, who also benefit financially, politically, and economically from the – doped performance of – the athletes.

Like the sport industry itself – dominated by hyper-commercial enterprises and spectacles that make no effort to disguise their cardinal objective of delivering entertaining products to maximize profit margins – the discipline of sport management follows the same path. Approaches to sport management that critique or oppose the industry are disappearing from our popular consciousness or are farmed off to our colleagues in other disciplines. This forces us to reflect on the connection that exist between our classrooms and the challenges face on the streets and in organizations: in real life. How does a sport management educator prepare students for an industry fraught with rapidly changing issues and treading water in a fragile economy? This complex question has sometimes been referred to as the debate between the 'conscience' and 'commerce' of sport management. As new issues emerge our graduates will be forced to make decisions which often place the spirit and the business of sport in opposition to each other. Learning specific skills such as critical thinking and civic engagement, combined with hands on experience, can help students have a framework for making the decisions which will confront them. The National Association for Sport and Physical Education (NASPE) and the North American Society for Sport Management (NASSM) – the two review councils that set the

program standards for Physical Education Teacher Education (PETE) and Sport Management (SPM) programs nationwide – describe ethical values, especially 'fair play' behavior as an essential component in professional preparation of physical education teachers as well as sport managers.

The ethical composition and ramifications of 'fair play' in sport management related situations – on and off the field – are rarely examined by scholars. The purpose of this paper is to share the preparation, implementation, as well as findings of three immersive learning initiatives for studying fair play behavior – on the field, in the sport industry, as well as outside the sport management discipline. In the first project, following NASPE/NASSM guidelines, the faculty incorporated ethical/fair plays concepts in two classes: "Foundations and Principles of Physical Education" (PETE 161) and "Sport Governance" (SPM 488) both were involving 35 students. The instructors of the classes directed students' attention to the role ethical behavior plays in sport and physical education. Both courses contained lectures, guest speaker series, group projects, and research papers. Additionally, faculty involved in this project developed a questionnaire that provided students with insights to observe 'fair play' behavior in selected secondary school and youth sport organizations. Students were requested to visit these sites spending 20 hours observing the youth behavior in physical education classes as well as competitive sport settings. At the end of the semester students in both classes were asked to conceptualize their understanding of fair play and present their findings as well as their recommendations to the community partners. In the second project, a Sport Ethics and Social Justice (SPM 1033) class was first taught at a University – as an elective class for sport management majors. After an introduction to different areas of sport and social justice initiatives students were requested to investigate a sport project that addresses an unjust situation in the student's particular interest – nationally or internationally. The investigation had to cover both indications of the impact of the project and what the project did to affect that impact. Based on their findings students were also asked to propose their own program initiatives in the given area. Students shared their findings with field practitioner collecting valuable feedback for further development. In the third project the previously mentioned SPM 1033 course was offered to students of all majors turning the class into an interdisciplinary experience for all involved. Here instructors needed to start the course with answering questions: what do we mean by the term of sport and social justice or sport for development and peace? According to the UN Sport for development and Peace International Working Group sport for development and peace refers to 'the intentional use of sport, physical education, physical activity, and play to attain specific development and peace objectives, most notably, the Millennium Development Goals of the UN.' During the semester students from outside of the sport management discipline were introduced to sport and physical activity as a tool to achieve a more just society worldwide. Students were faced with the educational, health, and social benefits of sport and physical activity as well as asked to research unjust situations – domestically – where these activities could be used as a tool to intervene and achieve positive results. The best projects were showcased at undergraduate research presentation day.

After analyzing the development, implementation, and results of the three innovative approaches to teaching fair play in sport management related issues - on and off the field – this paper concludes that there is a global trend towards social entrepreneurship, especially among young people. Social entrepreneurship in sport entails individuals harnessing the power of sport to improve community life for people, often times for people desperately need some sort of

assistance just to survive in slums, refugee camps, and places in the world torn by conflicts. But most importantly, our students realized this is not 'something someone needs to do somewhere else.' Students – being sport management, physical education teacher education, or other majors – have the opportunity to implement programs in their own neighborhoods which can make a world of difference. As the 18th century educator E. Burke stated: "the only thing necessary for the triumph of evil is for good men to do nothing."

THE IMPACT OF ACCULTURATION ON IMMIGRANTS' BUSINESS ETHICS ATTITUDES

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Abstract

The purpose of this study was to examine the impact of the role of acculturation on immigrants' ethical attitudes. Redfield, Linton and Herskovits (1936) define acculturation as "…those phenomena which result when groups of individuals having different cultures come into continuous first-hand contact, with subsequent changes in the original cultural patterns of either or both groups". The Social Science Research Council defined acculturation as "…culture change that is initiated by the conjunction of two or more autonomous cultural systems…." (Barnett, H. et al 1954). Acculturation is a socialization process in which an immigrant learns the behaviors, attitudes and values of a culture that is different from that of their culture of origin (Lee, 1981).

As Berry (1997, 6) asks: "What happens to individuals, who have developed in one cultural context, when they attempt to live in a new cultural context? To what extent do immigrants adopt the cultural attitudes of their host country or maintain those of their country of origin?"

For countries that have significant immigration such as Luxembourg (32.8% of the population), Israel (27.7%), Switzerland (26.5%), Australia (24.7%), New Zealand (19.5%) and Canada (18.3%) acculturation within the host culture is an important social issue. An immigrant's acculturation is influenced through the ability to adapt his/her "ethical-culture-of-origin" by integrating it into the host country's ethical culture.

Acculturation has become the subject of many cross-cultural studies, especially when discussing how immigrants integrate into the host society and adopt new cultural and social norms. Moreover, scholars denote the parallels between acculturation of immigrants in their adopted society with the process of developing a professional identity and ethical codes (Bashe et al., 2007; Handelsman, et al., 2005). In this context, immigrant business students adopt a set of ethical rules of behavior that become part of their professional culture. The remainder of this paper discusses the concept of acculturation and how it is applied to ethical perception and behavior. Finally, a survey of immigrant and native business students was undertaken to study how ethical attitudes are formed.

A conceptual model of acculturation was developed by Berry (Berry 1989, 2003, 2005). Berry (2003) claims that acculturation does not mean the simple adaptation of a non-dominant group to the dominant one; this is a mutual process that affects all groups in contact with each other (both dominant and non-dominant). Thus, he regarded acculturation from two points of

view: from the point of view of the non-dominant group (immigrants in our study) and from the point of view of the dominant group (native-born population). Berry created a bi-dimensional acculturation scale based on two basic criteria that can receive either negative or positive values: orientation towards one's own heritage culture and orientation towards the culture of the host country (Figure 1).

Maintenance of Heritage Culture and Identity
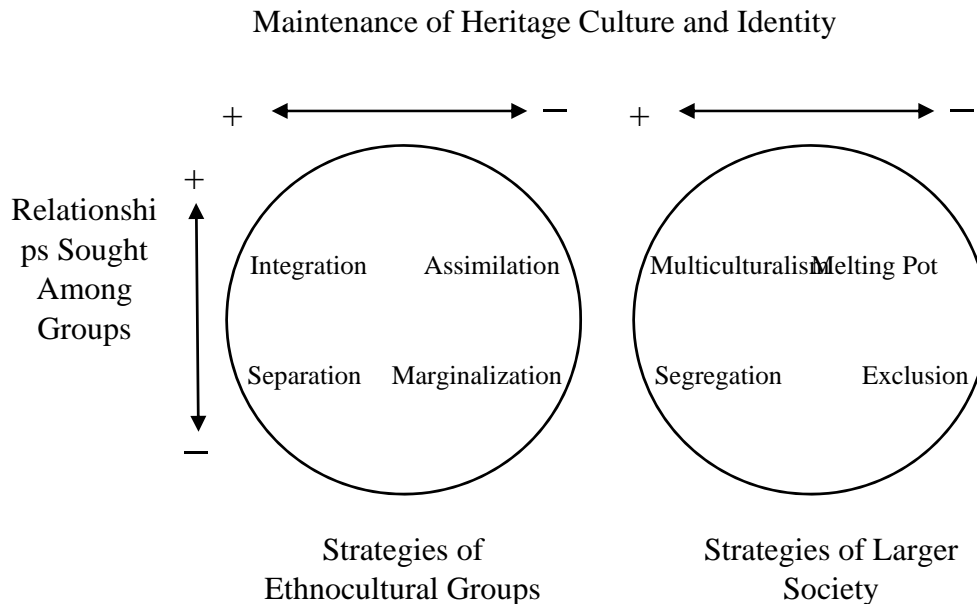
Figure 1. Berry's strategies of acculturation (Source: Berry, 2005)

From the perspective of the non-dominant group, Berry distinguished between four different acculturation strategies: Assimilation, Integration, Separation and Marginalization (the left side of Figure 1). An *assimilation* strategy occurs when individuals do not maintain their culture of origin, but replace their original cultural patterns with those of the host society. An *integration* strategy occurs when individuals retain both their culture of origin and adopt parts of the host society culture. A *separation* strategy occurs when immigrants avoid interaction with the host society, and retain their culture of origin. Finally, when individuals neither maintain their heritage culture nor interact with the culture of the host society, the strategy is defined as *marginalization* (Berry et al., 1989; Berry, 2003, 2005). Both integration and assimilation strategies mean that immigrants adopt the basic values of the host society; the only difference is whether they maintain something of their own culture of origin.

Berry (2003, 2005) states that acculturation is determined by the interaction between the dominant and non-dominant groups. While the non-dominant (immigrant) group applies the strategies discussed above, the dominant group has a different strategic set. These are: Melting Pot, Multiculturalism, Segregation and Exclusion (the right side of Figure 1). A *melting pot* strategy occurs when the dominant group tries to assimilate the non-dominant group. If the host society accepts cultural diversity by motivating immigrants' adaptation and interaction with them, this is termed *multiculturalism*. Requiring separation of the non-dominant group by the host

society is called *segregation.* And, when the dominant group forces marginalization of the non-dominant group, this strategy is defined as *exclusion.*

A few decades ago, the concept of assimilation (from the perspective of the non-dominant group, namely, immigrants) or, the concept of "melting pot" (from the perspective of the dominant group namely, the native-born population) prevailed (Al-Haj, 2004; Gold, 1997; Golden, 2002). The host society encouraged immigrants to assimilate by accepting the patterns of the host culture and thereby discarding their identity as a separate group. In such a society, groups with different ethnic and cultural backgrounds would ''melt'' together. However, with the rise of cultural pluralism and acceptance of multiculturism, the concept of integration did not imply rejecting an immigrant's retention of some vestiges of their culture of origin (Gold, 1997; Reitz and Sklar, 1997).

The implementation of all acculturation strategies occurs through long-term adaptation. Adaptation is "the relatively stable changes that take place as an individual or group respond to external demands" (Berry, 2003, 16). Ward (1996) distinguished two sorts of adaptation: Psychological, referring to personal, mental well-being, and sociocultural that is relevant to the case of adopting norms such as business ethics. Berry et al. (2006) examined acculturation of immigrant youth in Israel and found that co-ethnic contacts of immigrants, namely, retaining their culture of origin, had a significant impact on psychological adaptation, but not on sociocultural adaptation. Hence, the change in ethical beliefs that is a part of sociocultural adaptation can occur even when immigrants maintain their culture of origin.

In summary, both the preferences of immigrants themselves and requirements of the host society shape the strategy of acculturation in the field of business ethics, when the impact of the host society is highly influential. Thus, in terms of this study, if the ethical beliefs of immigrants are similar to those of students in their country of origin (FSU), but different from perceptions of Israeli-born students, it would signify a separation strategy. If beliefs of immigrants are more similar to those of Israeli-born students, than to the ethical perceptions of students in the FSU, it would be evidence of an assimilation strategy. Being similar to both reference groups would mean combining perceptions of country of origin with those of the host society, namely, an integration strategy. And having ethical beliefs that are different from those of both Israeli-born population and students in the country of origin would mean marginalization.

More specifically, using Berry's model of acculturation, we intend to answer the following research questions:
(1) How do cultural beliefs, acquired tastes and values (habitus) of people from different countries of origin affect attitudes towards business ethics?
(2) How does the ethical culture (in the country of origin and in the host country) shape attitudes towards business ethics?

CULTURE, ECONOMICS, AND BUSINESS ETHICS AS A CORE COURSE: A SYNTHESIS FROM A HISTORICAL MATERIALIST PERSPECTIVE

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Abstract

This paper synthesizes the concepts of culture, economics and business ethics. Through a historical materialist perspective, it points to economics as a key factor that influences most aspects of culture, including how businesses are conducted. Given the recurring corporate scandals in the U.S. (and elsewhere), the society's overall mistrust in big corporations, and the insignificant presence of ethics courses in business curriculum, the paper suggests that business ethics be taught—vis-à-vis economics—as a core course to undergraduate business students during the first year of their curriculum. The paper offers specific topics to be addressed in a business ethics core course.

KEY WORDS: American Corporate Capitalism, Business Ethics, Culture, Economic Systems

Introduction

The *Oxford Dictionary* defines "ethics" as "moral principles that govern a person's behavior or the conducting of an activity." Ethics is involved in all human activities—communicating with others, teaching, raising children, conducting business, and so on. However, when it comes to business activities, there seems to be an exemption. For example, at a recent faculty meeting, the six "Revitalized Core Connections" of St. John's University were discussed. One of the faculty members in the audience commented that all the core connections made sense to him, except the one that was titled "Ethics and Economics," and many other faculty members laughed in agreement. The laughter, I suspect, indicated that the words "business" and "ethics" together were an oxymoron; or to say albeit sarcastically that ethics does not apply to economics. I have seen similar reactions among students as well. For example, after pointing to the objectification of women as sex objects on TV, I asked the students if they considered that unethical. One student responded, "It's business, and sex sells," to which almost the entire class nodded in agreement.

Such reactions are hardly surprising, considering the societal activities wherein ethics is hardly a priority: E.g., the corporate scandals in recent years; big businesses serving the government as lobbyists (Bernhagen and Bräuninger 2005); a profit-driven media industry that undermines the public interest (Croteau and Hoynes 2006), serves ideological purposes (Gitlin 1980), and broadcasts almost anything that will maintain a high profit; and an overall decline in the societal ethical climate (Etzioni 2002; Jennings 1999).

As noted before, ethics is involved in all human activities, which is why it is taught in different disciplines. However, business schools have not quite made ethics a priority topic in their curricula. A content analysis conducted of 51 business schools' websites showed that 14 of 51 had "an ethics oriented goal or strongly implied ethical sentiment within the body of the

business school mission statement"; 39 of 51 "offered a business law or introductory business environment course denoting a strong ethical content" (as noted by the course description); and only 13 of 51 "offered what is considered a stand-alone ethics course as part of that school's course requirements" (Stone et al. 2006, p. 36). Another research study indicated that "in marketing education, shareholders' interests are diminished relative to those of 'stakeholders'" (Coelho and McClure 2006, p. 18).

My purpose at this International Vincentian Business Ethics Conference is to suggest—albeit with skepticism—that business ethics be taught vis-à-vis economics as a core course to college students during the first year of their undergraduate curriculum. By business ethics, and borrowing from the *Cambridge English Dictionary*, I mean "rules, principles, and standards for deciding what is morally right or wrong when doing business." A key question to ask here, though, is: Who decides what is right or wrong? This is where culture plays a key role. But what is culture?

Culture, Economics, and Business Ethics: A Synthesis

Culture is a complex phenomenon (Eagleton 2000) that shapes all aspects of life, such as values, norms, moral principles, laws, perception, education, daily communication among people, and business interaction, to name a few. Hence culture's broad definition, "the way of life as a whole" (Williams 1958, p. 281). Culture is complex also because it is influenced by factors such as climate, history, religion, and economics (Jandt 2007, p. 8). Economics, according to the *Oxford Dictionary*, refers to "the branch of knowledge concerned with the production, consumption, and transfer of wealth." Every society is governed by an economic system, which has its own dominant ideology, or "a lived system of meanings and values" that "constitutes a sense of reality for most people in the society" (Williams 1983, p. 110).

From an historical–materialist perspective, however, economic systems are considered the most significant factor influencing culture—because they are directly linked to humans' basic survival needs (food, shelter, clothing, etc.) (Marx and Engels 1846/1977). Although he did not offer any cultural or communication theory *per se*, Karl Marx did speak of the impact of economy on communication by stating: "the social relations are intimately attached to the productive forces. In acquiring new productive forces men [sic] change their mode of production, and in changing their mode of production, their manner of gaining a living, they change all their social relations" (Marx 1847/1995, p. 119). In other words, economic systems influence social structures and social relations. The critical role of economic systems in culture and human life in general has been addressed theoretically and empirically by scholars from different disciplines (Hofstede 2001; Kasser et al. 2007; Keshishian 2005; Maslow 1968; Schwartz 2007).

Capitalism is the dominant economic system in the world which developed in varying degrees in different countries, according to their unique characteristics and history (Dowd 1993, p. 55). The capitalism that operates in the U.S., and more or less around the world, is American Corporate Capitalism (ACC) (Kasser et at. 2007; Schwartz 2007). And the values that ACC tends to encourage are competition and attitudes that are rooted in self-interest, including financial success and consumption (Kasser et al. 2007). Economic systems serve as the foundation of all human motivation (Maslow 1968), and what motivates many in ACC is greed. Ethical

infractions by big corporations, rich industries' powerful lobbying operations in the Capitol Hill, and a decline in the societal ethical climate in general clearly speak of the greed motivation that has polluted the societal ethical climate.

Despite the significant role of economic systems in "the operation of all cultural activity" (Keshishian 2005, p. 205), the word "capitalism" has become taboo in the U.S. Each time I ask my students to name the economic system of the U.S., the immediate response of many is "Democracy," while a few uncertainly utter "Capitalism" and many others look puzzled. The students' confusion is not surprising, in that an economic organization influences all aspects of education as well, including epistemology (Khine 2008), pedagogy (Prabhu 1996), and teaching methods. The college classroom, in other words, is like an "organization" that is influenced by ideologies that are consistent with a society's economic organization (Chory and McCroskey 1999). And such ideas about education are not natural but arbitrary impositions of society's cultural values (Bourdieu and Passeron 1977). The connection between economic systems and different aspects of culture should be made clear in all disciplines, including business.

Business Ethics as a Core Course

Thus, a business ethics course would include the following topics: A clear explanation of the link between business (ethics) and economic systems in general and ACC in particular, so that students can understand how we are all a product of culture, so to speak, especially as it relates to economic systems (Keshishian 2005). Other topics to be discussed in the course would be corporate, legal, and moral obligations; debate over corporate social responsibility (or lack thereof); ethical relativism or cultural differences and similarities in corporate social responsibility and organizational practices. Such a course would also help develop in students skills in recognizing and examining ethical issues in marketing (e.g., morality, discrimination, and environment); as well as an ability to design codes of ethics, especially in conjunction with the Vincentian core values of "Truth," "Respect," and "Love." Finally, since Academic Service-Learning (AS-L) is concerned with "ethical concepts such as justice, responsibility, and reciprocity" (Zlotkowski 1996, p. 10), a business ethics course could use AS-L projects whereby students serve the homeless or low-income communities (Collins 1996), or other similar projects, thus helping students to develop "greater interpersonal, intercultural, and ethical sensitivity" (Zlotkowski 1996, p. 5).

Conclusion

Now, could such an education stop corporate scandals and other unethical treatment of the public in the society? My pessimistic response is no, such an education could not stop corporate scandals and other unethical treatment of the people—because the root of the problem does not lie in individuals only, but also in ACC. In other words, it is not an individual or problem *per se*, but a systemic matter; a system that, in the words of William Shaw, "tends to produce greedy, overreaching, and unethical business behavior"; in such an economic system, he continues, "business ethics is irrelevant because focusing on the moral or immoral conduct of individual firms or businesspeople distracts one's attention from the systemic vices of capitalism" (Shaw 2009, p. 565). My skepticism is also due to the fact that ACC has long penetrated the campus, thus turning higher education into a commodity (Noble 1998; Potts 2005;

Zernike 2009), whereby most students' primary concern in getting a higher education is for future financial success (Hurtado and Pryor 2006). And "the penetration of the campus by corporate interests and the emphasis on vocationalism stunts students' intellectual growth and threatens American democracy" (Keshishian and Gabb 2011, p. 92).

My optimistic response to the question is yes, education could help the situation, in part because college education generally helps to modify and mature the business students' perceptions of ethical behaviors (Davis and Welton 1991). However, in my view, such a change in business students or students majoring in other disciplines could occur only through the kind of education that liberates the minds (Freire 1989; Nyrere 1978) by telling the truth—such as clearly explaining the role of economic systems, particularly ACC, in shaping minds. Such an education cannot be a panacea, of course, but it can equip the student to serve as an agent of change for a better world: a world in which growth, development and accumulation of material means would be viewed for the welfare of human beings—not the other way around.

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THE CLASH OF IDEALS – RESTORATION OF MORAL BASIS FOR CAPITALISM IN POLISH TRANSITION TO MARKET ECONOMY

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Abstract

The transition from a centrally planned economy to a market economy is a process taking place in many dimensions: mainly economic, political and social ones. It is a nexus of both planned and spontaneous changes in the area of formal institutions and economic policies. Additionally, depending on the duration of transition, informal institutions might also change.

Formally, Polish transition started in 1989. However, it was several years earlier, when, in hiding, Polish intellectuals from various scientific and political centres had started to establish foundations for this process. Solidarity movement was not a uniform entity – it gathered individuals representing various points of view. They differed from each other, on the one hand, in opinions on the way of arriving to the new system, by an evolution or a revolution and on the other hand, in how the new system should be constructed. Ideas about the process of transition had different forms, from peaceful co-existence of socialism with freed, but closely controlled market economy, to fully free market economy in libertarian style. Some of the reformers inclined towards centrist liberal ideas, aiming at restoration of the labour ethos and ideals of competition. They pointed out, that political changes intending to restore the democracy would not bring expected results in the aspect of improved wellbeing, unless there was an economic transition towards market economy and capitalism accompanying them. One of the most important thinkers of the time was Miroslaw Dzielski, a person who became an inspiration of many reformers during the transition.

Polish liberal thought of 1980. was not based merely upon the justification of the necessity of transition to capitalism using arguments of development and effectiveness. They also incorporated a multitude of threads about ethical aspects of capitalism and expressed a conviction that market economy allows to accomplish moral values they appreciated the most. It has to be stressed, that at the time, Polish Catholic Church particularly and Christian ideals more generally had been playing a significant role in the society. It was therefore natural to refer in the discussions to the Catholic social thought.

Firstly, it was pointed out that there are ways to reconcile liberalism with Christianity on the ground of conservative liberalism – somewhat close to the thought of Michael Novak. It was indicated in the discussions that sovereignty of labour may act as the fundamental value which connects these two ideologies. Secondly, it was stressed that capitalism is the political and economic system, where welfare-conducing creative production dominates. It is an opposite of socialism, where as in shortage economy the goal of need satisfaction takes over, sometimes even happening at the expense of other individuals. Thirdly, socialism was perceived as the

system, which is immoral by nature, being an opposite of capitalism, which could become immoral, but mainly due to distortions from consumptionism. Christian individualism was being cited as a guarantee of stability against such distortions, mainly due to the observation that it has been expressed in a labour ethos. Christian individualism focuses on four basic motives: religion, morality, profit and personal satisfaction from labour. Fourthly, there are many other tangent points between Christianity and liberalism. Among other things one might mention dignity of human beings, private property as a warranty of liberty, subsidiarity principle or scepticism against any utopias. Fifthly, it was stressed, that co-existence of liberalism and Christianity would not necessarily mean moving towards Catholic social thought or Christian democratic ideologies.

All of the above was interpreted as liberalism being able to function as a self-contained system, propelled only by Christian values. Such assistance from Christianity might take a form of restoration of the moral basis of capitalism and overcoming the distortions among informal institutions which happened during socialism. Particularly important here are the ways of thinking about the other man, honesty (in paying taxes, performing your job etc.), assessment of other people accordingly to their labour, talent, creativity or entrepreneurship.

The aim of the following paper, beside critical presentation of Polish conservative liberal values, is to answer the following questions. Firstly, what were the reasons for relatively strong establishment of conservative liberalism in Poland? Secondly, what was the impact of conservative liberalism on the whole transition process and which other ideals played a role in shaping Polish political and economic system? Thirdly, to what extent the changes of informal institutions accelerated or impeded the transition?

Answers to such questions might have fundamental meaning for both transition countries (or countries approaching to such changes), and countries of mature market economy – the latter mainly because of long term adjustments in the field of informal institutions that still might yield some improvements. In case of the former it might be for example important for Cuba, which is possibly approaching transition to some form of more liberal state and might benefit from Polish experience.

TEACHING AWARENESS OF POVERTY TO INTERNATIONAL BUSINESS ETHICS STUDENTS

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1. Introduction

For Western organizations, an increasing part of business is delocalized in developing countries. Workers there are poor in a Westerner's eye. Future internationally assigned managers need to understand what their own beliefs about poverty are. This will help them adapt more rapidly to their new assignment and make less cultural errors or misinterpretations that may hinder the development of their legitimate authority. Indeed, the efficacy of international managers stems from their cross-cultural competencies which that can be increased through an improved understanding and awareness of self and the others.

Research shows that companies experience difficulties in selecting the right person for international assignments. When they are not selected effectively, assignees might return home prematurely or fail to meet objectives in other respects, resulting in low performance and additional costs for companies. International assignees prematurely end their assignment so often that some researchers have used that phenomenon as an indicator of the need for multinational companies to improve their selection processes (Caligiuri, Tarique & Jacobs, 2009). Many authors find these failures and ensuing costs are related to a lack of cross-cultural competencies in assignees (Johnson, Lenartowicz & Apud, 2006).

Cross-cultural competencies can be described as a set of knowledge, skills, aptitudes and others, known by the acronym KSAOs. The "other" attributes refer to elements such as motivation (Johnson, Lenartowicz & Apud, 2006), and personality traits such as openness, cultural flexibility and low ethnocentrism (Caligiuri & Di Santo, 2001). Taken separately, none of the K, S, A or Os are sufficient to bring success. What companies need to find in a prospective international assignee is an attitude that some have called "cosmopolitanism" and is defined as follows: "[…] a state of mind that is manifested as […] an openness, a willingness to explore and learn from alternative systems of meaning held by others" (Levy, Beechler, Taylor & Boyacigiller, 2007).

Openness stands out as a necessary characteristic of future international managers. Therefore, as educators trying to get students ready for the challenges that await them in the contemporary workplace, we ought to focus not only on developing knowledge, such as knowing the definition of certain concepts, or skills, such as decision-making, but also on enhancing traits such as openness.

Openness is also an important moral value. Therefore, as applied ethics teachers, we decided to try and design a teaching exercise aimed at making students aware of their own stereotypes regarding poverty and helping them to become more open to the others' perceptions of poverty.

The expected benefits are, first, to make explicit the underlying assumptions students hold regarding poverty. Second, we aim at improving students' understanding of what workers of developing countries may experience, how they see themselves, what they think is acceptable in their lives and what is not. Third, the combination of the two previous benefits should result in an increase in students' cross-cultural competencies. It is this teaching exercise that we present in this paper.

In the next section, we will present the conceptual framework that informs the teaching exercise that we designed. This framework draws on the narrative turn that many disciplines have seen in recent years, including professional and applied ethics, and all sub-disciplines of management and business, combined with a better understanding of the critical role of emotions in decision-making. We will then move on to provide a detailed description of the teaching objectives, design and implementation of the teaching exercise. The most significant and regular outcomes of the exercise will be described, followed, in conclusion, by a discussion of the implications for international business educators.

2. Conceptual Framework: Cross-cultural Competencies

This paper is rooted in the theoretical movement about narratives and storytelling that is currently taking place in various disciplines.

First and foremost, narrative ethics is the most important influence for the design of the teaching module presented below. Conventionally conceived, ethics is mainly a matter of principled reflection with Kantian or deontological deliberation and Utilitarian or consequence-oriented deliberation being the two main models of thinking.

However, as Gilligan (1982) has been in a position to show, principled reasoning is not superior to other forms of moral thinking. The problem outlined by several authors, especially in ethics of care (Gilligan, 1982, Nodding, 1984, and Benner, 1984) is that principled reasoning does not guarantee superior results. On the contrary, it serves to separate morality from emotions and imagination (see in particular Parker, 1990).

Centuries before feminist ethics and ethics of care, Greek philosophers had put forward the role of virtue in ethics. In virtue ethics, the quest of the good life (*eudemonia*) does not come through the systematic and decontextualized application of moral principles but through thte repetitive search for moral balance in every situation. In *Nichomachean Ethics*, Aristotle compares virtue to spring: "as it is not one swallow or one fine day that makes a spring, so it is not one day or one short time that makes a man blessed and happy" (Book I,7). By this, Aristotle means that the only important principle in leading a good life is perseverance.

While principled ethics is about finding the right action or behavior in a particular situation, virtue ethics is about the agent becoming a better person through solving this situation and all that follow. As Hill puts it when describing the importance of virtue ethics for counselors and psychotherapists:

Whereas principle ethics and most ethical decision-making models emphasize the particular dilemma facing a counselor and what to do about it, virtue ethics emphasizes the developing character of the counselor as she or he is faced with each new ethically charged situation. (Hill, 2004: 47).

Virtue ethics and care ethics force the moral agent to give a narrative account of his or her own character and identity and the identity of others. Continuously answered through the discursive and behavioral interventions of the moral agent are the questions: Who am I? Who is the Other? And who is the Other to me? As Hill puts it: "In narrative theory, ethical decision-making is a process of continual social negotiation for what the involved individuals value, that is, what they see as good and right." (Hill, 2004:47) The constant negotiation forces us to retell who we are, both to others and ourselves and to reconsider who the Other is to us (Fludernik, 2007).

Therefore, principle ethics, although useful, as one model of decision-making, gives a clearly limited perspective on what is really at stake in ethical situation. It downplays the role of emotions, imagination and affects.

The narrative turn is also visible in other disciplines such as management, international business, or management education. In these domains, storytelling is presented as a palliative to the limitations of rational thinking and rational decision-making. Researchers have come to realize that rationality conceived as an exclusively logical and mathematical mode of thinking "disdains the particulars of human experience, including the contradictions and dilemmas of people's everyday lives" (Cayla & Arnould, 2013:1). As education psychologist Jerome Bruner puts it, narrative knowing, as opposed to what he calls paradigmatic knowing, "is centered around the broader and more inclusive question of the meaning of experience" (Bruner, 1986:11, as quoted by Cayla & Arnould, 2013:2).

Evolving from knowing of or knowing about to engaging in the complexity of the various contexts students will come across can be achieved thanks to developing teaching modules that rely precisely on the meaning of experience, as is called for by specialists in international business education (see Ozcelik & Paprika, 2010).

Furthermore, it is essential to note that the emphasis narrative and storytelling place on imagination and emotions is completely in tune with advanced in cognitive sciences. Starting with Damasio (1994), a new stress has been placed on the role of emotions in reasoning. Cognitive sciences have consistently shown that emotions are as necessary to reasoning skills as rationality. Some educators have started compiling their experiences with the use of emotions in the classroom. In particular, Brown (2003) has published an article on activities designed to integrate emotions in learning and building emotional intelligence in order to develop better interpersonal skills for organizational behavior students. Also, Ozcelik and Paprika (2010) explain how they use the emotions generated by a videoconference between students of different cultural backgrounds to enhance their cross-cultural skills.

3. Methodology

In the next section, we are going to describe the teaching module that was developed following the principles discussed above. Before that, we present methodological elements regarding the data we collected, analyzed and discuss hereafter.

The following is a qualitative case study of a teaching experiment conducted over a period of seven years. From 2007 to 2013, once a year, the teaching module presented below was used in an applied ethics course in a French-speaking business school in North America. The yearly population was on average a group of 40 students presenting diverse cultural and academic origins.

Our aim in conducting this case study was to verify that the teaching objectives were reached and how. The teaching objectives are presented in the next section.

3. Description of the Teaching Module

3.1. Teaching Objectives and Basic Principles

As stated in the introduction, the teaching objectives of this module are the following:
1. To make explicit the underlying assumptions students hold regarding poverty.
2. To improve students' understanding of what workers in developing countries may experience, how they see themselves, what they think is acceptable in their lives and what is not.
3. To increase in students' cross-cultural competencies.

The respective means to attain these goals are the following:
1. Using the students' own emotions throughout the dialogue they have regarding poverty.
2. Becoming aware of the Other's emotions throughout that dialogue and becoming aware that, sometimes, what we consider rational is, in fact, a biased view of the Other's reality and that our biased view may hurt the Other's feelings.
3. Since increased awareness is the premise of openness, the teaching module is a basis for the experiential development of students' cross-cultural competencies.

The module is based on the use of photographs. By examining these pictures and rating them, as prompted by the facilitator, students enter a dialogue with their classmates where they expose their view of the world, of themselves and the other. This dialogue or narrative is filled with emotions and projections from their imaginations. It offers the ground material with which to turn from knowing of or knowing about to becoming aware of and engaging with the complexity of poverty.

3.2. Preparation

In order to prepare the activity, the facilitator has to select ten photographs. We take ours from Google entering the prompt "poverty". Normally, the ten first images would suffice. However, we may skip some images in order to avoid duplicates and introduce some diversity. We do not retain images with a message to the spectator of the image. It is important to renew the set of images from time to time so as to stay relevant.

It is important to include a certain degree of diversity and yet have some consistency in the set of images. For instance, an image could be retrieved because it shows living conditions, housing, or a workplace and not simply poor people. We also try to select images presenting recognizable features from Latin America, Asia, Africa and either North America or Europe.

Here is a current set of ten photographs suitable for the activity. We would show them to students in the order they are presented below.

TABLE 1 – SET OF PHOTOGRAPHS

1	2
3	4

5	6
7	8

9	10

Some images have been formatted to fit the table.

3.2. In class

The first step of the in-class activity is to show the pictures to the students. They are then asked to rate them from 1 to 10, 1 presenting the strongest fit with the notion of poverty, 10 presenting the loosest fit.

A few volunteers are asked to present their rankings while the rest of the class has to keep quiet. Reasons for ranking are not given. At this point tension is already building for some students.

The ranking part can be carried through using information technologies (clickers, online surveys, etc.) but pen and paper work fine too.

A student may rank two pictures equally which is understandable and acceptable. However it is important to force ranking so that students can later express ambivalence, doubts as well as surprise, disagreement and other emotions. Refraining from ranking by placing all or most images on a par would be an easy way out of the exercise and avoidance of what is to come.
It is true that, for some students, the exercise will confront strongly rooted beliefs and may elicit strong emotions.

After taking a few people's points of view, discussion can start. First ask these people the reasons for their rankings. If there are discrepancies between raters, ask them to explore why. Others in the classroom will be anxious to join discussion. Let them, yet in an orderly fashion and, always, in a respectful manner.

Here are a few rules we gave ourselves as facilitators of an exercise working with students' emotions.
- Always bring paper tissues to class! We have seen tears of sadness or of frustration and many other negative emotions (as well as even more numerous positive ones).
- Be ready to allow a person to exit the classroom to regain his/her composure.

- Sometimes, silence will follow someone's intervention as what has just been said sinks in; don't be afraid of this silence. In this exercise, it is the only kind of silence we ever experienced because students are very willing to participate.
- When the exercise is over, make sure you ask students how they feel. Some of them might feel the need to talk some more. Some may want to pursue a lively discussion about poverty or a country or region in particular. Those students are probably alright and simply still feeling the excitement of what went on in class. However, as facilitators, we need to attend those students who want to share a more intimate account of what the exercise has caused them. Listening to them is often enough. We have never encountered an occasion when more was necessary.

Finally it is important to insist on the fact that positive reactions outweigh negative ones and that is the very reason the exercise seems so valuable to us.

4. Results

We now describe typical reactions to the activity and show how, through them, students become aware of their own implicit assumptions about poverty.

4.1. My normality is your poverty

People evaluate the pictures they are presented with on the basis of what is normal in their eyes and what is acceptable or not. It is commonly shared among students that poverty is not acceptable since it is a burden that weighs on people and prevent them from getting life opportunities others can get. What is normal, however, is not commonly shared among students and this exercise allows them to become aware of these differences.

An excellent example of normality was provided by a discussion about the following image.

This picture of African students playing in the dirt near garbage is one that elicited a lot of animated discussion. In one instance of the activity in particular, many North American and European students ranked it above 5 (average to strong fit with the notion of poverty) when several African and Latin-American students did the opposite. One female African student was outraged at the Westerners' rankings. She felt it was insulting to the conditions of her childhood since she said that this could have been a picture of her during her childhood. In her eyes, a

want of public sanitation and sewage systems was not an indication of poverty. A proof of that was that she was pursuing postgraduate studies in North America so she could not have been that poor as a child. In her eyes, access to education was a better and truer indicator of wealth or poverty.

No consensus was reached on that topic since many students still felt that sanitation has to do with public health which they saw as a valid indicator of wealth and poverty. Yet, students were made aware that what makes poverty varies from one person to another according to their experiences.

4.2. War not ordinary hunger

Another striking example of a lively discussion arose from the ranking of the award winning picture by photographer Kevin Carter below.

For Westerners, this picture is a classical image of African poverty due to hunger. The ranking was very consistent across semesters and unchallenged until, one day, an African student became very frustrated. When his turn to speak came, he had the opportunity to explain that hunger was never that bad in Africa unless something more than lack of food happened. He insisted that in no African culture would you let your neighbour die of hunger. However little you had, you shared. All African students, including North Africans, concurred. Then he went on to explain that the image we were contemplating was not an image of poverty from hunger but an image of hunger from politically induced starvation, i.e. an image of war. The whole class fell silent. When discussion resumed, a consensus emerged on the idea that this photo depicted war yet that war caused terrible poverty. Some students apologized for not having seen war in this picture. Although students learned that they could give a correct account of what was happening in the picture, they also realized that their implicit assumptions prevented them from fully understanding what was going on in the broader situation.

4.3. Is Poverty in the North Real Poverty?

One kind of pictures usually raises vivid discussion that needs to be carefully monitored; it is the picture of a white homeless man.

In our experience, that image does not show constant ranking. Students are split: the photo can be seen as either a very accurate depiction of poverty or as having little if anything to do among pictures of poor people from the global South. In that respect, it may be the most useful photograph in the set as students confront their opinions, their views of what poverty is.

For some students, you cannot be said to be really poor when you have access to food banks, shelters and other support systems. There is an underlying assumption –one you need to render explicit as a facilitator- than when Westerners are that poor they did something that lead to poverty and they somehow deserve what happens to them.

For other students, the white homeless man is no less poor than the Asian people living on a landfill site. They define poverty as a notion relative to what others have around you. The white homeless man is poor because he has very little in a world of abundance.

Others yet will remark that the white homeless man is extremely poor because he is estranged from society and many people in society have given up on him, forgotten him and do not seen him anymore.

The three arguments above would never surface when we had students work on a rational definition of poverty. Now they are able to enrich their understanding of the concept of poverty thanks to their and others' emotional reactions to that image. Is a person poor if he or she is perceived to be at fault for his or her ordeal? Can an individual be described as absolutely poor or is poverty a comparison between what an individual has to live with and what people have around him? Finally, can poverty be limited to material means or should we enlarge the concept to social inclusion and support?

4.4. Desperate Africa

A last element worth noting is that we have always seen a large consensus on the fact that images of Africa are the ones with the strongest fit to poverty. This often leads to frustration in African students and Latin-American students. The latter are upset that Westerners seem to overlook how poor and destitute people can be in Latin American countries. The former are upset for the very opposite reason. Many African students expressed their resentment at the Western students' view that African is an inherently destitute and helpless continent. We have seen student taken aback at the realization that even university students (i.e. educated people) saw such hopelessness in Africa. More than once have we seen student be extremely saddened

and even cry at the thought. As many expatriates come from the global North and will be assigned to Asia or South-America, it is important that they realize that they may underestimate poverty around them during their assignment.

5. Conclusion

The exercise we presented allows students to discover their implicit beliefs and assumptions about poverty by having them rank photographs illustrating poverty. The classroom is used as a social laboratory. Using photographs of poverty, we elicited a narrative from each student in which he or she had to bring forth his or her most fundamental beliefs about poverty. It could be a traumatizing experience if the student was not in the secure and controlled environment of the classroom where everything is done to help them express both their beliefs and the discomfort they may feel when those beliefs are confronted to others' beliefs and differing views of the world. Here, they come to the classroom to learn something new. They are warned that this particular module could cause strong emotions and that all viewpoints will have room to be expressed and received as per the rule we have established in our ethics courses. Hence, they are prepared for what follows: students go through a transformational experience. We are in a position to assert that it produces a durable change as students still talk about it several weeks after it took place. Some students that we met years after the module was delivered still remember what it was about, much of what was said and, more importantly, how they felt. This form of long-lasting awareness forms the basis of the cultural and ethical openness necessary for the development of students' cross-cultural competencies. Therefore, this teaching module allows reaching the teaching objectives.

When assigned to manage a facility in a developing country, students who have had the opportunity to go through such transformational experiences will show more openness.
Some educators may hesitate to carry through such teaching experiments. They may fear that they do not have the necessary skills to work with students' emotions rather than rationality. They may also fear to be overwhelmed by others' emotions. Finally, they may fear that it is not a legitimate way to learn in an academic context. All these fears may be justified. However students' massively positive response to the exercise convinces us that it is worth trying.

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LANGUAGE BARRIERS AND UNEQUAL LANGUAGE PROFICIENCY IN BUSINESS ETHICS…

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The Annual Vincentian Business Ethics conferences call themselves "International", most likely because there are always a number of non-US participants. The conference language is English, native to most and more (or less) foreign to the "international" participants.

If everyone spoke and understood, wrote and read (academic) English, only, in academia, the business ethics community included, there were no (academic) language barriers. At least those among us who have English as a second (or third etc) language and those who have at least a second language beyond English (or even a third one, or even more) know that there *are* such language barriers, in spite of ELF ("English as a lingua franca").

While the diversity within the business ethics community by educational background and academic focus (philosophy, social science, business specialisms) is acknowledged, as interdisciplinary, a similar diversity (or inequality) by language proficiency is easily overlooked. In our paper, we define, exemplify, and problematize such academic language barriers or at least language proficiency inequalities, mainly with reference to the triangle of German and Norwegian in relation to English, or to ELF or to EFL among insiders (EFL: "English as a foreign language"). Or in other words, we use English (EFL, ELF) in our paper and exploit the advantages of English as a common language, but intend to show that and how such advantages come with a price - of potentially excluding, overlooking, discriminating thoughts and discourses in other languages, and their native users.

As a point of departure, we reflect about our own work situations in their contexts, with examples from research and teaching and organizational memberships in different languages. Then we present a few examples of publications about academic language barriers and about positive as well as dysfunctions of publishing in English or perishing, and draft as a conclusion a systematic overview of functions and dysfunctions of language barriers and of proficiency inequalities (see appendix 1 for a first draft).

Since our paper is about a research and development idea in progress, we conclude with drafting two proposals for further development of an agenda. On the one hand, for investigating normative-ethical aspects, we draft a "Socratic dialogue" (or even two) about wise handling of academic language barriers and/or if one should discriminate non-native language users positively and if so, why (see appendix 2). On the other, we also draft an online pilot survey among a sample of EBEN members and among accepted Journal of Business Ethics and Business Ethics Quarterly authors, about their experience with and attitudes towards EFL and ELF in the context of business ethics (see appendix 3).

Appendix 1: Potentially positive and negative functions of English as a lingua franca (ELF)

ELF: potential positive functions	ELF: potential negative functions
Inclusion of EFL basic or more proficiency senders, contents, and users	Exclusion of senders, contents, and receivers without EFL basic proficiency
EFL users on the same level compete on equal footing	EFL users risk discrimination by language proficiency, among themselves and even more towards native users
Translations from other languages to English make contents and their authors accessible to a wider audience, sooner or later	Uncritical belief in ELF (esp when furthering unability/ unwillingness to learn other foreign languages) excludes/discriminates authors and contents in other languages
Limited expression of thoughts and cultural subtleties in EFL/ELF is better than nothing	Limited expression of thoughts and cultural subtleties in EFL/ELF becomes typically superficial and less authentic
Access to cultural contents, esp genuine Anglophone cultural contents, is better than no access	Because of limited attention, easier access to Anglophone cultural contents can further cultural/ideological hegemony
Reduced dependency on translators and interpreters (to and from EFL/ELF) as gatekeepers	Reduced 3rd language proficiency increases dependency on translators and interpreters (to and from these languages) as gatekeepers
ELF and globalization reinforce one another, for the better (and the worse): ELF is the language of globalization, and globalization presents itself most authentically in EFL	National/local businesses use national/ local languages as their primary/ authentic medium, and can normally not be understood fully on their own terms in ELF

Appendix 2: Socratic dialogue design

Socratic dialogue is a facilitated small group process (typically with 6-12 participants) which can last between half a day and up to several days, where ethical, epistemological or other philosophical topics are examined jointly by the participants, aiming at a consensus. When it comes to our paper topic, one would typically depart from dialogue questions such as: "How can native users and non-native users of English as a Lingua Franca wisely treat any language barriers and one another?", or: "Should one and how could one discriminate non-native users of English as an academic language, positively (or users of another academic lingua franca)?" The specific form of such a Socratic dialogue is described as follows (Kessels et al. 2009, p. 36; see also presentations such as http://www.sfcp.org.uk/ [acc 100415], classic L. Nelson. http://www.friesian.com/method.htm [acc 100415], van Rossem http://www.dialogism.org/socratic_dialogue_KvRossem.pdf [acc 100415]):

"The Socratic dialogue is an attempt to come to a common answer through systematic deliberation about a fundamental question. It is not about merely theoretical questions. Rather it is about questions which derive from concrete experiences, accessible to all participants. The conversation in fact is a systematic reflection upon experiences. It derives its name from Socrates, Plato's teacher. He tried to bring people to a deeper understanding by asking questions, by inquiring about examples and analyzing experiences. His idea behind this was that one does not gain understanding by getting it 'dished up', but only by thinking for oneself…"

Appendix 3: A very first draft of an online questionnaire

1. Is English your native language, or if not, what do you consider your native language?
2. Is academic English your primary academic language, or if not, what do you consider your primary academic language?
3. What was the primary language of instruction when you were a bachelor student, master student, PhD student (allow for other answers if this Anglo-American format doesn't fit)?
4. What is the primary language you work in, academically, and if this is EFL, for how many years have you worked in English?
5. How would you assess your proficiency in academic English, on a scale from 1 to 7 (poor to native/para-native), when it comes to (within your field of expertise) academic…
   - Reading
   - Writing
   - Understanding
   - Speaking (with a good enough manuscript)
   - Speaking (free presentation)

(consider re-routing of the respondents with maximum proficiency to another questionnaire fitting with their situation, e.g. as a reviewer or exchange student instructor/ supervisor)

6. When it comes to publishing of academic papers or texts, do you use native user language editing at all, and if so, before submitting, after acceptance, both before and after

7. Do you read academic literature in your field of expertise in another language than English, how frequently and how well?

8. Do you feel familiar with the academic literature (state of the art) in your field of expertise in another language than English, in which language(s) and to what extent?

9. In your academic writing and teaching, do you refer to sources in other languages than English?

10. As a business ethics academic, in general, whom to you consider your primary and secondary target groups:
   o Business people
      ▪ in my own language
      ▪ native users of English
      ▪ non-native users of English
   o Business students
      ▪ in my own language
      ▪ native users of English
      ▪ non-native users of English
   o Non-business students
      ▪ in my own language
      ▪ native users of English
      ▪ non-native users of English
   o Business school/academic colleagues
      ▪ in my own language
      ▪ native users of English
      ▪ non-native users of English
   o Other target groups, please specify

11. Please share any positive/ negative personal experience with academic EFL and/or ELF, when it comes to language proficiency differences, and/or language barriers, and/or language discrimination?

12. Do you see any needs of addressing such issues, and if so, do you have any constructive suggestions?

13. Would you be interested in participating in an informal group for considering/conducting action research in this area? If so, please send an email to …

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What We Teach and What They Practice: Business Students' Cheating in Classroom and Their Propensity to Cheat in Real World for International Students

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Abstract

Widespread cheating among business students has been a great concern for both educators and business managers, and there is evidence that the problem may be increasing over time (Davis, et al., 1992; Lawson, 2004). It was observed that students generally hold the belief that people in the business world act in an unethical manner, yet at the same time a large number of students admit having engaged in academic dishonesty, including cheating on exams and plagiarizing. What cause the inconsistency between ethicality and practicality in business students remains largely unknown. It is thus important to explore the relationship between students' cheating in classroom and their propensity to cheat in the business world as well as different approaches to introducing/teaching business ethics in classroom in order to identify better invention programs for this increasingly important issue because it is only reasonable to assume that a student who has successfully cheated on an examination will be more likely to fake a corporate report after they enter the business world.

With the increasingly globalized world economy and more international students coming to study in the West, it is even important to explore whether such a phenomenon exists for international students. Scholars interested in cross-cultural business ethics research have started to apply business ethics theories, often developed in the West, to students from other non-Western cultures in order to establish a commonly accepted ethical standards. This study is to follow this line of research by examining the inconsistency between the belief of international business students regarding their need for ethical behavior in a business setting and their actual behaviors in an academic setting. Further, in order to explore the effectiveness of different teaching approach to introducing/teaching business ethics in classroom, three groups of international students participated in an explorative study by using simply telling, discussing and applying, and telling and discussing and then applying approaches. The method will be self-administered questionnaires with an analysis of business students' demographic data, their engagement in academic dishonesty, and their belief of ethical behaviors in a business setting, and then a comparison of the results of their perception on ethicality and practicality after the experimental treatment of the three approaches. The results support that different approaches have different impact on international students' perception of ethicality and practicality.

This study is valuable in that, firstly, it will help validate business ethics theories developed in the West and extend our understanding of cross-cultural business ethics; and secondly, it will deepen our understanding of the relationship between business students' own belief and their propensity to cheat in the real world, based on which more relevant business programs could be designed, and thirdly, based on the results of different teaching approaches to business ethics in classroom, it is recommended that business ethics should be incorporated into current business curriculum at all schools in order to reduce the likelihood of international students' engaging in unethical behaviors.

<u>ETHICAL IMPLICATIONS RAISED BY ATTORNEYS' LINKEDIN PROFILES</u>

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Key Words: Legal Ethics, Attorney Advertising

Abstract

The New York County Lawyers Association Professional Ethics Committee (Committee) released Formal Opinion 748 in March 2015. The subject of the opinion was the ethical implications of attorney profiles on LinkedIn.

LinkedIn is a social network geared towards the business community. Members of LinkedIn create profiles that indicate their educational and professional backgrounds. The LinkedIn member then has the ability to connect with other LinkedIn members that share a common background, such as a particular university or employer. In addition to biographical information, the member profile may also indicate other information, such as areas of practice and skills. As a result, a profile may be similar to a resume. LinkedIn is used by its members for various purposes ranging from connecting with old acquaintances to locating someone with a particular skill. In addition, the site allows other members to "endorse" a particular member based on these particular skills.

The specific ethical issue addressed by Opinion 748 was whether LinkedIn profiles may be considered "attorney advertising," which is subject to specific ethical rules. The American Bar Association has promulgated the Model Rules of Professional of Professional Conduct (Model Rules), a set of guidelines that apply to practicing attorneys. Specifically at issue is whether Model Rules 7.1 and 7.4 may be violated by use of LinkedIn profiles. Those rules, in relevant part, state:

<u>Rule 7.1</u> Communication Concerning A Lawyer's Services

A lawyer shall not make a false or misleading communication about the lawyer or the lawyer's services. A communication is false or misleading if it contains a material misrepresentation of fact or law, or omits a fact necessary to make the statement considered as a whole not materially misleading.

<u>Rule 7.4</u> Communication of Fields of Practice and Specialization

(a) A lawyer may communicate the fact that the lawyer does or does not practice in particular fields of law.
. . .

(d) A lawyer shall not state or imply that a lawyer is certified as a specialist in a particular field of law, unless:

(1) the lawyer has been certified as a specialist by an organization that has been approved by an appropriate state authority or that has been accredited by the American Bar Association; and

(2) the name of the certifying organization is clearly identified in the communication.

The Committee found that a profile which contains only objective and biographical information, such as work experience and education, does not constitute attorney advertising. However, the additional information permitted by the site, such as practice areas, skills and endorsements may be considered attorney advertising. The opinion then analyses each type of information to determine whether or not it constitutes attorney advertising, as well as what attorneys should do to ensure that the information in their LinkedIn profiles is not misleading, in accordance with the Model Rules.

AMELIORATING GUN VIOLENCE WHILE PROTECTING CONSTITUTIONAL RIGHTS: BOYCOTTING/BUYCOTTING, DIVESTING, INVESTING, LOBBYING AND USING THE MEDIA

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ABSTRACT

This paper seeks to address the issue of ameliorating gun violence while protecting both First Amendment right of free speech and Second Amendment right to bear arms. Combining a stakeholder approach with a market approach, it proposes to examine other similar societal issues and actions taken in their amelioration. Specifically, it proposes examining what has been learned by boycotting/buycotting; lobbying; investing; divesting; and using the media to ameliorate ethical issues in animal testing, oil/environmental issues, meat processing, timber, and coffee and tobacco production that can be used in gun ownership.

NATURE OF PROBLEM

Guns in America: Ownership as a Reflection of a Second Amendment Right

It is estimated that one out of four (22%) of Americans own a gun (Davis and Smith, 2010) and another 11 percent live in a home where somebody else owns a gun (Davis and Smith, 2010). This adds up to 270 million guns in circulation in the United States (Small Arms Survey, 2007). Despite their prevalence and a seemingly stronger Second Amendment right, the nature of this ownership is not unfetted. In a recent survey (Barry et al., 2013), found among 2,703 respondents that when asked about some type of assault weapon and ammunition ban that support ranged from a low of 55 percent to a high of 69 percent. Those supporting an assault weapon and ammunition ban included both those who own guns and those who do not.

Gun Violence Epidemiology

According to the National Vital Statistics Report (Murphy et al., 2012), 348,975 violent crimes were committed with firearms, including 11,105 homicides in 2012 in the United States. Furthermore, according to the Center for Disease Control, there were 73,883 nonfatal injuries in 2011 caused by firearm gunshots. Nonfatal injuries receive scant attention in the media, but they should be considered in any argument about gun control and gun violence. Additionally, according to the Department of Justice (2007), more than two out of three (69%) of all homicides involved a firearm in the United States and nearly three out of four (73%) of these firearms were handguns. Beyond nonfatal injuries and homicides, another area of concern is suicide. Branas et al. (2004) found an empirical association between rates of gun ownership and rates of suicide by firearms. This finding was replicated in the UK and Wales (Davies et al., 2011). Buchanan (2011) describes how the use of guns plays a role in a variety of crime.

AMELIORATION

What mechanisms have individuals and coalitions of individuals used in the past to ameliorate similar ethical dilemmas that might be used to decrease the death toll and nonfatal injury toll resulting from both the legal and illegal use of guns? This list is not exhaustive but includes the following: Boycotting/buycotting, Divesting, Investing, Lobbying and Using the Media

Boycotting/buycotting is the decision of an individual consumer or group of consumers to buy or not buy a particular good or service. A whole array of goods and services have been boycotted in past, such as cosmetic companies for conducting animal testing (Davidson, 1995), major oil companies for negatively impacting the environment (Skjaerseth & Skodvin, 2001), fast food companies for the way in which meat is processed (Garret, 1987), timber companies for engaging in unsustainable harvest practices (Klooster, 2005), and coffee producers and retailers (Kimeldorf et al., 2006).

Divestment is a collective act in which investors decide to either refrain from investing or stop investing for a sociopolitical reason such as Apartheid. The Sharpeville Massacre served as the "jolt" to begin deinstitutionalization of Apartheid. Westermann-Behaylo (2010) described the impact of this event. Beyond the Apartheid divestment, other divestments occurred within the tobacco industry and oil/gas industry (Parker & Williams, 1990). Specifically, CalPERS, the single largest pension fund, divested of tobacco stocks (Barber, 2007). One of the outcomes of divestment was the denormalization of the tobacco industry (Parker & Williams, 1990).

McNaughton (2004) discusses the dilemma facing pension fund managers when deciding what to do with tobacco investments, that is, balancing his responsibilities as a fiduciary while simultaneously balancing his responsibilities as a citizen. Gray (2012) musing about this balancing act remarks that, "It seems unimaginable that, over the past 30 years, that effect would have outweighed the returns from tobacco (page 9)." Although discussed separately in this paper, divestment and boycotting are often used in combination, as is the case with tobacco (Smith & Malone, 2003).

Shortly after the Newtown massacre in December of 2012, one of the largest pension funds, The California State Retirement Teachers Systems, voted unanimously to divest of all firearm holdings (Walsh & Cooper, 2013). This recent divestment activity was not limited to public pension funds. Cerberus Capital Management, a private equity firm, sold off the Freedom Group International firearms business it owned (Kelly, 2012). Yet, some institutional investors and hedge funds continue to invest in firearms (Stein, 2013). In fact, financial firms and hedge funds made investments worth $79 million in the gun industry during the fourth quarter of 2012 (Stein, 2013).

Socially Responsible Investing: The Government As An Investor

Some have asserted that there is a false dichotomy between citizens and investors. There are commonalities between citizen-investors and citizen-taxpayers because both provide capital (Ambachtsheer, Davis & Johnson, 2012). The view taken here is that individuals acting as citizen-investors and even citizen-consumers shape corporate policy, decisions and behaviors based upon their purchasing and investing decisions. This appears to be happening more commonly and on a larger scale with governments and sovereign wealth funds, such as Norway's Government Pension Fund Global. Ghahramani (2011) notes, "…it is clear that the state has found being a shareholder to be a new instrument for advancing its ethical, human rights, and political objectives (page 93)." Institutional investors have several options regarding how they approach their investments. They can seek raw return without regard to ethics or they can seek a balanced return, which considers more than the financial bottom line.

Socially Responsible Investing: Institutional and Individual Investors

Institutional investors are not the only type of investor that considers more than financial return when assessing the quality of an investment. In fact, it 39% of investors would select a pension investment, which met their criteria for ethical behavior even if it resulted in a decrease in their pension (Havemann and Webster, 1999). Ambachtsheer (2011) argues that institutional investors are stakeholders too and powerful stakeholders. A risk among institutional investors revolves around the performance of ethical investing. Several researchers have empirically demonstrated that ESG (environmental, society, governance) managers can outperform traditional managers (Gil-Bazo, Ruiz-Verdu & Santos, 2010; Kurtz & diBartolomeo, 2011; Fulton, Kahn & Sharples, 2012).

Gun Industry: Lobbying and First and Second Amendment Rights In the Media

The right to bear arms - the Second Amendment is seemingly in conflict with the First Amendment. Lobbying is fundamentally an exercise in First Amendment Rights with respect to freedom of expression. To date, the NRA is the most vocal lobby as it relates to the debate surrounding gun control and gun violence. The Brady Center to Prevent Gun Violence is probably the second most recognized lobbying group whose mission is as follows, "We are devoted to creating an America free from gun violence, where all Americans are safe at home, at school, at work, and in our communities."

In addition, gun retailers can proactively use the media to manage their stakeholders and reputation.   Immediately after the Newtown massacre, Dick's Sporting Goods voluntarily suspended the sale and display of guns and sporting rifles near Newtown, Connecticut (NY Times, 2012). This preemptive act on the part of Dick's Sporting Goods may have prevented a boycott. Furthermore, this preemptive attempt may also have resulted in favorable media coverage. Previous researchers have demonstrated that press news plays an important role in shaping the expectations about a company future firm value by investors (Carretta et al., 2011; Bulkley and Herrerias, 2006). Press releases are easily disseminated to the community and

managers can influence these to influence the perceptions of stakeholders, including consumers and investors (Bowen et al. 2005).

Gun Violence: Is Reducing Gun Violence <u>or</u> Protecting Rights and Liberty the Goal?

It is sometimes forgotten that the basis of the Constitution itself includes delineating rights, inherent and inalienable, among which are preservation of life, liberty, and the pursuit of happiness. Arguments are made by both sides of the gun control debate about how many individuals are killed by guns in the United States and whether the numbers are increasing or decreasing. However, certainly gun ownership has a direct impact on these inalienable rights. In summary, while various amelioration mechanisms have been used in the past to deal with important, similar ethical issues, and important lessons can be learned with respect to their amelioration, these similar issues are not identical to Second Amendment rights to gun ownership. An important role for business ethicists is to discern how the market mechanisms and the actions of diverse stakeholders might be applied to reducing the gun violence while balancing protection of gun ownership rights.

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THE QUANTIFICATION OF SOCIAL ACTION IN U.S. CORPORATIONS

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Abstract

Media depictions of corporate social action are increasing exponentially (Economy, 2013; Fallon, 2014).Whether cleaning up the mistakes of their pasts (e. g. GE's PCB cleanup of the Hudson River) (Ferro, 2014) or moving their businesses forward by responding to myriad social needs (e. g. Stella Artois' "Buy a Lady a Drink" clean-water support) (Kaye, 2015), corporations appear to be shunning their profit-only images and embracing notions of sustainability and social welfare enhancement (Scherer, Palazzo, and Matten, 2009; Conroy, 2014).

Given the increasing ways our environment and society are degrading (Hartmann, 2004), a corporate shift towards social action might bring a more secure and enlightened future (Bansal, 2002). Toward this end, several indicators of social performance aim at validating potential progress and establishing acceptable standards are emerging. Specifically, these include: The Social Progress Index, The Just Index, The Social Enterprise Mark (SEM) (Ridley-Duff and Southcombe, 2012), and the Kinder, Lydenburg, Domini (KLD) Ratings Data (Mattingly and Berman, 2006).

This paper goes beyond the anecdotal evidence offered in media to explore the future potential for corporate social action. First, it conceptually distinguishes economic from social action to provide managers a basis for better decision making. Second, it examines the social performance indicators mentioned, describing the merits and shortcomings of each. Third, it uses the KLD Database to examine the extent to which companies within the Dow Jones Industrial Average perform social actions over time. With the Dow Jones Average being one of the most quoted measures of U.S. corporate performance, exploring the extent to which its corporations emphasize social actions helps determine how much progress has been made. Preliminary results indicate that product safety is valued while innovative giving and employee involvement are increasing in importance. However, results also indicate opportunities still abound for increased corporate social action, and useful next steps are discussed in depth. It is hoped the paper will help managers and researchers better choose and monitor their future social action efforts.

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HOW THE *SHARI'AH* SCHOLARS' BOARD COMPOSITION CAN AFFECT ASSET ALLOCATION AND PERFORMANCE? EVIDENCE FROM ISLAMIC EQUITY INDICES

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Keywords: Shari'ah scholars, Islamic Indices, Ethic Screening, Performance, Asset allocation

Abstract

Basing our study on a sample of Islamic indices delivered by the major providers covering the period 2007-mid 2015, we investigate the impact of *Shari'ah* board composition on Islamic indices performance and asset allocation. Our research question addresses the issue focusing on the relation that exists among the composition of the *Shari'ah* board, the screening criteria set by the boards and their impact on asset allocation and performances. Our hypothesis is, then, that *Shari'ah* board composition can affect both indices asset allocation and performance through the screening criteria. While many authors have compared performance of Islamic equity indices with conventional ones, none of the studies specifically investigated the relation existing between board composition and performance/asset allocation of the indices. Given the impressive growth that Islamic finance has experienced through the last decade and its relationship with ethical principles, the theme is of great interest for the asset management industry (i.e. for the benchmarking strategies of funds and Etfs). Furthermore, the research can contribute to the area of the governance issues linked to the *Shari'ah* board composition and to the rule of engagement of the scholars.

1. *Purpose*

With a market growing at a pace of 15-20% p.a., Islamic finance is going to assume more and more importance on the international finance arena. Since less of the 1% of worldwide assets are *Shari'ah* compliant and ¼ of the world population is Muslim, we can expect an impressive growth for the years to come. However, lack of standardisation in business standards and market fragmentation still represent a demanding challenge for Islamic asset managers. Our study focuses on one important area of possible standardisation, namely on those decisions by the *Shari'ah* board scholars that can have an impact on screening criteria and subsequently on performance. The scholars are world-renowned experts in Islamic jurisprudence (*fiqh al-Muamalat*) and finance and have a fundamental role in setting the standards for stocks and industry screenings. Many of them are members of a large number of boards and are part of several indices Board as well. We, then, expect that the Board composition (in terms, i.e. of nationality, University education, school of jurisprudence) can have an impact on the screens and, through them, can affect the indices' performances and asset allocation. Therefore, we link *Shari'ah* board composition to the performance and asset allocation of the Islamic equity indices and, as far as we know, it is the first time that this relation is studied and measured. We, then, aim at understanding if and to what extent the *Shari'ah*

Board composition can affect and explain the different performance and the asset allocation of Islamic indices.

2. *Summary of literature review*

To the best of our knowledge, this is the first paper investigating the relationship between *Shari'ah* scholar board members and Islamic indices' asset allocation and performance. Most of the existing literature on this topic compares the performance of the Islamic equity indices with conventional ones, (Hussein, 2004; Guyot, 2011; Hassan and Girard, 2011, Walksaul and Lobe, 2012; Adamsson *et al.*, 2014), using also Islamic equity funds to carry out this analysis (Elfakhani *et al.,* Hayat and Kraeussl, 2011; Hoepner *et al.*, 2011; Ashraf, 2013). Many authors present also the features of *Shari'ah* compliant indices applying Islamic screening, the impact of this ethical screening on Islamic indices performance (Hassan *et al.*, 2005) and asset allocation (Derigs and Marzban, 2008). In particular, Derigs and Marzaban (2009) and Ashraf (2014) use different *Shari'ah* screening standards and longer time series to analyze the performance of Islamic equity indices. There is only one study attempting to evaluate the impact of *Shari'ah* scholar reputation on the market valuation of a particular Islamic financial instrument, but this research involves *sukuk*, the Islamic certificates (Godlewski e*t al.*, 2014). In this study, the authors show that reputation and proximity of *Shari'ah* scholars have a beneficial influence on stock market reaction to *sukuk* issuance. Although it is widely accepted that their decisions are of the highest importance for Islamic market, none of these studies focuses on the impact of *Shari'ah* scholars' characteristics on the performance and asset allocation of Islamic equity indices. For example in Ashraf (2014), we find that "The determination of *Shari'ah* compliance rests with the judgment of *Shari'ah* boards consisting of Islamic scholars. Each board sets different rules to screen equities to ensure the *Shari'ah* compliance".

We identify this as being one of the main research gap and we mean to contribute to the studies belonging to this area of literature.

3. *Sample*

We provide a thorough insight over Islamic indices performances. We build our investigation on a dataset of Islamic indices delivered by the major providers covering the timeframe 2007-mid 2015. Specifically, we select indices provided and published by Dow Jones Islamic, MSCI and FTSE. Our source is the Bloomberg database. Our sampling methodology consists in selecting a restricted sample of indices providing global and regional coverage in order to assure homogeneity across providers. This is crucial for our purposes. Indeed, we develop our investigation in two steps. On a first stage, we compare performances across providers. On a second stage, we provide a comparison between IE's and benchmark indices of the provider. We, therefore, need consistency and comparability in our indices.

4. *Research design*

We develop our research design into three steps, which we detail as follows. At first, we provide main descriptive statistics over indices' performances. To this end, we measure

performance as excess daily returns over a risk free rate. By means of a time series analysis, we provide a comparison between returns and volatility of returns across providers. Then, we perform a benchmark analysis where, for each index provider, we compare each selected index with an appropriate benchmark. Finally, we investigate the drivers of indices' performances and asset allocation. We test a first panel data model where performance is the dependent variable that is regressed on a set of explanatory variables covering asset allocation, board composition and selection criteria. The *Shari'ah* board composition plays a central role in the analysis: it enters the relation with performance as a main effect. Actually, however, since it can affect asset allocation and selection criteria as well, we first test a sub-model considering only the main effects. Then, we test a second sub-model where *Shari'ah* board composition enters the relation both as a main- effect variable and a moderating variable. To this end, we introduce two interactions and, namely, that of board composition with asset allocation and that of board composition with selection criteria. Finally, we test a second model where asset allocation is the dependent variable and is regressed on a set of explanatory variables comprising *Shari'ah* board composition and screening criteria. In particular, we are interested in understanding whether the *Shari'ah* board composition significantly moderates the effect of both asset allocation and selection criteria. We check for index providers as well, which will bring knowledge on whether relations change across different contributors.

5.   *Importance of the research*

Shari'ah board decisions are of the highest importance in the determination of the screening practices of Islamic indices. Their decisions influence directly the stocks composition and depend upon their education, their knowledge of the Islamic jurisprudence and, possibly, the adherence to one the four different Sunni schools of law (*madhahib*). Understanding how the board composition can affect the Islamic indices and, consequently, the Islamic asset management market, is very important to shed light on the determinants of Islamic indices performances and on the behaviour of those asset management vehicles (i.e. the Islamic ETFs and mutual funds) that directly refers to these indices.

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HOW DO CALLING AND CAREER GOAL PROGRESS AFFECT CHIEF RESPONSIBILITY OFFICERS' PROMOTIVE AND PROHIBITIVE VOICE

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Abstract

This study empirically examined the impact of calling and career goal progress on chief responsibility officers' (CROs) promotive and prohibitive voice related to corporate social responsibility (CSR). Our theoretical model was tested using two-wave data collected from 103 CROs in China. Results showed that calling and career goal progress are positively associated with both promotive and prohibitive voice. Moreover, Interdependence significantly moderated the impacts of calling and career goal progress on promotive voice, such that the impact of calling was stronger when interdependence was high, while the impact of career goal progress was stronger when interdependence was low. Interpersonal conflict significantly moderated the impacts of calling and career goal progress on prohibitive voice, such that the impact of calling was stronger when interpersonal conflict was high, while the impact of career goal progress was stronger when interpersonal conflict was low. Finally, theoretical and practical implications of these findings are discussed.

Introduction

More companies are recognizing the need to install a chief responsibility officer (CRO) to their top management teams (Strand, 2013). The CROs are responsible for helping to create and maintain "responsible business" (McNulty & Davis, 2010; Rose, 2007). They are expected to actively engage in both promotive voice (e.g., constructive suggestions and ideas) and prohibitive voice (e.g., concerns or even criticism) on companies' CSR-related issues (Treviño, Den Nieuwenboer, Kreiner, & Bishop, 2014). Researchers have both conceptually and empirically explored the antecedents of voice behaviors (e.g., Van Dyne, Ang, & Botero, 2003; Liang, Farh & Farh, 2012). Results indicated that employee voice is mainly driven by individual pro-social motivation and moral identity (Rose, 2007), and leadership behaviors (e.g., Detert & Burris, 2007; Liu, Zhu & Yang, 2010). However, different from lower level employees, individuals who take up the CRO position are more likely to be stimulated by their understanding of the specific job (Strand, 2013). Therefore, it is important to introduce career-related inner stimuli into the discussion of the antecedents of CROs' voice behaviors.

To a particular career, the notion of calling and the expectation of career growth lie at the heart of a holistic understanding of individual's motivations to work (Dik, Eldridge, Steger & Duffy, 2012; Duffy & Dik, 2013; Wang, Weng, McElroy, Ashkanasy, & Lievens, 2014). Accordingly, we suggest that greater endorsement of work as a calling (affective approach) and as an approach to achieve career goal (instrumental approach) may relate to favorable career behavior, such as voice. Although CROs' promotive/prohibitive voice behavior may be

stimulated by calling and career goal progress, such impacts may become more/less salient when the CSR job is highly interdependent with stakeholders or such job may raise the possibility of interpersonal conflict.

Our study contributes to the corporate social responsibility and voice fields in several ways. First, it links voice research to corporate social responsibility by examining CROs' voice related to CSR. Second, it contributes to the voice literature by exploring two career-related antecedents. Third, it specifies different boundary conditions of CROs' calling and career goal progress on promotive and prohibitive voice.

Research hypotheses
Calling and career goal progress as inner stimuli for voice
    H1a Calling is positively associated with promotive voice
    H1b Calling is positively associated with prohibitive voice
    H2a Career goal progress is positively associated with promotive voice
    H2b Career goal progress is positively associated with prohibitive voice
Interdependence as external stimuli for promotive voice
    H3a Interdependence moderates the impact of calling on promotive voice, such that the impact of calling was stronger when interdependence was high
    H3b Interdependence moderates the impact of career goal progress on promotive voice, such that the impact of career goal progress was stronger when interdependence was low
Interpersonal conflict as external stimuli for prohibitive voice
    H4a Interpersonal conflict moderates the impact of calling on prohibitive voice, such that the impact of calling was stronger when interpersonal conflict was high
    H4b Interpersonal conflict moderates the impact of career goal progress on prohibitive voice, such that the impact of career goal progress was stronger when interpersonal conflict was low

Research methods & results

We collected two-wave data from 103 CROs in China. In the first wave, respondents were required to report gender, age, work tenure, and to evaluate moral identity, social desirability, calling, career goal progress, interdependence and interpersonal conflict. In the second wave (one month later), we assessed promotive and prohibitive voice. SPSS correlations and regression results are shown in following Table I and Table II.

Table I *Means, standard deviations, and bivariate correlations among studied variables*

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11
1 Gender	1.45	0.50	--										
2 Age	37.07	8.22	-.26**	--									
3 Work tenure	8.95	8.41	-.21*	.60**	--								
4 Moral identity	5.67	0.71	.06	.04	.19	(0.71)							
5 Social desirability	1.69	0.20	-.06	.04	.11	.26*	(0.65)						
6 Calling	5.32	1.10	-.14	.05	.06	.39**	.30**	(0.79)					
7 Career goal prog.	5.28	1.14	-.03	.03	-.09	.35**	.07	.58**	(0.88)				
8 Interdependence	6.23	0.85	-.10	.31**	.23*	.18	.09	.32**	.33**	(0.78)			
9 Interper. conflict	3.86	1.36	-.09	.10	.16	.14	-.04	.14	.10	.08	(0.77)		
10 Promotive voice	5.51	1.25	-.06	.21*	.15	.21*	.31**	.40**	.40**	.21*	.09	(0.96)	
11 Prohibitive voice	4.84	1.20	-.15	.21*	.09	.39**	.27**	.45**	.36**	.28**	.30**	.71**	(0.86)

Note. N = 103. Gender was coded as 1 for male and 2 for female. Internal consistency coefficients, Cronbach's alphas are reported in the parentheses on the diagonal.
Career goal prog. = Career goal progress; Interper. conflict = Interpersonal conflict. * p < .05; ** p < .01.

Table II *Regression results for testing all hypotheses*

	Promotive voice						Prohibitive voice					
Variables	B	S.E.	B	S.E.	B	S.E.	B	S.E.	B	S.E.	B	S.E.
Intercept	0.24	1.49	2.86*	1.43	2.87*	1.38	-0.84	1.42	0.62	1.42	0.75	1.36
Control variables												
Gender	-0.04	0.25	0.10	0.22	0.02	0.22	-0.25	0.24	-0.12	0.23	-0.17	0.22
Age	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04*	0.02
Work tenure	-0.01	0.02	0.01	0.02	0.01	0.02	-0.02	0.02	-0.02	0.02	-0.04*	0.02
Moral identity	0.21	0.18	-0.20	0.18	-0.25	0.17	0.66**	0.17	0.39*	0.18	0.34	0.18
Social desirability	1.99**	0.66	1.70**	0.60	1.97**	0.59	0.98	0.63	0.87	0.61	0.67	0.59
Predicators												
Calling			0.37**	0.13	0.35**	0.12			0.27*	0.13	0.27*	0.12
Career goal progress			0.29*	0.12	0.26*	0.12			0.06	0.12	0.08	0.12
Moderator												
Interdependence			-0.10	0.14	-0.07	0.14						
Interpersonal conflict									0.18*	0.08	0.18*	0.08
Interactions												
Calling * interdep.					0.49**	0.18						
Career goal prog. * interdep.					-0.32*	0.14						
Calling * interper.											0.20**	0.08
Career goal prog. * interper.											-0.21**	0.08
R^2	0.16**		0.36**		0.42*		0.24**		0.36**		0.43**	

Notes. *N* = 103. Coefficients were unstandardized regression coefficients from SPSS results. Career goal prog. = Career goal progress; Interper. conflict =
Interpersonal conflict; Interdep. = interdepedence* p < .05; ** p < .01.

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BEHAVIORAL ETHICS IN ORGANIZATIONS: INSIGHTS FROM PSYCHIATRY

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Abstract

This panel session will highlight various theoretical developments and empirical evidence from cognitive neuroscientific studies of ethical decision-making, while integrating an array of psychiatric implications that can help clarify various behavioral outcomes. The term neuroethics will be used in conjunction with moral cognitive neuroscience, which is a growing field of study that examines the mechanisms of cognitive and moral decision-making (Salvador & Foger, 2009). For the purposes of the panel discussion, we do not make a distinction between morality and ethics. The definition of behavioral ethics will be consistent with the work of Trevino (2006. p. 95) which states "behavioral ethics refers to individual behavior that is subject to or judged according to generally accepted moral norms of behavior."

Psychiatry is a branch of medicine that deals with the science and practice of preventing and treating mental, emotional, or behavioral disorders that originate from endogenous causes and exogenous causes such as faulty interpersonal relationships. Given particular contextual settings combined with individual predispositions, general response patterns can be ascertained relative to behavioral responses to ethical issues. Though the general setting of ethical decisions may be the same, it is predictable that ethical decision making can sustainably change based on changing circumstances within the same setting. Neuroscience and psychiatry give explanatory insights into why this is so.

Stern and Giordano (2015) stated that the relatively new disciple of neuroethics lays at the intersection of neuroscience and bioethics. Research in this subject has additional underpinnings in philosophy, economics, political science, as well as psychological sciences (Gazzaniga, 2005; Milner, Squire, and Kandel, 1998; Lieberman, 2007). Neuroethics research has underpinnings in philosophy, economics. political science, as well as psychological sciences. The panel will incorporate insights from psychiatry for the purposes of expanding psychological understandings while building on the work of others. Examples will highlight different contexts of moral judgments, while showcasing the changes that ethical decision-making can take based on changing circumstances within the same context. Also, the panel will illustrate how false assumptions may lead to inadvertent poor moral judgment. Issues of moral unawareness will be discussed and the increased need for empirical studies to shed light on unintentional actions of harm.

The panel presentation should not be considered a complete overview of psychiatric relevance to ethical behavior but rather as a discussion of key aspects of knowledge that may

lead to interesting empirical research topics. The panelist will encourage an interactive audience discussion.

Panelist 1 will introduce the panel and the framework for discussion, while Panelist 2 will discuss advances in neuroethics and will also provide illustrations of how the concepts apply in business settings. Panelist 3 will discuss pertinent insights from the medical field of psychiatry as they relate to the process of ethical decision making.

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WHAT'S IN A NAME? CEOS' NAMES, COMPENSATION, AND FIRM PERFORMANCE

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Abstract

Can CEOs' names have an impact on their compensation and firm performance? We reason about *how* and *why* certain CEOs' names are related to higher financial compensation, yet unrelated to their ability to lead a company and thus firm performance. Based on a sample of 6,132 CEOs working at large, publicly traded (S&P 1500) firms, we find that CEOs who have more "fluent" names—or names associated with feelings of cognitive ease (e.g., easier to pronounce, more common, shorter length)—obtain greater financial as well as non-financial (e.g., geographic location, job security) rewards, even though they are no more competent. As such, CEO names help explain the observed mismatch between top management compensation and firm performance. We discuss the theoretical implication of this study for the cognitive bias and discrimination literature, and managerial implications for strategic human resource management.

Proposal:

Based on a sample of 6,132 CEOs at large, public (S&P 1500) companies, we test the reasoning that CEO name fluency will be related to higher compensation and lower turnover—despite the prediction that CEO name fluency will be unrelated to firm performance.

HYPOTHESES. "Fluency" is the technical term for the experience of cognitive ease when processing information (Oppenheimer, 2009). We hypothesize (H1) that CEO name fluency is associated with greater pay, as individuals with more fluent names (e.g. more familiar, shorter length) may be more likely to come to mind by key decision-makers and favorably evaluated. We hypothesize (H2), however, that CEOs with more fluent names are of no higher ability in leading their respective companies. Numerous audit studies (e.g. Bertrand & Mullainathan, 2004; Steinpreis, Anders, & Ritzke 1999) demonstrate that CVs with names commonly associated with different race and/or gender (e.g. minority, female)—but are identical in terms of substance (e.g. work experience)—receive varying chances at opportunities. These studies suggest that names are used as a basis for judgment, even when they have no basis in predicting work performance. Despite this mismatch between compensation and top management talent, we further predict that CEOs with more fluent names are less likely to experience voluntary or involuntary turnover. This may occur as a result of shifting standards of competence (Biernat, Manis, & Nelson, 1991) and incompetence (Biernat, Fuegen, & Kobrynowicz, 2010). That is, individuals with disfluent names may need to demonstrate more evidence of competence to confirm that they are in fact competent. In contrast, individuals with more fluent names may need to demonstrate more evidence of incompetence before they are terminated. As such, we hypothesize (H3) that CEO name fluency will be negatively associated with turnover.

RESULTS. Consistent with our hypotheses, we found that CEOs with more fluent names earn greater compensation (H1), but that CEO name fluency is unrelated to firm performance (H2). CEOs with more fluent names, however, face lower probability of turnover (H3).

CONCLUSION. The present study suggests the existence of a cognitive bias towards CEOs names that are more fluent, through the conferral of higher pay and job security--despite the finding that CEO name fluency is unrelated to firm performance. As such, this bias for name fluency contributes to a mismatch between compensation and top management talent.

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SUPPORTING PROPOSAL

Introduction. Scholars have long documented the existence of a glass ceiling, or barriers that keep women from making it to the top of organizations (e.g. Lyness & Thompson, 1997; Powell & Butterfield, 1994). More recently, scholars have attempted to look beyond the glass ceiling and examine the ways in which women may overcome barriers to their advancement (e.g., Eagly & Carli, 2007). The purpose of this study is to examine the potential impact of intra-occupational marriage—or marriage to someone within the same occupation—on career progression.

Hypotheses. We hypothesize that intra-occupational marriage may inadvertently be a means through which women may overcome barriers associated with their career progression. We hypothesize that, particularly for women, intra-occupational marriage may be related to faster career progression due to several mechanisms: protection from mistreatment, greater career/promotion aspirations, and instrumental (work-related) social support. Among the 1,310 surveys delivered to test these predictions, over one- third (451) were completed and mailed directly to the researchers.

Results. Among women, we found evidence that intra-occupational marriage is related to significantly *faster* career progression relative to those who are *not* married to someone of the same occupation. At the same time, we found no evidence that intra-occupational marriage is associated with speed of career progression among men. In examining why women who are married to someone of the same occupation may progress faster, we looked at whether they reported experiencing *less* mistreatment or sex-based harassment—and found no evidence for this. What may contribute to promotion rate, however, is promotion aspiration. While both group of women (those married to someone of the same occupation v. those who are not) started with similar levels of *initial* promotion aspiration, the former reported having significantly higher levels of *current* promotion aspiration. Furthermore, women who are married to someone of the same occupation also reported receiving greater instrumental (work-related) support from their spouse. In addition, men who are married to someone of the same occupation appear to perform more household tasks (e.g., childcare, meal preparation).

Conclusion. While intra-occupational marriage is prevalent across society (e.g., actors, politicians, professors), this is among the first study to examine *how* and *why* it affects people's careers. In particular, we find empirical evidence that intra-occupational marriage is related to faster career progression for women. We examined both positive and negative reasons this effect. While we find no evidence for protection from mistreatment, women married to someone of the same occupation reported greater promotion aspiration and instrumental (work-related) social support.

ETHICS OF DRIVING IN THE FUTURE

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Abstract

Developments in the field of Advanced Driver Assistance Systems (ADAS) create a continuum between the simple prompting of a driver to take action to situation where the technology may act independently of the driver. Consequently, there may be a need for a legal template which is able to accommodate the shared automobile control which is likely to emerge from progress in the area of EADAS. Closely related to the issue of responsibility and liability and indeed informing the jurisprudence in this area is the ethics that pertain to ADAS. The development of this new technology raises some issues profound issues. In terms of consequentialist (utilitarian) ethics, the *shared* decision making implicit in ADAS technologies raises issue around whether ethical 'thinking' can be introduced into code that underpins the ADAS systems. In the area of virtue ethics, here as elsewhere in the area of assisted decision making, ideas around what it means to be a responsibility driver/citizen will need to be reassessed. Furthermore, there are ethical issues that arise around the data control and surveillance. Both in terms of public policy and the more general phenomena of societal acceptance, the development of ADAS need to be underpinned by sound ethical reasoning. Risk perception and societal acceptance of scientific innovation the part of stakeholders is partially determined by the ethical backdrop, moreover, stakeholder views will feed into the legal/public policy framework within which ADAS will operate.

"TO KILL A THIEF…WITH ETHICS: ON THE NEED FOR MORAL SENTIMENT PRESENTED BY LOCKE'S CONCEPT OF MONEY"

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Abstract

Locke's concept of money presents a peculiar difficulty within the narrative of chapter five of the *Second Treatise of Government*, "Of Property." On the one hand, money is what allows for the reintegration of excessive or "wasteful" desires into the framework of human reason by making surplus acquisitions available to others – it "socializes greed," so to speak, and thereby makes limitless economic expansion possible. On other hand, money exacerbates those same excessive, greedy desires in newly anti-social ways by delaying the moment of property's consumption and thereby interrupting the natural cycle regulating the first "subsistence phase" of the state of nature. Put slightly differently, because we do not simply eat the things we come to own, they become available for theft by others. Moreover, because nearly *all* individuals begin to produce for the sake of exchange on the market according to Locke, there seems to be no meaningful restriction on how much a thief can come to own. Thus limitless acquisition for the sake of profit and limitless crime enter into history at the same moment and as a result of the same social institution.

My argument will proceed in two stages. First, I will argue that money introduces two complimentary figures of excess into the state of nature, both of which stand in need of limitation. One the one hand, there is the excessive motivation to "steal" owing to the lack of any meaningful restriction on how much one can acquire through the labor of theft (because the labor of all others has become available through its representation in money). On the other hand, there is a motivation for excessive punishment following from the possibility of limitless acquisition through theft insofar as the quantity of pain inflicted must be sufficient to deter the criminal from the pursuit of limitless pleasures. The thief appears here as a figure of *absolute* otherness to the extent that that they subordinate the use of their reason to their own individual desires and thereby threaten the forms of trust and predictability on which the exchange of commodities depends. Moreover, the thief's threat of limitless theft necessitates limitless punishment on the part of otherwise reasonable beings, leading to the possibility of dramatically unstable social relations in the state of nature and the disproportionate concentration of sovereign power in the hands of the executive in the state of society. I will conclude this section by raising the question of whether we are seeing the actualization of this possibility today in the United States' skyrocketing rates of mass incarceration.

Second, I will argue that Adam Smith's conception of moral sentiment can respond to these problems of excess by enabling a *pre-rational identification* among self-interested "selves" such that self-interest arises on the basis of a prior commonality. From Locke's vantage point, Smith's moral sentiments would allow monetary forms to embody more than just the *individual's* desires, for the individual is already understood as a social category, or as the *effect* rather than the *basis* of social relations. Unlike Locke, then, for whom criminal acts are absolutely atomizing (i.e. they indicate than an individual lives by "another Law" than that of humanity itself), Smith's understanding of moral sentiment involves a limitation on how much pain we might inflict on

others to the extent that we sympathize "even with the dead." Both possible thieves and possible executors of the law find in moral sentiment a limitation on their capacity to inflict pain on others, thereby providing the community with a natural basis that I will argue is much more stable than Locke's strictly legal conception.

Finally, by way of conclusion, I will raise the problem of what I will call "ecological sentiment," or the identification of subjects with nature through a slightly expanded conception of the impartial spectator. This will be a somewhat speculative or suggestive section, but my aim here will be to address the difficulties that arise when one attempts to include the environment within the sphere of moral sentiments, on the one hand, and the way in which a more sympathetic relationship to nature in general might check some of Lockean liberalism's punitive imperatives on the other.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND THE EDUCATIONAL PROVENANCE OF CATHOLIC UNIVERSITIES: WHAT THE CATHOLIC INTELLECTUAL TRADITION HAS TO OFFER UN PRME AND UN GLOBAL COMPACT IN ADDRESSING THE UN SGDS.

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Dr. Scott Kelley, Assistant Vice-President for Vincentian Scholarship and Assistant Professor of Religious Studies, DePaul University
Mr. Jonas Haertle, Head of the United Nations PRME Secretariat

Panel Session

The workshop is designed to offer participants a way to challenge, expand and shift their thinking *("think about how they are thinking")* on business ethics education, moving from a narrower focus on responsibility towards a broader framework for integrating sustainable management practices. The purpose of workshop is for participants to find new and more effective ways to define and address a pressing sustainability-related issue, idea, challenge, opportunity, question or problem related to management education and then develop a plan to take action – to experience the power of pragmatic inquiry as a method and pedagogy for responsible management education.

The workshop will give a broader and deeper perspective to find immediate and long-term solutions that turn these challenges into competitive advantage and opportunities. The result will be to design more effective, rewarding, and integrated approach to management education that will lead to more sustainable methods and goals.

We will begin with a reflection on the origins of the university in general and the thought of Thomas Aquinas in particular to highlight the ways in which Catholic Universities are well-positioned to advance the goals and aspirations of PRME.

This panel session workshop will guide participants through the method of Pragmatic Inquiry, which has been used at various levels of business education to develop strategies for responsible, sustainable management solutions that address complex social, environmental, and business challenges. Pragmatic Inquiry has been used successfully as a pedagogical method for Executive Education, MBA curriculum design, graduate level courses in management and economics, undergraduate courses in management and religious studies, and even as an organizing thread in the United Nations PRME Global Forums since Rio+20.

Appendix I– Overview Sustainable Development Goals (SDGs) and relevance for Higher Education Institutions

One of the main outcomes of the Rio+20 Conference - during which the PRME initiative convened the 2012 Global Forum for Responsible Management Education as the official platform for management education - was the agreement by member States to launch a process to develop a set of Sustainable Development Goals (SDGs), which will build upon the Millennium Development Goals and converge with the post 2015 development agenda. It was decided establish an "inclusive and transparent intergovernmental process open to all stakeholders, with a view to developing global sustainable development goals to be agreed by the General Assembly".

The post 2015 development agenda and the SDGs will be launched at a Summit in September 2015 in New York. The process of arriving at the post 2015 development agenda is led by UN member states with broad participation from Major Groups and other civil society stakeholders including academia. There has been numerous inputs to the agenda, notably a set of Sustainable Development Goals (SDGs) proposed by an open working group of the General Assembly, the report of an intergovernmental committee of experts on sustainable development financing, and many others.

See here for a copy of the draft version of the proposed SDGs: https://docs.google.com/gview?url=http://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdf&embedded=true

Higher education institutions (HEIs), including business and management schools, are emerging as a core stakeholder in discussions on the required architecture for achieving the proposed SDGs:

- In his July 2013 report to member states, UN Secretary General Ban Ki-moon cited the need for partnerships, including academia, to achieve the Goals,[1] and in July 2014, he called on PRME specifically to play an active role.[2]
- In September 2013 in the document '*Architects of a Better World: Building the Post-2015 Business Engagement Architecture,*' business leaders cited reforming management and leadership education as one of the core building blocks to maximise the business contribution to achieving the Sustainable Development Goals, and specifically called on management schools and the PRME community to work to reform curricula to provide current and future leaders with the necessary mindsets, skills and knowledge to lead organisations to more sustainable outcomes.[3]

As an essential part of the system, there is the need for management-related academic institutions and individuals to work together collaboratively to establish how best to respond to

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[1] United Nations (2013) *A Life of Dignity for All: accelerating progress towards the Millennium Development Goals and advancing the United Nations Development agenda beyond 2015. Report of the Secretary General.* United Nations, New York. http://www.un.org/ga/search/view_doc.asp?symbol=A/68/202

[2] http://www.unprme.org/news/index.php?newsid=307#.VDWmcfldVio

[3] UN Global Compact (2013) *Architects of a Better World: Building the Post-2015 Business Engagement Architecture.* UN Global Compact, New York. http://www.unglobalcompact.org/docs/about_the_gc/Architecture.pdf

these calls and articulate a roadmap for how the management education and research community as a whole can best contribute to achieving the Sustainable Development Goals.

There are clear roles for which this community is uniquely placed to play:

- Through education, by developing globally responsible leaders with the necessary capabilities and commitment,
- Through research and thought leadership, enabling business organizations to serve the common good, and
- Through engaging in the transformation of business and the society.[4]

PRME, as the leading network for responsible management education, in partnership with the Globally Responsible Leadership Initiative (GRLI), the Academy of Business in Society (ABIS), and other members of the PRME Steering Committee as well as affiliated groups, is well placed to develop a view to what the tangible commitments are required of HEIs to bring this roadmap to life and how to mobilize this work in collaboration with the United Nations and relevant stakeholders, such as the UN Global Compact and its business participants.

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[4] 50+20 Agenda – Management Education for the World. http://50plus20.org/wp-content/uploads/2012/06/5020_AGENDA_PRINT_a4_English.pdf

SUSTAINABILITY AS A SOCIAL AND ECONOMIC RESPONSIBILITY

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Abstract

Corporations and businesses in general are expected to look beyond their bottom lines, and to recognize that they are part of a larger society, that expects good corporate citizenship. That is, the society expects businesses to commit first to economic, and then to social responsibility. In fact, for corporation's continued profitable existence, sustainable responsibility must be part of its mission. Traditionally, the corporate social responsibility is defined as the adoption by a business of a strategic focus for fulfilling the economic, legal, ethical, and philanthropic responsibilities expected of it by its stakeholders. This paper argues for broadening the traditional scope, to include "sustainability," into the corporate social responsibility (CSR) framework.

In ecology, the word "sustainability" describes how biological systems remain diverse and productive over time. Healthy and long-lived wetlands and rain forests are examples of sustainable biological systems. At the human and modern corporate contexts, sustainability interfaces with economics through the social and ecological consequences of economic activity. Sustainability is also a social challenge that includes such factors as, international and national laws and regulatory policies. It also means ethical consumerism and business practices. A universally accepted definition of sustainability is quite a challenge since it is expected to achieve many goals. A simple definition of "sustainability" is improving the quality of human life while living within the carrying capacity of supporting eco-systems for generations.

The Brundtland Commission of the United Nations (UN General Assembly, 1987) describes sustainability as a reconciliation of environmental, social and economic demands—the three pillars of sustainability. The UN commission goes further to explain "sustainable development" as a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (UN General Assembly, 1987)

The 21st century has already witnessed a rapid economic growth of many former poor and developing countries. Thanks to globalization, Internet, Smart Phones, and the mobility of resources, human skills, and technology. In addition to UN's position, many countries and continents have understood the importance of such resources as air, water, land, biodiversity, and renewable natural resources, especially in the face of increasing evidence that pollution, population growth, and unbridled use of natural resources were putting pressure on the sustainability of these resources. Businesses can no longer consider resource use excesses and depleting natural resources as a form of external costs to be borne by the society at large (Handy, 2002; Freeman, 1984)—that is, to kick the can down the road mentality.

Why Sustainability?

Economic integration on a global scale is already here, and is here to stay for a long time. Multinational corporations and sovereign nations are constantly looking for the "next big thing," whether in energy, digital gadgets, social media, or, biotechnology. What that means is that most goods and services that we use on a daily basis, for maintaining a decent standard of living, do not provide huge profit margins for the businesses. We have many choices and many businesses can satisfy our needs, when we want them, and where we needed them. The corporations have been moving their factories and seek resources, wherever they find labor and resources costs cheaper. Cutting corners, violating labor laws, unsafe working conditions, exploiting natural resources without caring for chemical wastes, and deforestation are practiced in the name of maximizing profits and satisfying stakeholders. In general, corporations, at least some of them, have taken a narrow view of their business mission without regard to conservation and protection of scarce natural resources for the benefit of future generations (Kelly, 2002; Parra, 2008; Elsig, 2008). Sustainability takes a long-term view of the use of resources; The first world countries polluted significantly during their development, and the same countries tell the third world countries to reduce pollution. This might impede growth for poor countries. The sustainable development is predicated upon the assumption that societies need to manage three types of capital—economic, social, and natural. In fact, we could say, natural capital, social capital and economic capital are complementarities. Sustainability also addresses the issue of "market failure." According to World Business Council for sustainable development, "Eco-efficiency is achieved by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life-cycle to a level at least in line with the earth's carrying capacity." (DeSimone and Popoff, 1997)

Sustainability as part of Corporate Social Responsibility Framework

Herman Miller, a multinational corporation–in the business of office, residential, and health-care furniture and services—has this for its core values: curiosity and exploration, performance, engagement, design, relationships, inclusiveness, a better world, transparency, and foundations. This mission fulfills its responsibilities to its customers, its shareholders, its employees, the community, and the natural environments (Thorne, Ferrell, and Ferrell, 2008). However, there are other corporations do explicitly state and practice sustainability as one of their core values (Tenbrunsel, 1997; Gardberg, 2006).

Figure 1: Sustainable Responsibilities added to Corporate Social Responsibility Framework

Archie Carroll (1979) lists the following as characterizations of social responsibility: (1) License to operate, (2) Long-term business development, (3) Vehicle for achieving goals and reputation, (4) Activity to avoid exposure and risk, (5) Economic and constructive, (6) Relationship, (7) Responsibility to stakeholders, and (8) Oxymoron. The view that social responsibility is oxymoron stems from the work of Milton Friedman's 1962 book *Capitalism and Freedom.* That view has lost its traction today; the business performance is reflexive, because it both affects and is influenced by internal and external factors. National economy is influenced by the ways businesses relate to their stockholders, their customers, their employees, their suppliers, their competitors, their community, and the environment. It has been documented that countries with highest levels of corruption, have the highest levels of poverty in the world. Archie Carroll (1991) argues that corporate social responsibility (CSR) has four types of responsibilities: economic, legal, ethical, and philanthropic. In this paper, as shown in Figure 1, sustainability is added to the four types of responsibilities. This framework takes a step further to include the UN commission's recommendation. That is, we go beyond the traditional notion of CSR. It also means that businesses in their own self interests, find ways to improve their processes through innovation and productivity to minimize resources being depleted, which allows future generations to sustain their quality of lives.

Co-opting Sustainability Values as part of Vincentian Business Ethics

First and foremost, in industries after industries, we have a need to revisit the various processes used to create goods and services; for the past two decades or so, there has been a tremendous growth of new business models based on new and innovative supply chain designs. This applies not only to United States, but also world-wide new businesses due to Internet access, Mobile and Smart phones, Social media and various digital devices and technologies. So, there are two sides to this development of global integration of economies: one that is positive, promoting free access to information, skills, and resources; while the dark side has no regulation, enforceable labor laws, and lack of moral and ethical behavior, with business profits as the dominant objective. This is not sustainable. In both consumer and industrial markets, bad quality and unsafe products are on the rise. In the Vincentian precepts, commitments to "social responsibility" and "social justice" are paramount.

Already, a number of companies are dealing with pollution problems through Compliance Management (World Business Council on Sustainable Development, 1996). In fact, the world business council (WBCSD) has developed governance structure that includes: Compliance, Cleaner Production, Eco-efficiency, and Responsible entrepreneurship. People, around the world, embrace social responsibility, environmental improvement and economic growth; but the results are mixed; and eco-efficiency can serve businesses as a means for developing and successfully implementing a strategy towards sustainability.

Knowledge Co-creation in Sustainability

All organizations, in the traditional sense of market-learning, analyze and learn from the customer experiences at multiple points of interaction (Lawer, 2005). Today, the same organizations learn from their supply partners' experiences along the supply chain at their multiple points of interaction. Taking it further, we find that these learning organizations in globally integrated businesses are faced with challenges of multiple business cultures and value systems. This cluster of interactive learning can be dubbed as the "Knowledge Co-creation." In their seminal work (Prahalad and Ramaswamy, 2000) they examined the new role of customers in knowledge Co-creation. However, this paper suggests that we go beyond market-learning for market-profits, but also apply Vincentian values to sustainability in the context of business ethics and social responsibility. That is, knowledge co-creation for sustainability means learning from stakeholders' needs for conservation of resources, eco-efficiency, and applying Vincentian Business Ethics.

Conclusion

This paper argues for sustainability as a responsibility on par with economic, legal, ethical, and philanthropic responsibilities for all organizations, small or large, profit or non-profit, and domestic or international. The 21st century has already witnessed catastrophes, both natural and man-made. The traditional corporate social responsibility model ONLY concerns itself to firm-specific and its relationships and consequences of their decisions to narrowly-defined stakeholders. The reach and scale of stakeholders were limited, and were mostly local, regional, or national. This might be appropriate for the 19th and 20th century worlds. In the 21st century,

with several dominant world economies and corporations, there is a need to expand the Corporate Social Responsibility (CSR) framework to include responsible sustainability.

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RESPONSIBLE PROFITING FROM THE BOTTOM PYRAMID: THE CSR COLLABORATION BETWEEN A MNC AND AN INDIGENOUS COMMUNITY

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Keywords: corporate social responsibility, stakeholder theory, social partnership

Proposal Summary

What causes a multinational corporation (MNC) to engage in corporate social responsibility? Can MNC international CSR efforts translate to profitable opportunities? What is the ethical responsibility to the community? Can a MNC effectively balance both profit and CSR objectives with the same stakeholder?

Overview
This study explores the antecedents of CSR formation in an indigenous community by a MNC and the resulting outcomes of a profitable venture from the social partnership. We explore this phenomenon from the lens of the stakeholder theory. There is minimal extant literature that shows how secondary stakeholders can evolve to primary stakeholders and the implications resulting thereof. This study explicates the process through which a secondary stakeholder can simultaneously be a CSR recipient and a business partner with a MNC.

The Partnership
Savage et al. (2010) defined social partnerships as "collectives of organizations that come together to solve 'messy problems' that cannot typically be solved by an organization acting alone." Researchers have highlighted the necessity of inter-organizational collaboration for organizations to compete advantageously (Powell et al. 1996; Stuart 2000). We briefly describe the social partnership that illustrates the above.

The Multinational Organization: Pikolinos Group. Pikolinos, a family business founded in 1984, has expanded to over 60 countries worldwide. Pikolinos is engaged in a wide variety of activities ranging from tanning leather to manufacturing shoes to operating their own retail outlets across the globe.

The Indigenous Community: The Maasai. The Maasai live in Southern Kenya and Northern Tanzania, mainly in the Mara region, and their population is estimated to be about one million. Due to communal land fragmentation and conservation, the Maasai have been forbidden from accessing pastureland or water within the reserves and have been driven by necessity to find ways to preserve their heritage while earning a livelihood.

Due to higher occurrences of poverty, lower education levels, and poor health within indigenous communities (World Bank, 2001), researchers have lauded entrepreneurial activity as a critical catalyst for stimulating socio-economic progress within such communities

(Anderson & Giberson, 2004). The Pikolinos/Maasai partnership sought to do just that by developing a project (The Maasai Project) that involved the Maasai women doing the beading work for Pikolinos' export market. The Maasai Project utilizes the beading expertise that the Maasai women have honed for generations.

Pikolinos is engaged in an inter-organizational collaborative partnership. This means that they must balance the duality of achieving firm goals and profitability with successfully managing the social partnership. Pikolinos is driven by its desire to simultaneously create social value, economic value, and environmental consciousness. The social partnership formed between Pikolinos and the Maasai indigenous community initially began with about twenty women artisans and has since grown to employ and enhance the living conditions of over 1600 women artisans.

Understanding Stakeholder Management
Freeman's (1984) Strategic Management: A Stakeholder Approach introduced the stakeholder theory to management scholarship and focuses on stakeholders as individuals, groups, or organizations who are affected and/or impacted by an organization's decisions. Researchers have since sought to address how stakeholders are defined or classified and how they can be managed. Frooman (1999) introduced three research streams relating to the stakeholder theory: 1) identifying stakeholder attributes, 2) identifying stakeholder ends, and 3) identifying stakeholder influential strategies. Our study seeks to address and connect the first and last questions from a CSR perspective.

Stakeholder Attributes: Primary vs. Secondary Stakeholders
Primary stakeholders are defined as stakeholders upon whom firms rely on to survive (Clarkson, 1995). Primary stakeholders have a direct impact on the firms' environmental behaviors and there is a "high level of interdependence between the firm and its primary stakeholder groups" (Clarkson, 1995: 106). For Pikolinos, primary stakeholders would include groups such as suppliers, employees, and customers because these entities are integral to Pikolinos' survival. Secondary stakeholders are viewed as stakeholders that are not engaged in contractual or legal transactions with firms (Clarkson, 1995). They are defined as "those who influence or affect, or are influenced or affected by, the firm, but are not engaged in transactions that are essential for its survival" (Clarkson, 1995: 107). Entities such as special interest groups or the media are examples of secondary stakeholders. In the Maasai Project social partnership, the Maasai indigenous community can be viewed as a secondary stakeholder since Pikolinos is not dependent on them for its survival.

Mitchell et al. (1997) contest that additional key stakeholder attributes such as power, legitimacy, and urgency will influence how much attention the focal firm will give the stakeholders. The greater the power, legitimacy, and urgency of the stakeholder group, the greater the group's saliency will be from the firm's perspective (Eesley & Lenox, 2006). Our paper will also illuminate the impact of these attributes within our social partnership.

Stakeholder Influential Strategies
Frooman (1999) investigated stakeholder management, focusing specifically on the relationship dimension between the actors. Specifically, he built a model of stakeholder

influence strategies that sought to better understand and manage behavior (incorporating resource dependence theory) and proposed that the choice of influence strategy will depend on the type of resource relationship. Relationship building and trust development were significant factors in our social partnership study. In collaborating with a remote tribal community such as the Maasai, developing cultural sensitivity and awareness about this indigenous community was necessary for the MNC (Pikolinos) and vice versa. Since the inception of the Maasai Project, Pikolinos has been able to remain authentic and sensitive to the needs of the Maasai community.

A noteworthy outcome of this partnership is that what began as what many would call a CSR- driven partnership has evolved to one where the Maasai community may now be viewed as a legitimate supplier to Pikolinos, thus contributing to their profitability. Subsequently, we also explore the stakeholder classification transition of the Maasai community from being a secondary stakeholder to a primary stakeholder, aided by social entrepreneurship.

Contribution

How can stakeholders influence the decisions of the organization (Frooman, 1999; Frooman & Murrell, 2005)? Investing in relations with primary stakeholders can lead to increased financial returns (Hillman & Keim, 2001). Thus, primary stakeholders are more likely to influence the firm's decisions given their interdependence. Given that primary stakeholders are necessary for the survival of the focal firm, we seek to explore the impact that secondary stakeholders can have on the focal firm. Hillman and Keim (2001) investigated whether or not firms can economically manage the duality of responding to social issues and addressing the interest of primary stakeholders and found that participating in social issues beyond those affecting the direct stakeholders may adversely affect a firm's profitability (Hillman & Keim, 2001).

Building upon frameworks developed by earlier stakeholder theory research (Frooman, 1999; Frooman & Murrell, 2005), we investigate relationship interdependence between the focal firm (Pikolinos) and the secondary stakeholder (Maasai community). Few studies have examined the impact that secondary stakeholders have had in causing firms to respond to stakeholder requests. Eesley and Lenox (2006) studied the conditions under which secondary stakeholders are likely to elicit positive firm responses. However the social responsibility perspective of this ongoing discourse has not been adequately captured. In this study we probe whether or not secondary stakeholders may evolve to become primary stakeholders that can have a significant profitable impact on an organization.

Previous studies have proposed that a primary stakeholder is needed to achieve desirable corporate social responsibility outcomes and that secondary stakeholders may actually oppose a firm's policies (Clarkson, 1995). This study aims to contribute to the literature by illustrating that the role that secondary stakeholders play can change the perception of why companies engage in CSR. Specifically we will discuss the factors under which this condition may hold. We will also discuss implications for businesses and organizations. The partnership that Pikolinos formed with the Maasai community has been able to achieve a collaborative advantage or "desired synergistic" outcome (Huxham & Vangen, 2005). While some may assert that engaging in social issues that are not related to the primary stakeholders may not

be profitable for the firm, our social partnership case depicts the process through which a secondary stakeholder (the Maasai community) transitions from being a recipient of an MNC's social responsibility efforts to being a key contributor to the MNC's value creation process.

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COMPARISON BETWEEN THE ETHICAL GAP OF THE PERFORMANCE OF THE BRAZILIAN AND FRENCH COMPANIES IN MARKETING ACTIVITIES

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Structured Abstract: Purpose

The question about the ethical behaviour of companies in their activities is increasingly present in society. In particular, the marketing activities of companies with respect to product launch, pricing, proper communication, correct promotions are critical target when companies adopt posture not expected by consumers.

Design/methodology/approach

The established theoretical framework is supported by the theories of Marketing and Ethics. The research took three stages: expert interviews, research managers of large companies operating in Brazil and in France, and the validation of the results with the same experts. Analysis of the results was established mainly by the use of multivariate statistical techniques such as correlation analysis, factor analysis, cluster analysis and multinomial logistic regression.

Findings

As a result of the study showed the difference between the ethical behaviour of companies in Brazil and in France regarding their marketing activities.

Originality/value

Presentation of an analytical model of ethical behaviour of companies regarding their marketing activities.

Article Classification:

Research paper

INFLUENCE OF INTERNATIONALIZATION OF FIRMS ON ETHICAL BEHAVIORS OF MANAGERS: A CASE OF KOREAN COMPANIES

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Abstract

This study conducted an analysis of the relationships between Korean managers' thinking styles, ethical decision-making, and ethical philosophies to enhance our understanding of the cognitive basis of managerial ethics. Based upon the findings of Groves, Vance, and Paik (2008), this paper extends the existing research into the global context by examining linear versus nonlinear thinking style profiles of Korean managers, and to test if the different thinking styles may explain the variance among managers with regard to their ethical versus unethical decision-making. Contrary to expectations, Korean managers were found to adopt a more linear or balanced thinking style than a nonlinear thinking style as globalization accelerates mutual influence among countries economically as well as culturally. Furthermore, although the relationship was not statistically significant, analysis discovered that the more internationalized companies are, the more ethical behaviors managers tend to demonstrate. However, the current study did not find a strong evidence that managers with a balanced thinking style are more likely to engage in ethical business practices than managers with either a predominantly linear or nonlinear thinking style. Finally, the study concluded that Korean managers tend to use a utilitarian rationale for ethical intent decisions, which are more prone to adopting unethical behaviors.

RETHINKING 'GIVING VOICE TO VALUES' IN BUSINESS SCHOOLS BY RECONSIDERING THE 'INVISIBLE HAND' METAPHOR

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Abstract

The main contention of this paper is that our ability to embed a consideration of values into business school curricula is hampered by certain normative parameters that our students have when entering the classroom. If we don't understand the processes of valuation that underpin our students' reasoning, our ethics teaching will inevitably miss its mark. In this paper, we analyze one of the most prevalent metaphors that underpin moral arguments about business, and reveal the beliefs and assumptions that underpin it. By revisiting the content of Adam Smith's 'invisible hand' metaphor, we not only show that the moral content of the metaphor has been significantly misconstrued through its subsequent reception in economic theory, but also that Smith has much more to offer us in the realm of moral education than simplistic understandings of the 'invisible hand' suggest. In this way, we hope to make a contribution to the goal of "Giving voice to Values" within business schools (Gentile, 2010).

MOVING TOWARD A COMMON CORE: RECENT MODELS FOR BUSINESS ETHICS EDUCATION

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Abstract

Recent decades have witnessed an increasing awareness of the importance of promoting ethical standards and behavior within business. In a global context, various organizations have developed strategies, including codes, certifications and standards for inculcating ethical conduct internationally. In conjunction with these efforts, many people have recognized the need for more consistent and effective business ethics education as well. Indeed, the variability of business ethics education at business schools (both domestically and internationally) has suggested to many the need for a stronger common basis for teaching business ethics. This paper examines two such attempts to develop a common basis for business ethics education: the Principles for Responsible Management Education (PRME) and the Giving Voice to Values (GVV) curriculum.

In the case of both PRME and GVV, the paper examines the history and background of the program as well as its fundamental structure and approach to business ethics education. In doing so, the paper pays particular attention to the underlying assumptions of these programs, their primary aims and methodology, and their prospects for integrating business ethics into the curriculum of business schools (particularly at the MBA level). It is argued that these programs share common aims but have very different assumptions and methods for addressing business ethics. In a global context, the paper investigates the potential of these efforts to develop better intercultural approaches to business ethics and to serve as a basis for communicating ethics concerns cross culturally. The paper argues that the most important consideration in evaluating these, or other ethics initiatives, is to consider their potential to respond to global business ethics concerns.

CONCEPTUALIZING SOCIALLY RESPONSIBLE INVESTING AS A MORAL TRANSACTION

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Abstract

In light of the literature's dominant focus around making the "business case" for social responsible (SR) investing, I consider the benefits to scholars in conceptualizing SR investing as a moral transaction, i.e., an economic transaction that includes both moral and pecuniary interests. In particular, I explore the theoretical utility in focusing on the gift-like and moral components of SR investing. I then analyze qualitative interviews from 41 SR mutual fund investors and consider the extent to which the narratives of SR investors corroborate the utility of adopting the moral transaction theoretical lens of. I find most investors fail to articulate the gift-like nature of SR investing, but that investors elaborate a variety of moral motivations for their SR investments. I then discuss how conceptualizing SR investing as a moral transaction helps rectify the literature's dominant focus on making the business case for SR investing.

Introduction

There is a growing trend among management scholars to downplay the normative and ethical foundations of corporate responsibility (CR) and in its place, aggrandize the "business case" for it (Lee, 2008). This frequently takes the form of focusing on the famed Corporate Finance Performance –Corporate Social Performance link (Orlitzky, 2011; Orlitzky, Schmidt, & Rynes, 2003) and finding the alignment of a firm's strategic CR and profitability (Porter & Kramer, 2006). Extending this "business case" focus to analysis of shareholders leads to the assumption that shareholders only care about socially responsible (SR) investing when they are assured that it generates the same or better return performance than comparable conventional investments. This "business case" focus, however, ignores the fact that investors may also be morally motivated to invest.

In this article, I consider Lainer-Vos' (2013) notion of *moral transaction* as a novel way to conceptualize SR investing and explore the theoretical insights of doing so. Moral transaction refers to an economic transaction that includes both moral and pecuniary interests. In addition, Lainer-Vos (2013) asserts that moral transactions fall somewhere on the theoretical spectrum bounded by gift on the one side and market transaction on the other. I focus on the gift-like nature of moral transactions, and consider how people may perceive of their SR investments as a gift or contribution in support of socially responsible corporations. I also focus on the variety of ways investors see their SR investments as moral, or the "right thing to do." In light of the moral and gift-like components of SR investing, I also consider the indeterminacy of moral transaction, which refers to the lack of consensus (between SR investor and SR issuer) regarding the meaning of the exchange.

In addition to theorizing the potential insights gleaned from conceptualizing SR investing as a moral transaction, I analyze qualitative interviews from 41 retail investors in Mennonite

Mutual Aid (MMA) Praxis Mutual Funds[1], a religiously affiliated SR mutual fund. With these empirical data, I consider the extent to which the narratives of SR investors corroborate the utility of adopting the theoretical lens of moral transaction. I find my interview respondents largely fail to articulate gift-like components of their SR investment. They are, however, able to identify a variety of moral reasons for their SR investments, with special focus on the moral importance of screening out corporate stock of unethical corporations. I also analyze the qualitative interview data in light of Lainer-Vos' contention that moral transactions are fraught with indeterminacy. I end with a discussion on how conceptualizing SR investing as a moral transaction may help rectify the literature's dominant focus on making the business case for SR investing.

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[1] MMA has since changed its name to Everence.

WOMEN BOARD DIRECTORS AND CORPORATE SOCIAL RESPONSIBILITY

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Abstract

Boulouta (2013) points out that because of our stereotypes and beliefs, we expect that women board members will be positively oriented toward corporate social responsibility (CSR). Various studies have investigated whether or how the presence of women on corporate boards increases firms' CSR, especially regarding specific components of CSR, such as philanthropy (Wang and Coffey, 1992; Williams, 2003), the working environment (Bernardi et al., 2006), or the natural environment (Post et al., 2011). In fact, Terjesen, Sealy and Singh (2009) did a literature review on gender diversity on boards from various perspectives and levels, and they found over four hundred publications. The findings of these studies have been inconsistent, though, which has been attributed both to the small number of diversified boards in the pre-SOX era, and to the lack of a standard metric for CSR (*e.g.*, Zhang et al., 2013; Boulouta, 2013).

The percentage of women board directors in corporations in the United States has increased considerably in the years since the enactment of the Sarbanes-Oxley Act of 2002 (SOX). According to Dalton and Dalton (2010), U.S. board membership by women saw a 30% increase post-SOX, and leadership and committee roles by women on boards rose over 200%. However, SOX did not mandate board diversity, nor require women board members, as has been done in other countries, including Norway, Belgium, France, Iceland, Italy, Malaysia, the Netherlands, and Spain (Wang & Kelan, 2013). SOX only requires that the majority of board members be independent and that three significant board committees—audit, compensation, and corporate governance—be comprised entirely of independent board members.

While earlier studies of boards, pre-SOX, indicated that boards with more outside directors had higher CSR performance (Zahra and Stanton, 1988; Ibrahim and Angelidis, 1994), these results no longer hold consistently in the post-SOX era. Moreover, the increase in the number of women directors added to boards, many of whom are outsiders, does not necessarily improve CSR. We find no difference in CSR results between outside women directors and male directors in most cases, while there is evidence that the presence of inside women directors may positively impact the firm's CSR performance.

Previous research associating women on boards with higher measures of CSR may be driven by particular issues, such as environmental or product concerns. In this study, we explore the relationship between women directors and external vs. internal CSR concerns and strengths. We also look at the relationship between boards with three or more women and various measures of CSR.

Although there may be confounding effects, this study includes data from the period 2002-2012, which affords us the opportunity to observe not only the post-SOX increase of women directors and their impact on CSR, but also how the financial crisis impacted CSR reporting. Even the

more recent studies of the CSR effects of women board directors—*i.e.*, Boulouta (2013) and Zhang et al. (2013)—use older samples, based on information gathered from years prior to the financial crisis (2003-2007 and 1999-2003, respectively). Understanding the multidimensional nature of CSR, we attempt to align several accepted metrics of CSR performance.

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THE UN GLOBAL COMPACT AND FIRMS' CORPORATE CODE OF ETHICS

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Introduction

The United Nations Global Compact (UNGC) is the world's largest corporate citizenship and sustainability policy initiative with approximately 13,000 organizations committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. Our paper focuses on the association between participation in the UNGC and firms' corporate code of ethics. Corporate codes of ethics are policy documents which outline the responsibilities of the corporation towards its stakeholders and provide standards of professional conduct for managers and employees. Since the passage of the Sarbanes-Oxley Act of 2002, the disclosure of corporate codes of ethics has become ubiquitous. We hypothesize that participating firms will align their corporate code of ethics with the ten UNGC principles, while non-adopting firms will have structurally different code of ethics. We also hypothesize that firms adopting the UNGC are more likely to amend their corporate code of ethics to include provisions against bribery, corporate corruption, and provide employees with a framework to prevent the use of entrusted powers for self-gain. We posit that these amendments are made in response to principle 10 of the UNGC which requires businesses to work against corruption, in all its forms. Our study addresses the call for additional research by Voegtlin and Pless (2014) on how the processes and influence mechanisms of the UNGC impact member firms.

Code of Ethics

The extant literature provides many definitions for codes of ethics, such as the moral standards used to guide employee behavior; the prescription of standards to guide present and future behavior of manager; and the principles and rules of conduct that govern organizational behavior. Codes of ethics can be used both as the basis for operational requirements (things that must be done) and prohibitions (things that are prohibited behavior). Typically, a code of ethics is founded on a set of core principles or values. Prior research also suggests that codes of ethics are generally legalistic in nature and contain communalities across organizations.

Since codes of ethics are important policy documents, available to both external and internal stakeholders, examining these codes of ethics provides us a unique setting to evaluate the processes and influence of the UNGC on firms' corporate codes of ethics. Firms should have varying codes of ethics. For example, the SEC, in its rule-making capacity, has stated that ethics codes do, and should, vary from company to company. The SEC has adopted rules regarding the amendment of code of ethics; therefore, it is clear that at least for publicly companies, that codes of ethics are fluid documents that should reflect company specific attributes. Our study

seeks to investigate the association between firms' codes of ethics and participation in the UNGC.

Methodology

We begin by identifying publicly-traded U.S. multi-national corporations (MNCs) listed as participants on the UNGC website. We exclude non-business entities such as Universities and non-governmental organizations (NGOs) as well as firms that recently adopted the Global Compact in 2015. This screening results in 75 public companies being identified. Next, we match the 75 UNGC participating firms with 75 non-UNGC firms based on firm size and industry ("*participating*" and "*non-participating*" firms, hereafter). Our final sample is 150 firms. We collect code of ethics data from participating and non-participating firm websites, public records, and on the SEC website. Firm financial data is obtained from Compustat.

We begin our analysis with descriptive statistics of participating and non-participating firms. Since our sample is matched-pair, we are able to statistically test for differences between firms types using parametric and non-parametric measures. We also perform a logistic regression on the propensity to adopt the UNGC on firm characteristics, where we code participating firms as 1 and 0, if otherwise. Next, to test the alignment of firms' codes of ethics to the ten principles of the UNGC, we perform text mining analytics on the codes of ethics of participating versus non-participating firms. Text analytics extract meanings, patterns, and hidden structures in unstructured textual data. Our a priori prediction is that UNGC participating firms and non-participating firms have structurally different codes of ethics and that the codes of ethics of participating firms are aligned with the UNGC. We also perform analytics on the frequency of key words from the UNGC ten principles in firms' codes of ethics.

To test firms' propensity to amend codes of ethics, we obtain records of code of ethics amendments from publicly available sources and from firms' websites. We examine the nature of the amendment and the date of the amendment in relations to the participation date in the UNGC. Amendments after the date of CEO letter to the UN General Secretary indicating their willingness to commit to the ten principles are consistent with firms' amending their codes of ethics to align with the UNGC, especially if those amendments are congruent with the UNGC.

Conclusion

The role and efficacy of the UNGC to affect firms' corporate social responsibility is a complicated and largely an unanswered question. Our research provides evidence on the impact of the UNGC on participating firms' codes of ethics. Codes of ethics are important policy documents that express, to both internal and external shareholders, firms' ethical business behavior and norms. If firms are complying with the spirit of the UNGC, then the firms' codes of ethics should reflect this compliance. Therefore, results which suggest structural differences in the codes of ethics of participating versus non-participating firms would support the efficacy of the UNGC. Conversely, if we find results which suggest no difference between participating and non-participating firms' codes of ethics, the evidence would be consistent with management adopting the UNGC for other reasons. The results of our study will be of interest to various constituencies. Policy makers, parties interested in promoting corporate social responsibility, regulators, and market participants may find the results useful in making policy, investment, and other decisions.

Academics and business people alike may find our paper useful as we present an innovative statistical approach to analyzing large amounts of unstructured text data and using that data to perform statistical analyzes. Given the large amounts of textual data that are accumulated in business and academic settings, we provide researchers with information on how large datasets of textual data can be used in empirical research.

TEACHING BUSINESS ETHICS IN AN ERA OF RELIGIOUS FUNDAMENTALISM: DOES LIBERATION THEOLOGY HAVE ANYTHING TO OFFER?

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Key words: *Hindutva*, Liberation Theology, Hinduism, Business Ethics.

1. Summary

Secularism and the promotion of scientific temper used to be the important guiding values for governing education in India. The recent transfer of political power in India to a religious nationalist movement has led these values being superseded by *Hindutva* which in contrast is sectarian and chauvinistic in orientation. Being an explicitly political ideology, proponents of *Hindutva* seeks to impose a narrow reading of Hindu texts onto the structure of social, political and economic life in India. Understandably education is an important target for any totalitarian agenda and there has been a number of interventions that leave no doubts about the intentions to promote its narrow agenda.

Large Indian corporations have contributed significantly in furthering the electoral success of Hindutva. In return, economic policies being adopted by the government are explicitly pro-business with half-hearted sensitivity to the egalitarian goals that used to characterize policy making in India.

In this context, teaching business ethics have become a hazardous proposition in two ways - 1. Guiding discussions on religious ethics in a curriculum requires a careful balancing act as any slant might be interpreted as a proof of the political allegiances of an instructor. 2. Criticisms of economic policies risks being misconstrued as an opposition to the socio-cultural agenda of the government. Further, a response to the *Hindutva* agenda using the current scholarly work in business ethics would have to rely on secularized vocabularies like 'rights', 'liberty', 'equality', 'sustainability' which in a context in which exclusivism has become mainstream, are easily branded and dismissed (or in some cases incarcerated) as representing ideas 'alien' to national culture and inimical to national interests.

This paper suggests an alternative that involve emulating *liberation theology* that emerged in Latin America after Roman Catholic pastors unearthed powerful arguments from within religious texts to tackle the shocking inequality in the societies they serve. Using precepts that contain essence of rights, empathy, and environment protection from *within* the Hindu texts and spiritual discourses might offer a political and pedagogical strategy to illuminate the unethical aspects of this combination of sectarian and business policies. The chances of controversy will be significantly less as it involves using the same ideological sources that legitimize the advance of *Hindutva* and role of corporations in financing its spread. Counter narratives to elite interests cannot be as easily dismissed by casting them as "anti-nationalist" designs of foreign agencies.

The outlines of a Hindu Liberation Theology suggested in this paper could serve to rally the public opinion against structural injustices and is a way to propagate and teach values without being too concerned about potential repressive measures by an impulsively autocratic regime.

2. Proposed structure of the paper.

1. Introduction: This section will state the problem and the main contributions made by the paper. This section will also describe the interventions are being made at various levels of governance of education including strategies include changes to curriculum, appointments of apologists to senior positions, and increasingly physical intimidation of teachers and independent thinkers (Dhankar, 2015)

2. Defining "Corporate Hindutva": Under the widely accepted label, *Hindutva*, (like Islamism), claims its legitimacy from a selective reading of religious texts and convenient interpretations of historical events. This section will highlight some of its most insidious aspects which is relevant to business ethics. As Indian businesses allow their increasing wealth to be displayed as artifacts of assertive nationalism, they are assured of accommodation by the state in relaxation of environmental standards, loosening of labor protection, and underestimation of suffering of those affected by its actions thereby reducing the costs of compensation, and the unleashing of state power on behalf of corporation on activists, academics, leaders of social movements, and environmentalists or any other entity that dares offer contrary and inclusive narratives.

3. An overview of management education in India. This section will highlight unique condition of elite Indian business schools – their dependence on both the government and corporate sector. The top schools remain funded by the government which offers land and salaries for faculty. In addition, business schools in India are rated on the basis the number of large corportes which seek to recruit from its campuses and the enormity of starting salaries offered to graduates. Corporations are a group that administrations in most business schools would not want faculty members to antagonize (Toubiana, 2014; a situation not unlike some of the top business schools, Khurana, 2007). There are bleak chances of administrations willingly offering narratives in its curriculum that are diametrically opposed to the agendas of these two powerful patrons.

4. Liberation Theology: This section describes be basic tenets of liberation theology is defined as "critical reflection on praxis" (Gutierrez, 1971), the crucial juncture in history when it emerged and the unique combination of Catholic teachings, Enlightenment ideal of reason, and Marxist class analyses to encounter in Latin America inequality, oppression, and in some cases the involvement of the religious leadership in the maintenance of structural injustice (Rowland, 2007).

5. A Hindu Liberation Theology: The outlines of a *Hindu Liberation Theology* are drawn in this section. While the origins of liberation theology seem geographically and culturally remote, there are sufficient parallels which allows its translation into a political force and pedagogy on business ethics in in India. These include - the ever widening inequality, association of corporate and political elite with the dominant religion, the consequent legitimization of inequalities on scriptural grounds, and the identification of a vast majority of those at the lower rungs of society also to the religious views of their oppressors.

Hindu scriptures provide ample material to be marshalled for securing rights, and the protection of the environment has recently suffered, and social justice (Dwivedi, 1998; Jain, 2011; Sharma and Hart, 2014). Wresting interpretative authority from the dominant classes will be relatively easier in the case of Hinduism since the sources of religious authority, whether scriptural or

organizational are diverse and dispersed (unlike Catholicism which has the Bible and the enforcement powers of the Vatican).

6. Benefits and Challenges foreseen. A Hindu version of liberation theology can also benefit Indian classrooms in other ways. In a deeply religious country like India, discussion on secular ethics like utilitarianism, Kantianism, and virtue ethics requires additional introduction to the historical contexts in Western Europe in which they emerged. Using scholarly work from local contexts like Indian texts that convey similar essences (eg. Sharma, 2004) might be an easier entry to the psyche of Indian students (Crane and Matten, 2004).

There are hazards. Since Hindu nationalists use similar motifs for their sectarian agenda, curriculum design must be careful to not endorse the sectarian political positions. Unique features of Indian society, like caste, religious, linguistic and ethnic diversities, which might also have to be figured into any discussion on oppression and liberation in India. Students from non-Hindu backgrounds might feel the same feeling of exclusion in the classroom that they encounter in society in the classroom. Such hazards are unavoidable in teaching politically divisive subjects.

7. Conclusion. The paper will conclude by summarizing the main arguments made in the paper. In spite of the risks highlighted above, this paper argues that wresting interpretations of Hinduism from the narrow confines of *Hinduva* might offer a new avenues for discussions on social and environmental justice.

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On Eternal Equity in the fin-de-millénaire

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ABSTRACT

Globalization leveraged ethicality to unprecedented momentum. Today's most pressing social dilemmas beyond the control of singular nation states call for attention to human ethicality to back governmental regulation. In a history of turning to natural law as a human-imbued moral compass for solving societal predicaments on a global scale in times of crises; behavioral economists currently examine the human natural drive towards intergenerational fairness. Understanding the bounds of human ethicality is key to avoid ethical downfalls on currently- emerging societal dilemmas of financial social responsibility and man-made environmental decline infringing on intergenerational equity – the fairness to provide an at least as favorable standard of living to future generations as enjoyed today. Whilst evolutionary grounded and practiced ever since, intergenerational fairness has not been attributed as a natural behavioral law – a human-imbued drive being bound by human fallibility. A whole-rounded ethical decision making anomalies frame is missing to test the applicability of the bounded ethicality paradigm onto intergenerational concerns. Psychological insights' potential to improve human intergenerational conscientiousness on financial social responsibility and environmental ethicality is underexplored. The following paper 'On Eternal Equity' thus theoretically defines intergenerational equity as a natural behavioral law, captures human ethicality bounds and system downfalls in the domains of financial social responsibility, social welfare reform of an aging Western world population as well as environmental ethicality regarding natural resources depletion and climate change. Overall, introducing intergenerational equity as a natural behavioral law advances the legal case for codifying intergenerational fairness on an international basis. Applying bounded ethicality onto financial and environmental considerations spearheads interdisciplinary behavioral law and economic models to aid on financial market predicaments, social welfare reform and environmental threats. Exploring contemporary intergenerational constraints will allow to experimentally test the generalizability and moderators of intergenerational conscientiousness. Investigating cognitive facets of intergenerational decision making innovatively guides financial social responsibility, environmental protection education and social policy implementation. Enhancing financial social responsibility, social welfare and environmental protection through discussing future-oriented public policies is aimed at alleviating future predictable economic, social and environmental crises in order to ensure a sustainable mankind.

1. INTRODUCTION

We live in interesting times. From the sixteenth century age of enlightenment, science and technology remarkably revolutionized the world. Followed by the eighteenth century industrialization, technological advancements, technical inventions and capital accumulation leveraged the standard of living for mankind. The post-WWII economic boom heralded

golden years of socio-economic advancement and economic capital growth outpacing every measure previous ages had known.

Though looking back to an epoch of enormous economic progress in the 20th century; the improvement of living conditions seemed to be slowed from the turn of the millennium on. The era of globalization, featuring complex interconnections and transactions faster than ever before in history, appeared to impose unforeseeable systemic risks. What happens in one part of the world today has impacts around the globe. The global interconnectedness creates a need for framework conditions supporting the new web of social, ecological and fundamental transfers on a grand scale. As a consequence of complex economic interconnections, market prosperity burst with the 2008/09 monetary downturn having evolved from individual ethical failures amalgamating into collective downfalls.

We now not only suffer from the painful readjustment between economic fluctuations and whimsical market movements in the finance world. Market failures also having been compensated by the public results in an unprecedented overindebtedness of the Western world. Budget crises around the world led to austerity plans triggering an economic climate of stagnation, federal spending constraints and prospected social welfare decline for decades to come.

In the aftermath of the 2008/09 World Financial Crisis, the finance sector is under scrutiny as for having made fast capital at the expense of the real economy. Since 2009 financial institutions are publicly pressured to justify their social impacts while economic pessimism grows in the belief that the current equity imbalances will be long term and cause the next generation being worse off. The destruction of assets and degrading of capital values led to a devaluation of property. What followed was the unorganized uprising in the wake of an uncontrolled clash of realities. Distributive equity claims and the call for equality of opportunities rose in economically-troubled areas. The lack of opportunities culminated in direct democracy protests such as the Occupy Wall Street movement. People having lost trust in banking systems started to think about future obligations and more than ever wanted to pass on an as favorable standard of living to future generations.

In the eye of our children having to pay for our current economic recovery, we are now taking from future generations. Not only do we live at their expenses, the youth also not quite has the same opportunities as their parents enjoyed. Rising prices take away wealth accumulation prospects and austerity plans diminish access to social welfare. Missing budgetary resources result in governmental education cuts as for the lagged impact and accountability – yet the societal outcomes are crucial to the people who experience the hope for a better future through education vanishing. Restricted access to education breeds social immobility. 'Born poor, die poor' becomes reality in the Western world and an intergenerational equity constraint, when European students have to pay for their tuition while generations before were granted free access to knowledge.

In addition employment opportunities for this generation are more limited than for prior generations. In many parts of the Western world, it has become almost impossible to get a job for the young. The Spanish youth faces an up to 65% high unemployment rate. There is also an explosion of unpaid internships that further breed social inequality as the market turns the workforce to having to afford to work. Countries with current high unemployment like Spain, Italy and Ireland, in which the youth turns to the black market for employment,

leave the government with lower taxation revenues and the young without perspectives and trust in their government. Unemployment opens generation gaps. Negative socio-psychological consequences are fear of the future which becomes a self-fulfilling proficiency of depression.

Young people see their prospects vanishing and are left without hope for a better future when they experience their decision making not being included in the political will. People struggle with the anonymity of governmental support and their experienced helplessness drives anger. Social responsibility declines and protests fuel – such as in Egypt and Syria, but also London and Madrid – to release societal tensions. We now have the young going on the streets in Africa, the Arabic world, Europe, and North America. Starting in the fall of 2009 in Vienna, the 'Uni brennt' ('University is burning') student occupation of the University of Vienna's Audimax advocated for social equality, access to education and minority empowerment. The protests lasted for months and inflamed protests all over Europe. Spain's youth suffering from over 65% unemployment and fading future perspectives rebelled during the summer of 2011, which spread protests all across Europe supported by new media tools – like blogs, facebook and twitter. The popular media has been puzzled in describing a uniting theme of the contemporary populace on the street. Unprecedented intergenerational imbalances, we may argue are driving this trend.

As the crisis appears as a long-term problem, it will become even tougher for people to find a job, pay debts and maintain standards of social welfare. Tomorrow's children will not have the same standard of living. Even if the young are employed, they will have to pay higher taxes to reduce the massive current overindebtedness. The overindebtedness twin deficit of current and capital account being unprecedentedly exhausted puts extraordinary burdens on the upcoming generation. An American child, for instance, gets at birth an almost 50,000 USD heavy debt-Rucksack to carry and a US taxpayer owes more 130,000 USD share of governmental debt with trends predicting a grim outlook. The debt burden gains weight when considering the societal trend of a shrinking Western world population trends. Putting the elder's current pension consumption paycheck into the child room is problematic as pensions are usually not allocated towards future investments – such as infrastructure or education, which would build future societal assets in the long run and make future generations richer.

The standard of living we have today will have to be maintained by a demographically shrinking body of young, who will have to uphold the current way of life. In the aging Western population, we see the workforce shifting to pensioners. Western, and in particular European, pension systems become unfeasible when we are currently taking up debt to pay out pensions. In addition, pensions breed inequality in European low-inheritance tax countries. Rising social security expenditures and pension payments already cause frictions in the social compound. A pension system reform is insofar complicated as the age pyramid has already tipped in most European countries featuring more receivers in the voting booth than payers. And in a loss-avert world, cutting given promises equals political suicide.

The prevailing world depression, the enormous anomaly of unemployment and liquidity constraints, the disastrous mistakes the financial elite has made, not only make instant economic market stimulus necessary but also demand for foresighted governance. Governments must breed hope regarding radical austerity cuts and unemployment gaps to take away people's fear of the future. In the eye of an unprecedented intergenerational equity

kink, it has become economically efficient to think about the next generation and future world-inhabitants' living conditions. The complex challenges ahead will require heightened attention to future generations' well-being. Novel heterodox economic solutions will implement equity over time. Policy makers are pressured to revise social services and increase the retirement age in industrialized economies. Whilst becoming economically-interwoven through intergovernmental bailout plans, the Euro-zone featuring differing national legislations is especially challenged to harmonize social welfare standards.

The outlined intergenerational equity constraints are complex and their solution interdependent. Entrepreneurial solutions may ease the overindebtedness, but innovation in the medical sector will explode medical care expenditures for pensioners – especially in social welfare dominated economies that mandatory have to provide the best medical means available to their citizens. The current world economy opens possibilities but also threatens future generations. While economic growth may aid a soft landing with current liquidity constraints, booming markets also imply heightened energy consumption trading-off from the ecologic quality of life on the long run.

An aging Western world population, the 2008/09 World Financial Crisis but also climate change pressure our children to come. While monetary values are easy to be rebuilt, the most dramatic damages for future generations are in the environmental domain. Environment concerns arise in the light of unsustainable resource consumption and increasing man-made climate change. Regarding climate change and ecologic sustainability, the world appears more vulnerable than ever before. In 2010, we hit the highest energy resource consumption in the 40-year recording of sustainability. Climate change is going to be the greatest human challenge of the 21st century touching on all human rights given the potential massive, widespread and irreversible impacts creating irreversible lock-ins for future generations and injustice over time. The destruction of the environment is the most sustainable peril of globalization.

In the end, the children of tomorrow will not only pay the price for our currently taken up debt. In a climate of economic downturn and growing burden to support the elderly, our children will also face declining biodiversity and ecological environmental changes in the wake of climate change. This unprecedented intergenerational kink heralds an overall call for intergenerational equity – the fairness to provide an at least as favorable standard of living as enjoyed today. As we realize that our children may not have the same chances as we do, we must strive for global equity over time. The global challenge is thereby to find sustainable, qualitative economic growth in harmony with human rights of development over time.

Eternal equity addresses justice over time. As an implicit contract and transfer inbetween living and future generations, intergenerational equity not only reduces unfairness for future world inhabitants who are born in less favorable environmental condition than their parents. Intergenerational equity also ensures future infrastructure, equal opportunities over time and constant access to social welfare for the youth. Intergenerational equity grants a favorable climate between generations and averts frictions arising from austerity plans, diminishing social welfare standards and declining environmental prosperity.

While intergenerational equity concerns are as old as mankind – the 2008/09 World Financial Crisis, an aging industrialized world and climate change have put a new stance on the dimensions of overindebtedness and irreversible destruction of future potential, which

may serve as an explanation for the 2011 occupy Zeitgeist reclaiming public space as a symbol for common goods. In the eye of leaving next generations' debt, unfeasible social welfare and sustainability threats, intergenerational equity is an urgent topic of concern that opens windows of opportunity to implement financial social responsibility, social pension reform and ecologic sustainability.

While the wish for intergenerational equity has sparkled, we currently lack an economic understanding and feasible intergenerational equity models that accurately pay attention to future generations. To measure intergenerational equity, we will have to estimate future developments. Intergenerational equity will require discounting of future events by politicians, policy makers and private individuals who will have to factor in future-orientation and social responsibility in current decisions. Future world inhabitants must be put into the focus of today's choices by shifting the current wealth of the elderly to save for future generations and put sustainable governance in place. We may also have to curb our consumption rates to conscientiously transmit the earth to future generations.

Intergenerational equity has become a political question of how far democracy goes and temporal justice an ethical imperative for the future. But when considering the current inequality over time, we face legal adaptation not instantly applying to current external changes. Beyond lagging legal codifications and yet to be adjusted policy frameworks, we must strive to understand natural expressions of intergenerational equity and core humane values of justice as a responsibility for the future.

Eternal equity has always been lived within the family compound and practiced in the wake of humane fairness notions. The human-imbued wish to provide an at least as favorable standard of living to our children stems from evolutionary, social and religious values. Ignorance to intergenerational concerns naturally feels wrong and hegemony of now appears like a sin on future generations. Not being intergenerationally conscientious puts offspring at stake and detaches people from their environment. Understanding intergenerational conscientiousness as a natural behavioral humane-imbued law will help integrating future conditions in today's decision making.

Building on Rawls' procedural justice, intergenerational equity will ensure fairness between generations based on future orientation and social responsibility for future generations. Pursuing intergenerational equity in the wish to provide a decent standard of living for the upcoming young can be enabled by a mutual transfer between old and young. Justice can be sought in future outlooks, humane-imbued reflexivity and globalized solidarity enabling that one generation does not live at the expense of future generations. Financial Social Responsibility will ensure that the current generation is not spending the money of tomorrow's children. Generations passing on to the future will feature age-attentively redistributed wealth, investments for young and respect for future generations' resource consumption needs.

When considering the current Western world overindebtedness, social welfare prospects and climate change, we are already behind the scheduled when it comes to fundamental foresighted preparedness. The following paper thus targets at contributing to eternal equity by introducing the idea that globalization imposes unprecedented intergenerational equity constraints regarding financial market stability (Chapter 2.1 Overindebtedness), social welfare reform (Chapter 2.2 Demographic aging) and

environmental sustainability in the eye of natural resources consumption and climate change (Chapter 2.3 Global commons and climate change) in order to capture intergenerational equity as a natural behavioral law (Chapter 2.4 Intergenerational equity as a natural behavioral law). A human-imbued Überethical drive towards intergenerational conscientiousness comprising of social responsibility and future-orientation is argued as the basis of eternal equity constituting legal foundations, public policies and regulation but also echoing in bottom-up participatory democracy and social representations of intergenerational equity. Eternal Equity implementation strategies as well as avenues for future research on intergenerational equity will be presented with attention to the aftermath of the 2008/09 World Financial Crisis.

The following piece will focus on the present and near future regarding an unprecedented intergenerational equity kink starting from the turn of the 21th century millennium in order to pursue the greater goal of freeing from short-termism shackles and grant wings into the future for our children, grandchildren and great-grandchildren. Fairness over time will acknowledge our childrens' rights to freedom, economic prosperity and access to global common goods in an environmentally favorable climate. Social conscientiousness for tomorrow's citizens of the world will pave the road to justice, our current social responsibility seed future freedom and foresighted vigilance secure eternal equity sparkled in the fin-de-millénaire.

2.   ETERNAL EQUITY IN THE FIN-DE-MILLENAIRE

2.1   Overindebtedness

Economic and financial crises evolved as long as monetary systems exist. The current overindebtedness, however, is an unprecedented phenomenon resulting from conservative politics and the economic turmoil starting from 2007. In the last 30 years libertarian trends have led to debt accumulation. Globalizing financial hubs dismantled taxation to attract capital from around the world.

Since the 1980's the finance world became detached from the real economy. Financial markets found value-at-risk and industrial values encroached financial matters. Money became a speculative good in free market economies. As bankers turned from service agents to risk hunters, risky banking overruled client services. Market actors were pushed to think short term and live on credit.

Undermined financial market fundamentals led to economic imbalances and collapsing financial institutions from 2007 on. In the aftermath of the 2008/09 World Financial Crisis, unfeasible lending business models heralded liquidity crunches. Surreal financial assets, speculations leaping over the market and irrational goals of a fast-paced financial community opened gaps between the economy and society. Financial market bailout at the real economy's expense incurred unprecedented governmental expenditures shrinking future economic prospects and social welfare opportunities.

While a neo-liberal finance elite gained value at risk at the expense of the general populace, also societal decision making neglected future perspectives. People spent first then paid. Debt became dissociated from public shame. Borrowing overruled producing. In combination with tax income lows, nation states began to live beyond their means. National spending exhausted savings. Traditionally balanced budgets faded. While in the Western

world public debts had already started piling up around the end of the millennium, the enormous bailouts of financial market exaltation in the aftermath of the 2008/09 World Financial Crisis left Western world governmental budgets constraint. Financial market downturn fueled a spiral of overindebtedness that will have to be paid back by decades of generations to come.

Future generations will sustainably be burdened due to our current short-term expenditures requiring debt repayments. Future prospects are hard to estimate as for being directly influenced by the overall growth rate. But our current indebtedness is higher than the economic growth and debt will transfer into the future – estimated 60% debt of GDP will be 90% of the GDP in ten years with long term implications for the real economy and society. Some countries already face over 80% debts of the GDP to carry over to future generations prospected to be paid back by the next two generations. When debt rises faster than economic output, higher taxation lowers governmental freedom to provide social services heralding challenging governmental-citizen relations. On the international level, the public debt problem trades off from the international sovereignty of countries.

As a remedy in response to the crisis, since 2008 sweeping financial market regulation reforms were put in place in the Western world. The responses to the 2008/09 World Financial Crisis differ throughout the world – for instance, neo-liberal and post-Keynesian European economies invested in social welfare to avert the negative impacts of liquidity constraints on the populace, nurture equality and finance long-term values. American banks refraining from European transatlantic investments make the refinancing of commercial banks more expensive. In a self-fulfilling prophecy this will shy liquidity. Combined with stricter policy programs in Europe and North America, impacted economic cycles reduce the likelihood of fast and easy budget supply, potentially leading to an additional rating downgrading, making CVS and refinancing more expensive and implying hard-to-controllable institutional hesitancy to cooperate. Further triple-A rating status will exacerbate austerity plans as for lowered governmental savings and heightened capital procurement costs. Speculations being financed at the risk of the real economy in bailouts brings along societal problems. Subsequent social welfare cuts steer civic upheaval as the occupy movement pointed out.

On the inner-European level, the Eurozone overindebtedness causes inevitable socio-political conflicts. The European political generation is pressured to implement a common bailout plan. European leaders, who had agreed upon the Euro as a common currency, now find themselves in a situation of asking who decides the fiscal policy in situations as with Greece – and why was there no codification of default strategies and burden sharing clause in the inception of the Eurovision, which would be essential to lead the Eurozone bailout plans now? Solutions on European soil are complex as European territories do not allow controlled inflation and in most parts still lack of concerted, harmonized regulation. Banks are by now more likely to invest in international entities – foremost the European Central Bank – than inter-bank lending, especially after the 2012 EURIBOR/LIBOR scandal. The European monetary union stabilization pushes a regulatory Eurozone harmonization to ensure price and financial market stability. The Eurobonds solution as a major political leap forward of the European Union will have grand but mostly unforeseeable implications for the entire Eurozone that will leap over to other Western world market economies. An opening

abyss of national monetary rescues and central banks dictating the Euro-bailout project currently couples political tension with nationalism and Eurozone fatigue.

The massive amount of expenses not only implies further economic turmoil and monetary instability but also trades off from social equity and fair resource distribution. Transferring debts into the future will lower future generations' access to education and social welfare. Debt burdens will fuel political frictions and psychological crises unprecedentedly pressure civilians. Current consumption rates coupled with the financial crises bailout burden sharing pile up debts to be dealt with in the future. Putting our current consumption paycheck in the child room causes liquidity problems for future generations with deep and lasting implications for personal investments and access to financial resources. Socio-economic problems arise within society foremost in the wake of governmental social welfare provision cuts. Older people who would have depended on bank insurance for income will have to rely on the governmental social welfare system. The young will experience equity downgrades in their investments – such as housing market drops – coupled with heightened unemployment risks. So, in the end, everyone on the age spectrum will be hit by the financial crisis as overindebtedness and austerity plans touch all age groups. In-between age groups, the governmental overindebtedness will open vast generational gaps as in most industrialized countries financial debt carry-overs are imposed onto a ceasing body of children. Future shrinking wealth prospects are viciously coupled with a prospective lower body of productive workforce and taxpayers facing rising costs for a sophisticating health care and social welfare payments for a growing body of elder.

2.2   Demographic aging

Western world shrinking populations and diminishing economic power in the aftermath of the 2008/09 World Financial Crisis steer intergenerational pressures. Demographically declining populations lower the work force to support a growing body of retired. While old and young have their expectations for a decent standard of living degraded in the aftermath of the 2008/09 World Financial Crisis, the economic situation leaves the young with having to afford their and the elderly's living. Life expectancy rising and stable pension ages coupled with ceasing populations will decline access to social welfare pensions and public health care.

Demographic changes open an intergenerational gap. Current major European, national pension systems appear unfeasible as the older are much better off. In some European countries, old fashioned taxation and pension plans have neither been reformed nor adjusted to aging populations for decades – for instance, while the Austrian living expectancy has risen over 7 years since the 1950ies, the average pension age has decreased. Czech pensioners can receive 95-97% of their income after retirement while being allowed to work. Retired being able to double dip the market and governmental aid also economically- unfavorably bunker a workplace for the upcoming young.

As we tend to have promised too much regarding pensions for the future in the industrialized world, the young's ability and willingness to pay for the elder to maintain their lifestyles and standard of living is likely to vanish. Politicians currently face a massive redistribution conflict from the shrinking body of young and current budgetary liquidity constraints narrowing resources to pay for current needs. As Western world pensions have

been promised to generously in the past, reforms need to pay attention to demographic changes through legislations and regulations that lift future generations' welfare expenditures burden. The current young will be the first generation that will experience drastic pension cuts and left not having as good pensions as expected. But the pension system needs to be made feasible in a precautionary way so that social welfare and public wealth remains.

The current financial crisis and governmental overindebtedness add additional tension within the 2008/09 World Financial Crisis-shackled Eurozone. Subsequent credit rating downgrades put pressure on governmental social welfare provision flexibility. Structural problems from demographic shifts and non-adjusted pension systems lead to budget constraints. In Eurozone multi-lateral negotiations, national interest still prevail and frictions arise within the Euro compound. Civilians from one country with higher pension age should not be obliged to bailout a country with younger pensioner ages. It appears unfair if in one European country pensions get cut for 60-year olds in order to pay 50-year old pensioners.

If in Eurozone countries the European Union determines a responsibility to help – like Germany leading the bailout of Greece – the European circle must also put reasonable, transnational policies in place. While young voters should try to change the societal wealth distribution, older – as the largest and most politically active voting group – are overrepresented to express democratic will. With more elder in the voting booth, who are on the receiving ends of pension benefits, the democratic outcomes tend towards their favor. The prevailing hegemony of the old not only features power and status being attributed to older people in parliamentary and policy circles but also the corporate and finance sectors being dominated by the elder. Most European populations have reached a tipping point with a ceasing chance of social welfare pension reforms. In the Western world, and especially in Europe, the chances are getting scarce or have even passed for democratic social welfare and pension system reforms. With the age pyramid already having tipped in most European countries, by now there is resistance to address pension reforms by politicians who struggle getting a political majority vote on pension readjustments. Taking given pension promises away from 'grayers' – the strongest political lobby – in a loss-avert world, by now equals political suicide. This occupation of the old is also problematic if the older generation blocks innovation and hinders constructive progress of the young.

The European youth being confronted with a grim outlook and their political will not being enacted due to their shrinking populace leads to social unrest. Nationalism evolving within the Eurozone needs to be controlled and monitored with cautious attention. While history will not repeat itself, we must learn from the after-WI depression era, in which nationalist youth movements led to disastrous political regimes.

Individual pensions will require citizen to pay for themselves, which will drive down solidarity in the social compound. Solidarity will also break apart when shrinking families lower the young generation's potential to take care of the old within the family compound. The generational pact must be sustained and the new generations' willing to contribute to a system that disproportionally pays for the old strengthened. The United Kingdom is the first EU country tackling the pension reform heralding difficult debates on burden sharing predicaments. Intergenerational all-party parliamentary group must examine social contracts between age groups to curb infeasible social welfare transfers. In the meantime, environmental conditions are likely to change.

2.3   Global commons and climate change

Resources like air, oceans and water are prerequisites for life. Global common goods are globally linked and accessible for anyone – but owned by no one. No nation can claim common goods and declare sole access to common goods by itself. Distribution of global common goods has led to legal considerations ever since as fair access to global commons serves as the basis for peace and stability. But fair, equal and free access is getting harder in the age of globalization leveraging common goods problems into international dilemmas given unprecedented levels of interconnectedness and ecological pressures.   Since the measurement of sustainability, energy consumption reached an all-time-high in 2010 raising energy procurement costs and resource shortage. Since the recording of glaciers, arctic ice melting was highest during the summer of 2012.

Rules of global access and use of global common goods are captured in international laws. Global common conscientiousness and solidary sharing of resource preservation is an ethical imperatives of sustainable development. In the international compound, nation states have common but differentiated responsibilities in their differing contributions of global environmental acquisition.   Common responsibilities comprise an equal share of environmental protection costs.

In the eye of current production levels leading to ecologic decline, all nations of the world will have to come together and form a global thinking on fair access to global common goods. Fair access to global common goods will alleviate global emergent risks as the core of international security politics and sustainable development. Common goods prevention and security of global resources will be the basis of societal advancement of a sustainable mankind.

While the ecological sensibility towards the environment has improved in the last 30 years and the Western world appears to have established a basic understanding about the scarcity of resources and the social responsibility to protect the earth; the threat of climate change implies novel and lasting environmental decline for mankind. By now there is strong evidence of the anthropogenic contribution to climate change if men not even being the main offset trigger.

Today's climate impacts vary from country to country but impact on the entire planet. The Global Humanitarian Forum security report claimed already 300 million people being affected by climate change and the total economic expenditures of climate change having reached over 100 billion USD. The people suffering from climate change are expected to rise to 600,000 and the total annual economic costs will hit 300 billion USD within the next decade. In 20 years from now, the deaths caused by natural catastrophes arising with climate change could reach 500,000 civilians per year.

Climate change will determine the way people are living.   Climates change precipitation patterns and access to water put agricultural and food preservation at stake. The melting of ice shells will unchangeably raise sea levels. Slugging and storm circuits will lead to natural disasters. The ecosystem and biodiversity are expected to diminish. Health risks, such as malnutrition, water problems and diseases will spread. Climate refugees will be forced to leave behind their land, ancestry and cultural identity when about 200 million climate refugees will have to move in low-sea level lands prospected around the next decades. An estimate of 1,500 islanders will soon have to be evacuated from small islands in the South

Pacific to larger islands and higher territories. The warming of ocean water will create hurricanes imposing danger on around 4 billion people in the United States alone. But also Inuit in the Arctic will have to move because of a massive ice melting.

Indigenous poor communities, who are already pushed to marginal levels of land, are going to be worst affected. African tribes will have to leave villages as the impact of drought in central African regions, where seasons have been scarce since 6 years. For instance, the Horn of Africa has just had the 8 hottest years in succession ever reported. Severe draughts have also struck Kenya, Ethiopia and Somalia, where attention is drawn to all time high food prices resulting in thousands of children starving. Climate justice will become an issue of concern when the major implications of a heating earth will be apparent and scarce resources vanishing potentially lead to violent frictions.

The populations most at risk, who live in the poorest regions of the world, are prone to be hit hardest by climate change, although they are neither emitters, nor central to the political discussions or part of the solution. At the international level, common goods consumption and preservation breed inequality if the lifestyle of some is trading off from the environmental conditions of others. The global West appears to cause an unfair impact to man-made climate change. The developed world is estimated to be responsible for 99% of carbon consumption, which raises strong global justice questions. Less than 1% of the greenhouse gas emissions that caused global warming are offset by 15 of the poorest nations – including the Middle East, Southeast Asia, Sub-Saharan Africa and small islands developing states. People in the poorer regions will go on the street and fight for their rights in the eye of missing future orientation or social equity regarding current ecologic problems.

In the light of irreversible environmental decline, the time is ripe to reflect on intergenerational justice to avert environmental decline in a cost-effective way. Our current consumption patterns should not transfer environmental debts to our ancestors or jeopardize the environmental conditions of our future children. The urgent need to address climate change is attributed in annual UN framework discussions leading to international agreements (e.g., the Montreal Protocol) and the inception of multi-lateral climate change aversion programs. The humanitarian dimension of climate change is central to the formal negotiations emphasizing mitigation and security. The international focus is placed on emerging economies – such as China and India – as the countries with the highest levels of CO_2 emission. Systems of monitoring, reporting and verification of emissions are discussed to be installed to reduce emissions in non-binding agreements based on individual country pledges. While voluntary climate change aversion has been established during the last few years, it remains unclear how strong the commitment will be. The success of voluntary agreements depends on Western leadership and the consent of all countries around the world. Many of the more difficult issues were concerned in Durban in late December 2011 and the Rio+20 Conference. Debates are also organized by UN agencies, governments or developed and developing nations, corporations, foundations and constituency groups, who increasingly highlight the humane consequences of climate change.

Women take on a special role in averting climate change as female traits distinguish for traditional nurturing, environmental conscientiousness and emotionally-laden family values. On women, who are also among the world's poorest given existing gender inequalities, climate change ultimately places a greater burden. Women – as primary food producers and water suppliers for their families – are affected by climate change because the

roles expected from them and the demands placed on them by their families and relatives. Not only are female prone to be dealing with the effects of climate change on the local ground but also is there a strong gender impact on climate change mitigation. International climate change awareness conferences have been led by female chairs (e.g., Cancun, Copenhagen, Denmark, Durban and South Africa) but also the Secretary-General of Climate Negotiations and the European Climate Change Commissioner are women. The Mary Robinson climate justice initiative promotes an alliance of women leaders on environmentalism and advocates for future meetings incepting a platform of female leadership on climate change aversion. The Rio+20 Conference featured a 'Women Creating a Sustainable Future' Board to pledge for intergenerational climate justice concerns.

2.4 Intergenerational equity as a natural behavioral law

The idea of intergenerational equity is as old as mankind. Conscientiousness for future generations is imbued in social customs and humane idealism. Intergenerational equity arises from the elderly wanting their offspring to prosper in at least as favorable conditions as experienced. Intergenerational equity is naturally felt, as parent do not want their child to grow up worse than they did themselves and thus improve the conditions for their offspring. This inner conscientiousness is related to morality that future children should find an at least as favorable standard of living as experienced. Whether it is the farmer or the forest caretaker, the small entrepreneur or the financial manager, we know we have to save for posterity and feel compassionate about future generations to come.

All major religions promote intergenerational equity values. The more religious people are, the more family members they have and the stronger the ties between these family members, the more are they intergenerationally responsible. Religious roots describe the world being borrowed by current inhabitants, who must preserve the earth for future generations. Religious foundations advocate for the elder generation leaving the earth in an at least as good condition as found to their offspring. Judaism advises parents to plant trees for their children. The old Testament's 4 Commandment advocates that children care for their parents. The Protestant church speaks about apocalyptic losses of living conditions. Islamic banking restricts speculative credit purchases in favor over real values. Indigenous principles outline one generation may not live at the expense of another.

The natural behavioral law of intergenerational equity was lived for centuries and transpired in the social compound as practiced in ancient, traditional customs. Already the oath of the ancient Athenian city postulates to 'transmit a city not only not less but better and more beautiful than it was transmitted' to ensure justice in-between generations. The Roman Law *prodigus*-clause excluded spendthrifts from economic interaction to save offspring from poverty and promote harmony between the young and old (Benke & Meissel, 2008). Intergenerational equity as a natural behavioral law is already described 700 BC by Hesiod in a son's concerns over inheritance. In the ancient Greek antique, Zeus symbolizes fatherly justice and eternal equity. In Cicero's 3rd book of 'De re publica,' justice is introduced as a natural law – a humane-imbued virtue that is fortified by the social compound and education. From the start of farming and property, inequity emerged and throughout history, societies broke apart when they maintained on societal systems that were based on resource exploitation, leading to philosophers and writers advocate for equity over time.

Throughout history intergenerational clashes fueled a revolt of the young versus the old. The post-World War I era featuring despair of the youth bred nationalism. European nationalist parties of the young had extremely negative consequences for the community – such as Adolf Hitler' s National Party rebelling against the 'Altpartei' or old party but also the roots of the communist opposition promoted themselves as young force to build a pole against the old. The 1968 protests in Europe were an opposition against the old generation in the eye of ceasing economic stability given the oil and energy crises.

The inner hunch of intergenerational equality is grounded on a humane-imbued wish for fairness and an evolutionary offspring advantage if being brought up in socially-benevolent environments. Holding through time and place, natural laws of responsibility for the future are evolutionary-grown hunches stemming from compassion between overlapping generations. Evolutionary anthropologists trace first signs of social conscientiousness in-between generations back to as soon as men would reach ages to experience 3-generation family members together. Since then elder, younger and youngest could directly transmit knowledge and crystallized wisdom from the old to the young. The rise in the stability of family ties and saliency of the eternal chain of life made generations feel for each other.

Intergenerational equity is a natural law in its roots and outcomes. Based on the evolutionary wish to improve the living conditions for descendants, intergenerational equity attributes the ethical obligation to provide an at least as favorable standard of living to future generations as enjoyed today. Intergenerational equity breeds an ethos of justice in-between current world habitants and future unborn averting imbalances between the young and elder. Natural laws determine decisions and drive actions in the social compound (Luf, 2011). As an implicitly guide of day-to-day practiced common sense ethicality, natural laws are ethical anchors beyond regulatory frameworks and whimsical courtroom decisions (Mamor, 2010). In this feature, natural laws are a robust panacea to avert regulatory downfalls and oversight accountability challenges, as human can orient their decisions during times of heightened uncertainty (Mayer, 2010).

Intergenerational conscientiousness as a natural care for offspring is transpired through social influences – for instance, externally-nurtured by upbringing, education, role-model learning, and critical life-events like parenthood but also external shocks coming down on society. Especially during times of crises, natural laws of fairness are in the focus of attention. External shocks and crises have always opened a window of opportunity to question the prevailing status quo, steering attention to human natural laws and ingraining social responsibility in society as external shocks bring people together to exchange information to control their world. Natural laws of inalienable rights have become prominent during revolutions and societal upheaval, in which inner moral compasses serve as a human-imbued anchor of stability beyond legal frameworks and policy guidelines. For instance, in the aftermath of the 2008/09 financial meltdown, experts were quick to demand social responsibility in financial markets and less than 24 hours after the 2011 Japan nuclear disaster, newspapers addressed intergenerational conscientiousness.

Globalization, political changes and societal trends have currently leveraged the societal demand for addressing intergenerational responsibility. Today we face unprecedented intergenerational challenges of an aging, over-indebted industrialized world reaching ecological limits regarding climate change, nuclear outbreaks and biodiversity decline that put pressure on future generations (Barnosky, Matzke, Tomiya, Wogan, Swartz, Quental,

Marshall, McGuire, Lindsey, Maguire, Mersey & Ferrer, 2011; World Wide Fund's living planet index). Today's most pressing intergenerational dilemmas of aging, indebtedness Western populations facing ecological challenges call for intergenerational equity. Intergenerational equity as a natural law remains hardly codified as – apart from cyclical economic changes – living conditions have always been improving. While turning to natural laws to investigate intergenerational equity appears as the appropriate means to address these novel challenges; little is known about real-world intergenerational conscientiousness decision making.

A preliminary literature review revealed a limited scientific investigation of intergenerational equity and a missing comprehensive framework of current intergenerational predicaments. Empirical intergenerational conscientiousness studies are rare. Classic economic models neglect intergenerational fairness as socio-psychological notions are hardly addressed in rational decision making models. Understanding intergenerational conscientiousness, however, could help lowering tensions arising between the old and young in the eye of future prosperity threats. New economic thinking may integrate behavioral aspects and innovatively leverage our idea of intergenerational equity as a natural behavioral law in order to implement eternal equity and ensure harmony in-between generations.

3. IMPLEMENTATION

The implementation of intergenerational equity ensures that future generations enjoy at least the same choices if not better opportunities as prevailing today. Global challenges like demographic aging, climate change and sustainable development that cannot be solved on the national level demand for international leadership facilitating and structuring public engagement on common concerns. In top-down approaches, global consortia concertedly solve internationally-interconnected common goods problems and work towards a common vision of global justice throughout the world. Sustainability councils – such as the UN

'Ombudsman for Future Generations' address intergenerational considerations and define intergenerationally-equitable goals based on normative ethics and procedural justice. Transnational democracy coordinates and sets solidarity standards of common goods preservation based on notions of fairness on equal opportunities and merit-based allocation of resources.

Legal writings inspire vision councils' understanding of intergenerational equity as a human right to development. Connecting intergenerational equity to human rights of life, liberty and freedom grants sustainability for future generations and equal access to common goods for mankind over time. At the Rio Conference in 1992 – the first global conference on sustainability providing the Rio Agenda 21 – first inferences were drawn between sustainability and human rights in the realization that responsibility for the future is a prerequisite of well-being for mankind. The following year in Vienna human rights were referred to environmental sustainability. At the 10th anniversary of the 1992 Rio conference on sustainable development in Johannesburg, there was a clear coming together of sustainability and human rights.

The legal enforcement of intergenerational fairness is limited as future unborn are not able to sue their grandfathers for debts, request pensions today and avert environmental lock-ins. Top-down approaches may not give voice to future needs since constitutional experts not even agree on the rights of embryos, unborn are not present in courtrooms and lobbies do not advocate for future concerns. Legal frameworks and structural reforms must be accompanied by behavioral changes – such as education to efficiently use scarce resources, invest for the future and be conscientious of energy consumption – in order to overcome current intergenerational constraints. Societal frameworks featuring responsibility as respect for future generations and decisions at an early stage will lead to new forms of institutional governance determining the living conditions of following generations.

The intergenerational equity implementation requires a multi-stakeholder approach in which public and private sector forces concertedly increase productivity through technological advantages and social innovations. Equality of merit-based access to opportunity accelerates economic growth attuned to sustainability goals and social integration. Intergenerational justice on the operative level features foresight and socially responsible policies. Age-diversified juries, well-tempered investigation panels and Generationspartnerships foster information exchange between young and old. Through voting the young partake in societal decision making. Youth coalitions advocate for long-term decision making in parliamentary circles – such as in the case of the German debt break constitutionalized in 2011. In participatory democracy, in which decisions are made publicly and discussed openly with people having a say in their solution, citizens decide more conscientiously of their children's need. The political communication on intergenerational equity implementation strategies may focus on easy understandable, personal examples that help to bring the present into the future and think in terms of own children and imagining the sustainability of their welfare – such as it will be your children, who won't get a house because you used to earn more, cannot afford that extra education, will face higher levels of taxation and a longer working lives ahead while suffering from climate change – so in the end your children are not going to enjoy the same future as you had. Accompanied with peaceful democracy-in-action protests, this will lead people to think and give beyond their personal lives.

Bottom-up discussion platforms ingrain intergenerational perspectives in current decision making. Generations coming together will allow discussing problems in the social compound. Open debates about commonly-shared values and goals will clarify what public debt, pension welfare and environmental responsibility mean for future generations and leverage intergenerational equity into a uniting, politically-driven issue. Generationspartnerships back the social glue. General discussions nurture consensus on societal problems of all age groups. Combining the old and young's perspectives in dialogues between generations helps paying attention to future generations' needs and balances between the young, who strive for novel change and the old, who pass on their wisdom of experience. New media technologies help bridging the young and old by granting access to information on the needs of all age groups. The current interconnectedness of the world becomes a tool to embrace older people and include them in society so that they are more willing to save for their children, invest in the youth and pass on wealth rather than spending it on their current consumption. A harmonious representation of diversified viewpoints is gained in a dialogue between generations that integrates youngs' and olds' viewpoints and represents all societal groups. Beyond legal and regulatory boundaries, partnerships between young and old encourage a culture of voluntary intergenerational fairness. Transfers

of wisdom from the old to the young raises solidarity in the social compound and grants stability for the community whilst fostering positive social development and societal welfare.

Intergenerational equity as a natural behavioral laws serves as an ethical anchor to steer behavior towards future-orientation and societal responsibility. Beyond legal contracts, family bonds and responsible education form pro-social, intergenerationally conscientious norms as a basis for a favorable societal climate. Education will lead people to feel obliged to invest in the upcoming young and see future-allocations as societal progress. While the young should be brought up with intergenerational values, the elder should be taught to understand the needs of the young. Benefitting from crystallized intelligence of the old, the young must drive technological and social innovations to change societal patterns. Change laboratories should focus on how to embrace moral codes of wealth distribution between generations. The family compounds should support the upcoming generations – for example with credits for long-term investments like housing and education in times when it has become more difficult to borrow from the banks as first time buyers and education has gotten more expensive.

Regarding overindebtedness the public good of a stabilized economy depends on merit-based, fair asset allocation and risk management. Macro-economic policy frameworks reduce risks in the interplay of financial markets and the real economy. Regulation must alleviate boom and bust related market downfalls and work towards a fair resource (re)distribution in accordance with societal values. After a pendulum swing from liberal to state interventionism, a well-tempered policy balance may feature anti-cyclical politics of credits, controlled inflation, debt breaks and debt cancelation. Creating economically-favorable locations that attract international capital and sustainable projects that fortify future potentials vitalize the economy. Capital institutions focus on core activities away from value-at-risk seeking will establish lasting and sustainable relations with customers.

Social welfare provision constraints related to demographic changes can be solved by market productivity growth, wealth redistribution, pension reform and adjusted pension expectations. Efficiency increase of pension schemes targets at raising tax revenues, cutting social benefits and distributing pensions merit-based. Inheritance tax redistributes wealth from the old to the young on the individual level, yet problematic appears that inheritance tax breeds inequality and has been ceased in most EU countries. People should be incentivized to belong to a certain tax group and remunerated according to their work productivity for society. A pay-as-you-go pension insurance could be considered as a market approach to solve social welfare problems of an aging population. Direct governmental transfers to underprivileged and tax breaks grant access to health and education. Reforms may ensure that the young have an at least as favorable standard as the old today by raising the pension age in accord with life expectancy. Increased pension ages, however, crowd out opportunities for the young to enter the workforce. Requiring pensioners by law not to work opens the market but puts productivity pressure on the young and strips crystallized expertise off the labor force. Pensioners should thus be encouraged to use their potential for society off the labor market. Based on their expertise and former affiliations, healthy civilians may contribute to labor charity similar to Norwegian welfare models or Kibbutz systems to aid the sustainability of the pension scheme alongside providing engagement opportunities for the elder. Solidarity supporting pensioners based on social responsibility is a strong social welfare safety net. Aging populations-related social welfare crunches can also be curbed by migration overcoming reproduction gaps. Immigration, however,

requires integration, education and policies harmonization expenditures throughout Europe. Migration should be pegged to merit-based performance of immigrants.

Ecologically we must not live at the expense of future generations regarding climate change and natural resource consumption. As the market by itself is not future-oriented, ecologic problems demand a political frame to implement foresight and governmental will to find a well-balanced resource distribution over time. Climate conscientiousness will require a modern, multi-cultural, multi-factual and urgent response to ensure climate stabilization in the future. International consensus must ensure that large, emerging economies such as China and India incept systems of monitoring, reporting and verification of emission reduction. Legislation backing intergenerational equity will leverage climate justice as a human right in order to alleviate global emergent risks of resource scarcity. Legal frameworks like international contracts define generational justice. Injustices and inequalities created by present world inhabitants must be treated as human rights abuses and addressed by international institutions – like The United National Environmental Program. International cooperation and regional collaborations on the preservation of global common goods comprise coordinated action to ensure fair usage of global common goods in accordance with international laws. Fair access to global common goods is the core of security and basis for socio-economic development of a sustainable mankind. Contracts with precautionary principle attribute common but differentiated responsibilities to ensure sustainable development and common goods preservation for posterity. Political leadership addresses climate change mediating discussions on a fair share of the global commons in the long run. Open discussions will advance mechanisms for a fair common goods distribution in the international interest.

On the political level, the correct price for fossil fuels must be found to offsets CO_2 damages. Based on estimates of the costs of climate change – such as, for instance, the Stern report – climate change agreements should target at implementing a world market price to avert climate change through CO_2 emissions taxation. Prices not only have a signal function but are also moral nudges. Letting corporations pay more than the harm caused by their consumption, creates governmental revenue to offset the downsides of climate change. If the tax is high enough, it becomes socially responsible if corporations use energy as for paying for the negative downsides of energy consumption. Taxation also alleviates from a moral responsibility of making cognitively complex, ethical choices. Thereby taxation frees moral capacities to solve additional predicaments. Countries with higher taxation grant their populace more cognitive capacities to ease the burden of ethical decision making, who are freer to tackle novel ethicality predicaments and thus ahead of territories without energy pricing systems. Pricing energy consumption can thus avert climate change, create governmental revenues, serve as a moral guide and ethical alleviation strategy.

The humanitarian dimension of climate change has to become central. Climate negotiations, UN Framework discussions and UN agencies must address the impact of climate change on the most vulnerable who have done the least to cause climate change but who are most severely affected. Climate justice links human rights and development to safeguard those who carry a disproportionally large burden of climate change and amplifies the voices of future world inhabitants to ensure fairness to future unborn. Low carbon growth and access to energy for all using non-fossil fuel sources will ensure sustainable development. Developing countries must build resilience to the effects of climate

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change.   Global partnerships and international alliances lead on the human rights of climate change aversion. Sustainable welfare education bestows with long-term foci to foresightedly strive towards climate justice for the sake of eternal equity. Philosophically intergenerational equity must become a moral obligation when considering the consequences of climate justice.

Climate justice incorporates a strong gender perspective. Women are powerful change agents as environmentally-conscientious, energetic mothers with interest for their childrens' well-being as they innovatively decide and implement climate adaptation solutions in local communities.   On the global political stage, Connie Hedegaard, Danish Minister for the Environment and Danish Minister for Climate and Energy hosted the UN Climate Change

Conference in Copenhagen in 2009 and has taken up a position with the European Commissioner for Climate Action since 2010.   Cancun, Copenhagen, South Africa conferences had female chairs and the Secretary-General of climate negotiations and the climate change Commissioner in Europe are women.   We need a platform of female leadership on climate change aversion to be developed for the cup 17 in Durban as we had in the Rio+20 meetings.

While international actors craft international laws on intergenerational equity, nation states implement intergenerational fairness by finding access to affordable renewable energy in innovative ways of new technologies and green retrofits. Energy efficiency can also be created by infrastructure changes of public transportation to reduce energy consumption. City designs can make streets more secure and arrange public transport for pedestrians. Education can trigger fundamental change processes in individual life styles to become more consumption conscientious and energy efficient.

4.   DISCUSSION

External shocks of economic depressions and wars of the past impacted on the quality of life of the young ever since and steered attention to social responsibility (Puaschunder, 2010). But what future risks and opportunities arise for future perspectives of the youth today in the aftermath of the 2008/09 World Financial Crisis given unprecedented governmental overindebtedness, an aging Western world population and the irreversible environmental damages is unknown. How to face these unfamiliar challenges should become the focus of future research on intergenerational equity.

Investigating intergenerational equity is a formidable task as for touching on unprecedented predicaments comprising manifold stakeholders. An engagement of various stakeholders on the differing intergenerational predicaments results in a disparity of intergenerational equity notions. As a first step towards resolving societal losses imbued in the complexity of this novel phenomenon but also to innovatively explore new opportunities to ingrain intergenerational responsibility within globalizing economies; future research may study intergenerational equity with special attention to expert opinions and stakeholder facets in the interplay of public and private sector approaches.   Holistically describing intergenerational equity with attention to stakeholders' perspectives will help overcoming socio-economic losses implied by various societal notions. Averting multi-stakeholder conflicts in the implementation of intergenerational equity will aid harmonizing intergenerational equity on a grand scale.

When investigating the natural human intergenerational conscientiousness, behavioral economics insights on human decision making may innovatively be considered. Behavioral economics depict human rationality bounded by mental limitations and heuristic decision short-cuts (Tversky & Kahneman, 1974) in an overly complex governmental architecture over which political leaders have limited control (Roberts, 2012). These errors are crucial in ethical considerations with irreversible impact on society. The emerging field of bounded ethicality describes predictable psychological processes that let people engage in ethically questionable behavior inconsistent with their preferred ethics (Bazerman & Tenbrunsel,

2011). Bounded ethicality occurs when ethical individuals are unaware of indirect unethical consequences that erode over time (Bazerman & Chugh, 2005; Bazerman & Moore, 2009; Gino & Margolis, 2011; Gino, Schweitzer, Mead & Ariely, 2011; Tenbrunsel & Messick,

2004). While bounded ethicality research offers a way to realistically capture intergenerational conscientiousness, we miss a whole-rounded intergenerational equity decision making frame to test the applicability of the bounded ethicality paradigm onto intergenerational concerns and explore motives for sacrificing to future generations within the social compound (Shu & Bazerman, 2011; Tsay, Shu & Bazerman, 2011).

Intergenerational conscientiousness requires social responsibility and intertemporal foresight to discount future lives. In the search to alleviate human bounded ethicality on intertemporal dilemmas, emotions were recently found to influence time perspectives and social responsibility (Bazerman, Gino, Shu & Tsay, 2011; Horberg, Oveis & Keltner, 2011). Emotionally-laden intergenerational values appear as windows of opportunity to steer intergenerational ethicality in human decision making. Trust – as a concept related to emotionality – could be an additional intergenerational ethicality nudge to overcome the lack of identification with future beneficiaries (Ostrom, 2009).

Based on a theoretical introduction of intergenerational equity as a natural behavioral law (Puaschunder, 2011), preparatory expert knowledge could theoretically fortify the idea of intergenerational equity as a natural behavioral law. Retrieving a framework of intergenerational equity challenges regarding an aging population, overindebtedness and ecological constraints with attention to stakeholder-specific public and private sector approaches and depicting potential human intergenerational conscientiousness bounds and triggers would allow deriving recommendations for well-balanced intergenerational equity public and private sector implementation solutions.

Based on exploratory expert information on intergenerational equity, the social representations on intergenerational equity could reveal stakeholder-specificities of intergenerational responsibility in order to compare intergenerational equity practices and trends throughout the global arena. Addressing stakeholder-specificities of intergenerational responsibility will holistically capture intergenerational equity in the post-2008/09 World Financial Crisis era. A more sophisticated investigation of stakeholder-nuanced intergenerational responsibility will pay attention to public and private sector intergenerational contributions.

Intergenerational equity implementation solutions should help individuals and politicians to make decisions with respect for future generations and establish socially responsible leadership. New ways how to change lifestyles that lead to sustainable and

intergenerationally conscientious living should be suggested featuring insights on societal decision making and collective choices. Intergenerational conscientiousness nudges should be retrieved in field and laboratory experiments. The relation of emotions, trust and social forces regarding common goods allocation preferences should be captured in order to enhance intergenerational, social conscientiousness.

Individual decision making on intergenerational equity should be coupled with studies on multivariate and network analyses of public and private intergenerational equity considerations throughout the global arena. Featuring differing constituencies, international consensus finding on intergenerational equity is hindered as parts of the world are more affected than others. While intergenerational equity is a global problem, there are vast national differences in its manifestation and implementation. In opening, booming economies – foremost China, India and other Asian novel power nations – the upcoming generation has enormous advantages compared to the past. In free market economies an upcoming population with no siblings to share enjoys unprecedented access to wealth and opportunities. The Asian youth have been on the receiving end of enormous wealth accumulated in a very short time. The solutions to current Western World intergenerational problems are connected to the rise of these nations and Western pension funds may be pegged to emerging markets. Problematic appears that growing economies with increasing population will have a higher resource consumption and energy demand putting sustainable consumption endeavors at stake. Ethical questions arise if these emerging cultures have the same right as the Western World had centuries ago – in the age of industrialization – to consume and prosper in the eye of climate change.

International comparisons of intergenerational social welfare schemes will derive public and private sector recommendations on intergenerational equity contributions in the interplay of favorable market incentive structures and prescriptive public policies. Investigating intergenerational equity before and after the 2008/09 World Financial Crisis will fortify our understanding of intergenerational equity as a risk management and crisis prevention strategy. The unprecedented impact of an aging Western world population on social welfare service provision with special attention to Eurozone frictions arising from the combination of bailouts and an aging, shrinking Euro-population should be described.

Theoretically describing and empirically testing human intergenerational ethicality introduces intergenerational equity as a natural behavioral law. In a history of turning to natural law for solving societal predicaments on a global scale in times of crises; understanding intergenerational equity as a natural behavioral law alleviates potential aggression potential between generations and promotes a sustainable mankind. Capturing intergenerational equity as a natural behavioral law backs the legal case for sustainability, stimulates the academic discourse and allows aligning diverse stakeholder notions on intergenerational concerns. Acknowledging intergenerational equity as a natural behavioral law establishes the legal basis for global justice in order to leverage eternal equity into a universal and impartial human rights over time. Applying bounded ethicality onto financial and environmental considerations interdisciplinary spearheads behavioral law and economics models and fosters an accurate understanding of the limitations of human social responsibility on intergenerational conscientiousness. Both approaches, capturing intergenerational equity theoretically and empirically, help averting intergenerational tensions and work towards intergenerational balance in-between generations.

Drawing a picture of the shared common sense on intergenerational equity, but also revealing stakeholder-specific nuances helps diminish communication barriers and aligns less coherent viewpoints on intergenerational fairness. Contributing to new socio-economic thinking on intergenerational equity will help understanding the social representations of intergenerational equity as an opportunity to forecast individual behavior as well as predict future intergenerational trends. Capturing stakeholder-specific expert knowledge allows deriving recommendations to lead academics, technocrats and practitioners to reflect deeper on intergenerational conscientiousness. Stakeholder-specific facets of intergenerational responsibility advance our knowledge on the well-tempered interplay of responsible market actors and governmental oversight control as vital ingredients of Generationspartnerships. Gaining first-hand insights from public and private actors on intergenerational equity allows predictions on how to build public-private-partnerships in order to alleviate intergenerational frictions. Knowledge of stakeholder-specific success factors also reduces socio-economic losses imbued in the complexity of the novel phenomenon and aids a harmonious implementation of intergenerational responsibility.

Empirically finding human-imbued, future-oriented intergenerational ethicality provides evidence for the legal codification of intergenerational fairness on an international basis. Expert knowledge coupled with behavioral economic insights on how to improve human cognition regarding future-orientation and social responsibility aids the administration of intergenerational equity. Deriving information on circumstances under which decision makers are likely to be intergenerationally-conscientious is targeted at outlining ways how to additionally improve intergenerational equity in the absence of legal enforcement and governmental control. Finding responsibility triggers will help designing context that advance intergenerational equity to complement institutional policies. Unraveling intergenerational equity downfall risks enables institutional technocrats to better design contexts that automatically raise future orientation and open ways to steer civic duty compliance based on a cooperative government-citizen relationship regarding intergenerational concerns.

Investigating intergenerational constraints from a global governance perspective helps understanding the impact of public and private sector contributions on intergenerational fairness. Studying public welfare problems as well as financial market predicaments and environmental constraints concurrently elucidates similarities and differences of public and private sector approaches to ensure intergenerational equity. Mapping intergenerational equity throughout the world allows international comparisons of public and private sector intergenerational responsibility approaches in order to derive multi-faceted success factors for a concerted implementation of intergenerational responsibility. Paying attention to the 2008/09 World Financial Crisis provides a unique snapshot of socio-economic changes implied by a financial turmoil and helps portraying crises as opportunity for ingraining ethicality throughout society. In sum understanding the socio-dynamics of intergenerational equity will serve as a prerequisite for an intergenerationally harmonious and future sustainable mankind.

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DESIGN THINKING AS AN APPROACH TO INTEGRATING BUSINESS PRACTICE AND VIRTUE: SOME THOUGHTS FOR CATHOLIC BUSINESS SCHOOLS

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Abstract

When one thinks of design thinking, what usually comes to mind is product design, innovation, entrepreneurship, and brainstorming for creative business solutions. However, design thinking's teleological focus is not simply for design or operational problems—it can also be used as an approach to the ethical issues businesses face.

For Catholic business schools, design thinking could bridge the gap between theology, specifically Christian virtue ethics, and business practice, through the emphasis on man's *telos* or goal, virtues, and the importance of dialogue, creativity, and interdisciplinarity. In the face of the rising complexities of business issues brought about by technology and globalization, design thinking can help in teaching individuals to come together in "scrutinizing the signs of the times in light of the gospel."[1] A conscious effort in understanding how we design structures and products in business and what virtues are thus embedded therein is needed to further bridge the gap between what we practice in business and what ethics we teach.

In the current global business environment, it is especially needed in order to creatively navigate through current social, economic, and political realities such as corruption and poverty that affect the business landscape, in order to "embrace, support, and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption"—the Principles for Responsible Management Education (PRME).[2] Design thinking integrates more fully business ethics, virtues, and practice, rather than having an "add on" Corporate Social Responsibility (CSR) program or ethics program that is seemingly imposed on the operations of a business.

This paper will thus have three parts: the first part will focus on how business is done today and the current challenges being faced; the second part will focus on design thinking and how it can be related to theology, specifically Christian virtue ethics; the third part will focus on how design thinking can help teach individuals to integrate these virtues and values in business in responding to the challenges in business today in relation to the PRME.

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[1] Vatican II, "Pastoral Constitution on the Church in the Modern World: *Gaudium et Spes*," *Vatican.va*, December 1965, accessed March 3, 2015. http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_const_19651207_gaudium-et-spes_en.html. Hereafter referred to as GS 4.

[2] "Global Compact," *Ivey Business School*, March 2008, accessed March 3, 2015, http://www.ivey.uwo.ca/engaging/news-events/global-compact/.

THE COMPETING ROLES OF BRAND CUES AND NUTRITIONAL INFORMATION OF PACKAGING IN INFLUENCING YOUNG CONSUMER'S SNACK BUYING DECISIONS

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Abstract

The rise in obesity poses a clear threat to health in populations in developed countries. The youth segment (those aged between 16-24 years) is seeing increased levels of obesity with snacking. Snacking is any food eaten other than at set meals. Kerr et al (2009) observe an increase in snacking occasions and portions, highlighting that snacking is a major contributory factor to the increase in obesity amongst this age group. Snack foods such as potato crisps and chocolate are attractive to this segment because they are easily accessible, affordable and convenient to consume. The youth segment are considered to be least concerned about health and wellness yet are noted to have a greater propensity to consume "snack" foods compared to other customer segments (Datamonitor, 2010). One response by the food industry has been to create product packaging that informs the consumer of the health and nutritional values of an offering (Zemaryalai & Abas, 2014). In addition the UK government continues to promote health and well-being through mass TV and bill board advertising (e.g. change4life) and education initiatives which range from specifying the nutritional content of school meals to lessons on eating healthy. Despite these initiatives, the success rate of enabling healthy dietary behaviour remains less promising among young adults (Mintel, 2013).

Studies to understand the role of labelling in food marketing have been conducted. Yet, the effect of brand as a powerful visual cue is not accounted for in those studies, suggesting a knowledge gap. Using the information accessibility/diagnosticity framework (Feldman and Lynch, 1988), we argue that brand as a packaging stimulus distorts the customers' evaluation of a product's healthfulness. Because customers seek information processing efficiency during product purchasing, they may rely on brands to help their decision (Spears and Sing, 2004). Hence, their brand attitudes which are readily accessible, may negate the role played by labels and nutrition facts information in affecting purchase intent

Furthermore, nutrition facts on food packaging are to encourage customers' informed decisions about healthfulness. However, how young adults use such information to aid their snack purchase decision, if they favour nutrition labels over brand cues, is unknown. Further, the influence of where labels and nutrition information are conveyed and positioned on a package on the effect of the brand as the primary influence on purchase intent is not understood.

The study examined young adults' utilisation of food labelling in their snack-product buying decision process. It investigated the effect of attitudes towards package stimuli (brand, labels, and nutrition fact) on young adults' evaluation of product healthfulness, and explored how this affected the role of brand on their purchase intent. The study was exploratory and qualitative in nature. Twenty face-to-face interviews with the 18-24 year university students and 16-17 year old school students were conducted. The findings highlight the powerful role that a brand plays in swaying the opinions and purchasing habits of this segment. Respondents made their choices

based on their brand attitudes and beliefs. Furthermore, the findings showed respondents' difficulties in identifying health and nutritional labelling, especially on chocolate bar packaging (unless it formed part of the brand identity) and a lack of understanding what the information provided meant. Despite their awareness that "snacking" could cause health-related issues, only a few used the nutrition labels to inform their choice of snacks. This article presents further insights into the mindset that influences the youth age group in the use of nutritional information in snack selection, and suggests some ways in which their level of engagement can be increased.

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MANAGING SOCIALLY RESPONSIBLE WHILE THE CLOCK IS TICKING: WHEN WILL RETIRING CEOS INVEST IN CSR?

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Abstract

In today's corporate world diverse groups of firm's stakeholders such as customers, employees, governments and media hold companies responsible for the social consequences of their business activities. Therefore, "a growing number of academics as well as top executives have been allocating a considerable amount of time and resources to corporate social responsibility (CSR) strategies" (Cheng, Ioannou & Serafeim, 2014, p. 1). For example Paul Polman (CEO of Unilever), who was voted Sustainable Leader of the Year (Confino, 2014) states: "It's important to make people feel more comfortable working in situations where the win-win is not driven just by your shareholder but by all stakeholders." CSR can be understood "as actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams & Siegel, 2001, p. 117). In turn, evidence suggests that engaging in CSR is associated with tangible benefits, such as corporate financial performance (Heugens & Oosterhout, 2008; Marcus, 2012) –suggesting that CSR could be a long-term "win-win" scenario for firms and society alike. By engaging in actions that attend to the needs of more comprehensive stakeholder groups (not only shareholders), corporations benefit in the long term from loyal clientele, more committed employees, and continued support from stakeholders (e.g., Freeman, Wicks, & Parmar, 2004; McWilliams, Siegel, & Wright, 2006).

Yet, despite the rapidly growing managerial and academic attention many questions regarding CSR are still unanswered. For example, Siegel (2015, p. 1) recently concluded that "most research on social responsibility has ignored the role of corporate leaders (e.g., CEOs) in formulating and implementing SR [=socially responsible] initiatives. Top-level managers are in a position to shape and influence SR policies." Supported by their top management teams (TMT), CEOs are entrusted to make investments that safeguard the future well-being of organizations. As such, CEOs are considered as architects of CSR strategies and are entrusted to formulate strategies that take into account the long-term needs of multiple stakeholders (Agle, Mitchell & Sonnenfeld, 1999; Thomas & Simerly, 1994).

Although the literature on CSR strategy tends to emphasize the long-term tradeoffs of corporate actions for societal versus capital market stakeholders, studies have largely disregarded CEOs' interests in driving their CSR allocation choices –or lack thereof. In particular, dispositions of CEOs are not stable over the course of their careers (Hambrick & Fukutomi,

1991). The fast-emerging literature on CEO career horizon acknowledges that – as CEOs approach retirement – they tend to decrease long-term investments, while maximizing their personal welfare and post-career opportunities at the risk and expense of the long-term prospects of other stakeholders (e.g., Dechow & Sloan, 1991; Matta & Beamish, 2008). From this theoretical angle, CEOs in their late career stages might be reluctant to engage in CSR because most likely they would not benefit from the positive long-term effects of CSR investments. By appropriating discretionary resources that would otherwise be devoted to improving well-being of societal stakeholders or returned to shareholders in terms of dividends, self-interested CEOs closer to retirement may make decisions that benefit neither society nor providers of capital.

In contrast to the CEO career horizon reasoning, some CSR scholars argue that CEOs near retirement tend to give more priority to personal growth than wealth (Godos-Díez, Fernándes- Gago & Martínez & Campillo, 2011). Senior managers at their career end start to search for a higher meaning. As CEOs grow older they reflect on their successful careers and start thinking about ways how to "give back". Many of them also wish to be identified with a key plan or policy they have instituted as building blocks of their positive legacy (Dobel, 2005). From a career concern perspective, researchers argue that CEOs who approach retirement feel less pressure from the market and therefore "they may be more willing to address the concerns of a wide array of stakeholders independent of the immediate effect on the firm's profits" (Fabrizi, Mallin & Michelon, 2014, p. 314).

Not surprisingly and in line with the above mentioned contrasting theoretical perspectives, the empirical findings in this research stream are contradictory. Godos-Díez et al. (2011) find that CEO age "positively influences the subordination of ethics and social responsibility" which lends support to the career horizon arguments. However, Fabrizi et al. (2014) found only insignificant results when investigating the impact of CEO age on CSR. The researchers conclude that the career stage seems to have no effect on the level of CSR, "indicating that both young and old CEOs engage in CSR activities to the same extent" (Fabrizi et al. 2014, p. 321).

In our paper we focus on the theoretical puzzle reflected in the opposing perspectives outlined above. Doing so, we develop theory of near to retirement CEOs' impact on CSR. In particular, we acknowledge that CEOs are in charge but do not make important CSR related decisions in a social vacuum. Rather, we build on the premise that CEOs include their fellow TMT members when deciding on complex, unstructured, and strategically important decisions (Arendt, Priem & Ndofor, 2005). We draw from the emerging literature on CEO-TMT interface (e.g., Buyl, Boone, Hendriks & Matthyssens, 2011; Heyden, Reimer & Van Doorn, in press) and argue that the complex interplay between CEOs' dispositions and complementing TMT characteristics seems to be a more accurate and ecological valid decision context. Thus, we highlight the importance of understanding how the CEO career context and the specific TMT composition interact to shape firm's CSR. In particular, we hypothesize that TMT heterogeneity in educational background, functional background, age, tenure and gender will increase the tendency of near to retirement CEOs to engage more in CSR.

Beyond the theoretical contributions we aim at, our study is also informative for top managers. We highlight that CEOs are embedded in a CEO-TMT interface that differentially influences CEO behavior. Directors and executives responsible for personnel selection can mitigate potential CEO career horizon problems by considering the CEO-TMT configuration. A proper fit between CEO and TMT characteristics can provide a beneficial climate for engaging in CSR.

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THE DOCTOR'S DILEMMA: SPECIAL ETHICAL PROBLEMS ENCOUNTERED BY MANAGERS OF HOSPITAL EMERGENCY DEPARTMENTS AND THE BROADER IMPLICATIONS OF THESE PROBLEMS

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Key Words: Emergency Rooms, Mentally Ill Patients, Ethical Management, United Nations PRME, Federal EMTALA, Unfunded Mandate, Regulations

Abstract

While the CONTENT of this paper may seem rather narrow relative to the overall theme of this conference, its FORM is very broad and addresses a problem raised by the United Nations Principles for Responsible Management Education (PRME). The problem is how to manage in an ethical way a business that is, and arguably must be, heavily regulated, including being burdened with what amount to unfunded mandates. The specific example we use to exemplify this issue is the question of how hospital emergency departments are to deal with the heavy influx of mentally ill patients who are often homeless and may either lack any health insurance or have only limited coverage for their mental illnesses. In a 2013 article in the *New York Times*, Julie Creswell shows that E.R. costs for mentally ill individuals are soaring—far in excess of other medical costs, which actually appear to be declining.[1] This trend is supported by an extensive body of literature, which includes various alternative models for dealing with this problem.

Most hospitals don't have in-patient psychiatric facilities.[2] The EMTALA Law, which governs hospital emergency departments, mandates that someone who presents with a medical condition, including mental illness, must be admitted. In the cases where patients present with medical problems that are not mental health related, a major hospital can usually transfer the patient to another department in the facility where a "higher level of care" for the person's condition is available. But most hospitals do not have psychiatric departments to which mentally ill patients presenting in the E.R. can be transferred. So mentally ill patients may be stuck in the E.R. for extended periods of time, and this is both very costly and very inefficient. We will explain this dynamic in more detail in the paper, but the point is that the Federal Government, in passing EMTALA, created what amounts to an unfunded mandate on hospital emergency departments, which already operate within a web of tight regulations. While these regulations are arguably necessary, they do place a difficult burden on those who manage hospital emergency departments. If they are to follow the U.N.'s PRME, they must make their management decisions in ways that comport with accepted ethical principles. On the other hand, if they are to exercise their responsibilities to the hospital and its shareholders, they must manage their emergency departments in ways that are consistent with the hospital's objectives as a for profit business. While it is true that every business faces some level of regulation and the mandate to make a satisfactory level of profit, the problems faced by hospital emergency departments are arguably much more complex and severe. This complexity begins with the fact that the hospital's product

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[1] Julie Cresswell, "E.R. Costs for Mentally Ill Soar, and Hospitals Seek Better Way" (December 25, 2013).
[2] Note: One of the authors is the Director of Emergency Medicine at a major hospital

is health. This is not something that is optional for people. So the business of the hospital is literally life and death, and that separates it from most businesses.

While many universities and medical schools are focusing more resources on what is being called "bioethics," there does not seem to be much effort to integrate this work with issues that arise in "business ethics." This paper is a foray in that direction. The authors include a professional philosopher who has taught business ethics for many years and who has also taught medical ethics and philosophy of medicine in a major medical school. The second author is a medical doctor who is the director of a major hospital emergency medicine department. Additionally, they will be advised by an economist who holds a high post in state government. We believe this combination of backgrounds and knowledge is necessary to tackle this problem. Most importantly, the paper will explore the relevance of the special problem of how hospital emergency departments should deal with mentally ill patients, which is its focus, on the broader issue of how to manage ethically in the context of regulations (and even unfunded mandates). That broader focus goes, we believe, to the heart of business ethics.

THE ROLE OF NARRATIVE IN BUSINESS EDUCATION

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Abstract

Many instructors of business ethics will recognize themselves in the experience of presenting cases with the aim to spur a particular kind of ethical conversation, only to find that students interpret the salient features of the case in such a way as to frustrate our pedagogical purposes. To teach business students about sustainable business practice requires a) training their moral vision so that they are b) enabled to see economic facts in a particular way. In this paper I explore narrative as a conceptual tool for making a link between the tasks of forming our students' moral vision and facilitating their practical analyses of concrete cases in the business world. In this paper, I argue that narrative aids the business instructor in integrating substantive moral argumentation into business education and in resisting the reduction of such education to technique. To illustrate, I discuss the case of the impact of global trade on the company town of Bassett (Furniture), Virginia as it is presented in Beth Macy's book *Factory Man* (2014). Because of my teaching context at Catholic university, I will in my argument be focused especially on the narrative underpinnings of Catholic social teachings.

Mainstreaming Integrity Practices in Philippine Businesses

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Abstract

In the 2014 Global Survey, the Philippines ranked 85th out of 175 countries in the Transparency International's Corruption Perceptions Index (CPI) for 2014. This is up from rank 94 in 2013 and rank 105 in 2012. Business leaders attribute the improved rating to concerted efforts of the government, civil society, and business sector to curb corruption.

Corruption stymies economic development. It diverts funds meant for productive use. In some countries, it is so commonplace that enterprises impute the costs of corruption as normal operating costs. This effectively makes goods and services more expensive than it should. In developing countries, such increases make it even more difficult for the poor to move out of poverty.

There are international pressures to fight corruption. More than instituting even more laws that require compliance, there are pressures for governments to be more transparent and to adopt good governance practices. On the part of business, there is emphasis on the adoption of integrity strategies that permeate organizational values. For there to be long-lasting effects, these strategies must be reflected beyond the mission statement and into the policies, guidelines, systems, and processes for all functional areas. This challenge prompted Philippine business organizations to establish the Integrity Initiative, Inc. Beyond 2014, the private-sector initiated movement hopes that organizations translate their pledge to integrity to actual business practices that combat corruption.

Research Focus

Since its official launch on December 2010, the Integrity Initiative, Inc. was able to secure over 3,000 pledges from leaders of Philippine organizations to operate ethically and with integrity. Currently, there is a proposal for the Philippine president to release an Executive Order that requires all institutions dealing with government agencies to sign an Integrity Pledge before they are able to do business. The desired outcome is for more companies to be committed to ethical business practices and thus strengthen the ethical standards of society.

The commitment against corruption is however more than a pledge. Of 3,000 pledges, only 18 companies have successfully taken the extra step to have their operations assessed and rated by the Integrity Initiative, Inc. This means that only 18 companies have taken the steps to mainstream integrity practices as their contribution to a renewed Philippine business culture. This is not to say that the rest have not done begun to their journey only that the 18 are more advanced than the rest.

This study aims to document and review the experiences of the advanced companies, to the extent they are willing to be interviewed. The shared stories can help other organizations in their efforts to mainstream integrity practices.

Paper Contribution

This empirical paper aims to show how businesses can take the initiative to fight corruption. The lessons learned can also be used by academics as exemplars as they teach business ethics.

THE INTEGRATIVE JUSTICE MODEL FOR MARKETING TO THE POOR: AN EXTENSION AND APPLICATION OF THE UN GLOBAL COMPACT AND UN-PRME TO BUSINESS ETHICS EDUCATION AND PRACTICE

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Abstract

Business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.

 (Pope Francis, 2013, n. 203)

According to Pope Francis, a major problem in society and one that is the root of social ills is that of rising inequality. While there has been significant technological and scientific progress over the last many decades, there are unfortunately a large number of people who are excluded from enjoying the fruits of this progress. For example, the number of people whose daily income is less than \$2/day is over 4 billion, that is roughly about 2/3rd of the world's population. Such people constitute the base or bottom of the economic pyramid (BoP). Over the last many years, there has been heightened interest in business engagement with such a population (Prahalad, 2005; Prahalad and Hammond, 2002; Rangan et al., 2007). Santos and Laczniak (2009) point out that such business engagement presents the promise of inclusive capitalism, in the sense that it serves those at the periphery of development, increases employment opportunities at the BoP, and enhances the quality of living by providing better quality and more affordable products and services. However, at the same time, considering the historic exploitation of people at the BoP such as unconscionable labor practices, predatory lending or selling, and taking undue advantage of information asymmetries at the BoP, there is the threat of greater exploitation of people at the BoP. Santos and Laczniak (2009), therefore, propose a normative ethical framework for business engagement with the poor, labeled the Integrative Justice Model (IJM).

The IJM comprises of five key characteristics or elements when engaging impoverished populations. These are: 1) authentic engagement with consumers with non-exploitative intent, 2) co-creation of value with consumers, 3) investment in future consumption without endangering the environment, 4) interest representation of all stakeholders, and 5) focus on long term profit management rather than short-term profit maximization (Santos & Laczniak, 2009). The theoretical foundations of these characteristics are moral philosophy, religious doctrine and corporate social responsibility inspired managerial frameworks. These include Catholic Social Teaching, Habermas' Discourse Theory, Kant's Categorical Imperative, Rawls' Difference Principle, Ross' Theory of Duties, Sen's Capability Approach, MacIntyre's Virtue Ethics, Socially Responsible Investing, Stakeholder Theory, Sustainability Perspectives, and the Triple Bottom Line (Santos & Laczniak 2009). While the UN Global Compact and the UN-Principles for Responsible Management Education are not included in those frameworks from which the IJM elements are derived, the ethical values inherent in both these frameworks resonate with those

of the IJM. In this paper, we propose to show how the IJM is aligned with the thinking of the Global Compact and PRME. We further propose that the IJM with its five key elements presents a practical framework for pedagogical inclusion in business ethics education (on lines of PRME) as well as for guiding ethical managerial decision-making in the business world (in accord with the Global Compact).

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STUDENT MEETS WORLD AND BRINGS JOY TO IT – HOW BUSINESS STUDENTS AT DE LA SALLE UNIVERSITY LEARN ABOUT BUSINESS ETHICS THROUGH EXPERIENCE

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Abstract

This paper discusses possible ways on how students could learn about business ethics using a combination of lecture/class discussion and a learning activity (whether through working in small groups or individually). The common objective of the "Student Meets World" and "Bringing Joy to the World" activities is to facilitate learning through experience. All students with business majors at the De La Salle University (DLSU) in Manila, Philippines are required to take the foundation subject Management of Organizations (MANAORG), which is a prerequisite to higher-level business subjects. In this subject, they are introduced to the four management functions, namely planning, organizing, leading, and controlling. It also provides them an introduction to the concept of business ethics. MANAORG is usually taken during the freshman year.

The paper discusses the results achieved with freshmen business students taking MANAORG during the second trimester of academic year 2014-2015 (covering the period September to December 2014).

The concept of ethics within a business setting or environment is initially viewed as an abstract idea by freshman business students. They perceive the desirability of ethical standards and behavior in doing business, but in general, they do not have personal experience in dealing with customers, suppliers, and supervisors and subordinates (except for a few students whose families own and run businesses, and are involved in such businesses at an early age). In their MANAORG subject, they are introduced to the concept of "multistream" management, which primarily aims to provide "multiple benefits to multiple stakeholders," and to focus on a "triple-bottom line" that emphasizes not only the financial aspect, but also the social and environmental dimensions of the business that benefits not only its owners, but also its employees, customers, suppliers, and the community (Dyck and Neubert, 2012).

Class sessions usually start with a short lecture/discussion (not more than 15 minutes long) of the lesson for the day. The examples during this segment are usually taken from current events, for purposes of making the lesson more relevant to students, as well as to spark their interest in the topic being discussed. Heightened student interest translates to livelier class discussions, as students tend to ask more questions or to voice their opinions. The objective of the lecture/discussion is to establish the topic and scope of the current lesson. Once this is done,

and the concepts to be learned have been introduced, the class will then proceed to the learning activity.

The "Student Meets World" and "Bringing Joy to the World" activities are aimed at raising students' awareness of the different aspects of the multistream approach to management, while at the same time fostering the students' capability to work with each other and be comfortable in dealing with different types of personalities, and ensuring that the students are exposed to real-life situations or environments, to facilitate learning. Each activity has specific learning objectives. Students are required to make an oral report in class, and write either an individual reflection paper or a group paper on their experiences.

In the "Student Meets World" activity, students are given the option to do one of four things: ride the metro rail transit (MRT) from end to end during peak hours, visit a public market, eat street food, or buy a piece of clothing at a second-hand clothes shop (referred to as "ukay- ukay" in the vernacular). This activity is significant because more than half of the students come from high-income families, defined by the National Statistics Office as those whose income exceeds Php513,950 (or above $11,421 per year, based on an exchange rate of Php45 to $1) (Virola, et al., 2013). Students from such backgrounds frequently grow up with little experience of using public transportation, shop only at air-conditioned supermarkets, eat at restaurants and fastfood chains, or buy and wear designer-label clothes bought at boutiques and malls. The objectives of this learning activity are to give students an awareness of how ordinary people live, and give them the opportunity to experience the realities of everyday life for most people. This experience leads them to reflect on the inadequacy of public facilities, the need for affordable yet reletively good-quality products and services, and the ways ordinary people make do with what they have and can afford. As future business owners, policymakers, or corporate leaders, the activity carries an assumption that such people could be their potential customers; thus, knowledge of their motivations and behavior is important in understanding their needs and aspirations.

After completing the activity, students are tasked to present an oral report in class and write a reflection paper on their experience. Many students say that the experience gave them a greater appreciation of the material possessions they take for granted. Some are pleasantly surprised that quality products may be bought at public markets and second-hand shops. Others empathized with the hardships that people experience while commuting or earning a living. In general, the students felt the need for reforms to address the problems they have observed while doing the activity. Thereafter, follow up activities include a combination of the following: discussion and videos on modern slavery and moral choices (i.e., viewing of videos uploaded by WalkFree.org, the short film "The Black Hole," and an excerpt from the movie "The Lorax"), and a reflection on the six practical principles of business (Pontifical Council for Justice and Peace, 2014).

In the "Bringing Joy to the World" activity, the students are instructed to "come up with a group project... that will test (their) ability to perform the four management functions... and at the same time bring 'joy to the world'... (by) address(ing) two or more forms of well-being for both the team members and a group of individuals (or an organization) within or outside of La Salle (e.g., street children, orphanage, struggling artists, school janitors, market vendors, pedicab drivers, out-of-

school youth, home for the aged, Gawad Kalinga community, parish, etc.)," pertaining to aesthetic, ecological, emotional, individual, intellectual, material, physical, social, and spiritual forms of well-being (MANAORG course material, 2013). The students are instructed to work within a small budget (P1,500 or around $33) which they contribute to a common fund, and are discouraged from raising funds in order to give cash to their beneficiaries, but are instead encouraged to "utilize their time, talent, creativity, and energy" for the benefit of their chosen beneficiaries. They are required to plan their project and monitor its implementation. Each group member should have a designated role in completing the project. After completing the activity, students are required to present an oral report in class and write a group paper. A portion of the paper includes individual reflections on what they have learned about management as applied to their project.

Since the students undertook the activity during the trimester covering the period September to December 2014, most of them chose to give Christmas baskets to school janitors, security guards, street children and homeless people, and vendors within the vicinity of the University. They took videos while implementing their group projects, and presented them during their group reports. One group used their budget to organize a bake sale, and used the proceeds to prepare care packages for their beneficiaries. Another group distributed coffee to the University's security guards and drew their caricatures. Another group gave coloring books and drawing supplies to street children to encourage them to go to school. Nearly all the students said that the activity opened their eyes to the problem of poverty, and gave them a passion for undertaking activities to help others. It is hoped that the students will be shaped by such experiences to become responsible and ethical business owners and leaders.

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ETHICAL DECISION-MAKING THEORY: REVISITING THE MORAL INTENSITY CONSTRUCT

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Abstract

In terms of ethical decision-making (EDM) theoretical models, one of the more significant contributions was provided by Thomas Jones in his seminal article "Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model" (1991). Jones suggested that EDM should not only focus only on the good or bad 'apples' (i.e., individual characteristics of the decision-maker) or the good or bad 'barrels' in which the individual is operating within (i.e., organizational environment or situational characteristics), but also take into account the 'ethical issue' itself which can play a central role in impacting each stage of the EDM process, including awareness, judgment, intention, and behavior. The *moral intensity* factor has now been examined through numerous EDM studies, including theoretical reviews (e.g., Kelly and Elm, 2003) along with at least fifty-four empirical studies conducted from 1996-2011 (see O'Fallon and Buttterfield, 2005; Craft, 2013). Given its importance to EDM theory, this paper will review Jones' issue-contingent model from a critical perspective. Several propositions are then raised in order to potentially improve the theoretical robustness and empirical relevancy of the issue-related variable. The propositions include: (i) recognize and address the overlap of the moral intensity construct with the moral reasoning process; (ii) collapse the moral intensity construct into the 'issue importance' construct; (iii) broaden the criteria of moral intensity to include other relevant deontological or justice-based concerns; and (iv) incorporate other issue-related concerns beyond moral intensity such as issue complexity. The following will briefly outline each of the above propositions which are intended to improve the meaning and relevancy of the moral intensity variable.

(i) Incorporate Issue Intensity Into the Moral Reasoning Process. An initial concern with Jones' moral intensity variable is its relationship and potential significant overlap with the moral reasoning/judgment stage of the EDM process. One way to address this is to simply incorporate its criteria (e.g., consequences or social norms) more explicitly into the moral reasoning process stage of EDM. This approach has in fact been taken by some EDM researchers: "While Jones (1991) adds the concept of moral intensity which is the degree of 'badness' of an act; it can be placed in the consequences and behavioral evaluation portions of the synthesis integrated model" (Herndon, 1996:504). Each of the criteria leading to what would be considered 'strong issue intensity' according to Jones can then be incorporated into the moral reasoning process as part of the moral judgment stage of EDM as follows:

(1) magnitude of consequences (total harm/benefit caused) – part of the utilitarian reasoning process;

(2) social consensus (degree of agreement that option is good or evil) – related to relativism in terms of the majority's view on the acceptability of the action;

(3) probability of effect (likelihood action will cause expected benefit/harm) – part of the utilitarian reasoning process;

(4) temporal immediacy (the length of time between the present and the consequences of the moral act) – part of the utilitarian reasoning process;

(5) proximity of closeness (the feeling of nearness that the moral agent has for the victims or beneficiaries) – related to caring, loyalty, or self-interest (egoism) considerations;

(6) concentration of effect (the inverse function of the number of people affected by an act of given magnitude) – part of the utilitarian reasoning process.

(ii) *Collapse 'Issue Intensity' into Perceived 'Issue Importance'*: One of the difficulties with the moral intensity variable is that it is presumed to have an objective status, in that the level of moral intensity can be established and would remain constant for every decision-maker. For example, according to Jones the issue of stealing from a supply cabinet or reporting on the misconduct of one's manager would have the same objective level of moral intensity for each person who faced the same dilemma. Several researchers however have minimized the importance of moral intensity in favor of one's "perceived personal relevance or *importance* of an ethical issue to an individual" (Robin et al., 1996:17 see also Haines et al., 2008; Yu, 2014), given that any objective determination of issue intensity would be irrelevant unless the decision maker himself or herself subjectively perceived the issue as being of importance. In other words, if issue importance to the decision maker is not considered, the ethical implications of the issue might be ignored altogether leading to amoral awareness. Given the relevance of issue importance, it may be that moral intensity might be better served by being incorporated into the 'issue importance' construct.

(iii) *Broaden the 'Issue Intensity' Construct Criteria*: Jones' criteria for the moral intensity of an issue can also be critiqued from a normative perspective, as being too limited by merely focusing on consequential or utilitarian concerns along with social norms (i.e., moral relativism). This definition of moral intensity lacks the normative rigor recognized in other business ethics theoretical and empirical research which would necessarily also include other moral concerns. Issue intensity as an EDM construct may therefore need to have its criteria expanded to include broader deontological considerations (e.g., Kantianism, moral rights) which may or may not have consequential concerns such as the potential violation of a rule or code of conduct, breaking a promise, acting dishonestly, infringing the moral rights of others, or acting in an unfair manner (e.g., justice). Each of these considerations could arguably render an issue more 'intense' or 'important' in nature to the individual decision maker.

(iv) *Include Other Issue-Related Features*: Another aspect of an issue which does not appear to have been discussed in EDM literature is whether an issue is perceived to be very *complex* or difficult to resolve (i.e., the perceived degree of conflict among competing moral standards or stakeholder claims). Rest himself (1984:35) recognized issue complexity as a situational factor that can influence the awareness stage of EDM (i.e., "sheer number of elements in the situation…" and the "…complexity in tracing out cause-effect chains"). Issue complexity, which is proposed here as the degree to which cognitive skill and effort is required to resolve the

dilemma (i.e., 'cognitive expenditure', see Street et al. 2001), could affect one's motivation to even attempt to resolve the dilemma or the process by which moral judgment is reached. For example, deciding whether to blow the whistle can be a highly complex and difficult decision, possibly leading one to ignore addressing the issue altogether and default to not acting at all.

The concerns identified above over the limited definition of 'moral intensity' and the potential relevance of other issue-related characteristics to EDM such as issue 'importance' and issue 'complexity' leads to the paper's conclusion that the issue-related variable should be broadened to include other issue-related criteria and features. By doing so, Jones' important theoretical contribution of issue-contingency may then have even greater relevancy in future EDM research.

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CONSTRAINING THE ARMS INDUSTRY IN ORDER TO REALIZE THE POTENTIAL OF THE UNGC

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Abstract

And they shall beat their swords into plowshares and their spears into pruning hooks; nation shall not lift up sword against nation, neither shall they learn war anymore.—Isaiah 2:4

United Nations Secretary-General Kofi Annan created the United Nations Global Compact (UNGC), a voluntary initiative to promote good corporate citizenship and "to engage for social justice and environmentally friendly globalization. Today, more than 8,000 companies—as well as over 4,200 civil society organizations—from 145 countries have signed the UNGC" (Buono, Haertle, and Kurz, 2015, p. 3). The performance of the UNGC has been both praised and criticised (see, e.g., Rasche and Waddock, 2014; Sethi and Schepers, 2014; Voegtlin and Pless, 2014; Williams, 2014). Yet, there is a troubling, but overlooked factor undermining the UNGC's noble initiatives: the arms industry.

In his 1999 address to the World Economic Forum in Davos, Annan broached the idea of the UNGC as a way to help counter the threat of "fanaticism and terrorism" (Williams, 2004, p. 755). But in the sixteen years since the UNGC's establishment, the global scourge of fanaticism and terrorism has dramatically worsened, with terrorist entities, such as ISIS, currently threatening nation states whose corporations in some cases are signatories to the UNGC. Organizations such as ISIS could barely function without the products of multinational corporations that are unlikely ever to sign the UNGC: global arms manufacturers. Although two-thirds of the companies in the defence sector have abysmally inadequate levels of transparency and nearly half "provide very little evidence of having basic systems in place to prevent corruption and instil strong ethical values" (http://companies.defenceindex.org/sites/default/files/documents/CI-Report-Single-Hires.pdf, p. 4), business ethics and corporate social responsibility (CSR) scholars have paid scant attention to the arms industry since the turn of the millennium. However, Bryne (2007) has studied this industry and has concluded that "the US arms industry is in violation of CSR standards regarding the environment, social equity, profitability, and use of political power" (p. 212).

Byrne (2007) has argued that we should take arms manufacturers and arms dealers "for what they are and what they constructively intend to be: facilitators of death and destruction" (p. 213). Arms exporters cannot promote the global social justice sought by the UNGC. On the contrary, their exports are used against those demonstrating for democracy (Maitland, 1998). Furthermore, the products of arms manufacturers have great longevity and are liable to inflict enormous damage on innocent bystanders. "Civilians continue to account for the vast majority

of casualties in current conflicts" (Report of the Secretary-General on the protection of civilians in armed conflict, http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2013/689; see also Elm, 1998). Civilians suffer long after a conflict ends; in more than 60 countries, they face the constant threat of losing life or limb to uncleared landmines (http://www.icbl.org/en-gb/problem/why-landmines-are-still-a-problem.aspx).

The UNGC seeks to promote beneficent globalization. For most industries in the developed world, globalization has led to the often painful loss of manufacturing employment to the less developed world (Rorty, 1998). The major exception is the arms industry, due to its proprietary nature. The production of arms thus generates both profit and manufacturing employment in the developed world. At the outset of globalization, the arms industry was a major employer with, "counting only directly-related industries, some 400,000 jobs involved in the United States and 750,000 in Europe" (Saul, 1987, p. 9). By the end of 2013, arms-producing companies in the US employed more than 2 million people and European arms producers employed more than 1.5 million (http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf). Indeed, American arms manufacturers dominate the global marketplace, "representing three-quarters of all international arms sales" (Thompson, 2012, p. 2; see also http://www.state.gov/documents/organization/237437.pdf, p. 4; and, for a discussion of the US's global weapons monopoly, http://warisacrime.org/node/50185). Moreover, "defense is the only sector of the U.S. economy that depends on the federal government for virtually all of its sales" (Thompson, 2012, p. 2), insofar as even when American companies in this industry sell abroad to foreign powers those "sales must still be approved by Washington" (Thompson, 2012, p. 2). According to UN statistics, "a mere 12% of Third World military spending would end severe malnutrition, provide primary healthcare, immunise children and provide safe water for all" (Havemann, 1998, p. 240). In short, curtailment of the American arms industry's international activities would support progress toward the UNGC's purpose, "to create a world where all could lead a humane life" (Williams, 2014, p. 244).

Ironically, the arms industry spurred the creation of the United Nations. The manufacture of arms was instrumental in both the first and second world wars. According to Kennedy (1981), the arms race before World War One "made that conflict inevitable" (p. 270). Mombauer (2002) likewise has discussed the arms race in Europe as a precursor to World War One. After that conflict, the armaments race only intensified, aided by developments in physics and chemistry that made possible the catastrophic death and destruction of World War Two. The violence started before the actual war broke out, with the Japanese aerial bombardment of Shanghai; it ended with the American nuclear bombardment of the Japanese cities of Hiroshima and Nagasaki. Some of those who experienced those terrible events were motivated to ensure such disasters would never happen again. They aspired to build a new world order "governed by a global organization" (Buruma, 2013, p. 309) that would peacefully resolve nationalistic rivalries before they led to bloodshed. The UN, as the Preamble to its Charter begins, was established in order "to save succeeding generations from the scourge of war" (http://www.un.org/en/documents/charter/un.org).

As an adviser to the American UN delegation in 1945, John Foster Dulles (who later became US Secretary of State) foresaw a problem with this newly founded organization. Dulles predicted

that the United Nations would always be weak "because there was no worldwide 'consensus on moral judgment'" (Buruma, 2013, p. 329). Unfortunately, Dulles was correct. There has been no peace in the world in the last 70 years. Instead, global conflicts grow apace. According to Johnson (1985), under the UN's auspices, we have not moved away from the violence, death, and destruction of World War Two, but toward them. The UN Office for Disarmament Affairs (UNODA) is currently pursuing a treaty to regulate the trade in conventional arms (http:/www.un.org/disarmament/ATT). But some significant powers have abstained from supporting this treaty. It seems worth remembering that in 1932, the League of Nations convened the Geneva Disarmament Conference. That project collapsed in October of 1933, when "the German withdrawal from the Disarmament Conference condemned it to an inevitable, if lingering, death" (Kershaw, 2005, p. 70). Without widespread international support, we can expect the present attempts at an arms trade treaty to have the same regrettable outcome.

Much would be gained by securing the noble aspirations of the UNGC. But arms manufacturers and dealers constitute an enormous industry, whose very existence undermines the goals of the UNGC. Armaments neither foster social justice nor protect the environment. They kill and destroy. As Havemann (1998) has demonstrated, the money spent on acquiring arms, if spent otherwise, could do much to accomplish many of the aims of the UNGC. More recently, in post-apartheid South Africa, the "government spent around six billion British pounds on arms and weapons it didn't require at a time when its President claimed the country could not afford to provide the antiretroviral drugs needed to keep alive the almost 6 million of its citizens living with HIV and Aids" (Feinstein, 2011, p. xxiv). Although the UNGC cannot force governments to direct funds to urgent social problems rather than to squander them on arms, it nonetheless cannot deny this serious issue.

Indeed, we believe that the UNGC can and should address this issue. The UNGC can use its status as a UN initiative to lobby the US government to curtail its arms sales in the international marketplace. Such curtailment would not threaten American security; it would not affect the supply of armaments to the American military itself, but only that which would go to foreign powers. Nor would it harm America financially; as Feinstein (2011) has argued, much of the American arms sales to foreign governments is partially subsidised by American foreign aid and other such offsets to those same governments. If those governments were not spending capital on armaments, they would have funds for more prosocial endeavours (e.g., providing potable water and immunising children against infectious diseases), which cost much less than armaments and reap unquestionably important benefits.

The UNGC's success in limiting the activities of the arms industry would depend upon its ability to effect the "'consensus on moral judgment'" (Dulles, in Buruma, 2013, p. 329) that has eluded the UN. As Williams (2014) has underscored, the UNGC's mission is "to gain a consensus on the ethical norms which would guide the global economy" (p. 247). For guidance in reaching that consensus, the UNGC should look to the philosopher Michael Walzer. In his books, *Just and Unjust Wars* (1977) and *Arguing about War* (2005), Walzer uses historical illustrations to explain the distinction between a just war and an unjust war (see also, Walzer, 1997, 2006). For Walzer, there are only very few circumstances in which a nation is morally justified in going to war and, moreover, even in those cases when war is unavoidable, what happens during that war should always be the subject of moral criticism. Thus, we will extend his arguments (which explore the nature of necessity and the limits of calculation, and such considerations as utility and proportionality) to make the case that the circumstances in which it is morally justifiable for a

nation to use armaments to wage war are also limited, and, thus its arms purchases should be restricted.

The UNGC can use Walzer's arguments and our extension of them to reach a moral consensus. Such a moral consensus is necessary, but it is only a starting point. Ideally, the UNGC could then confront the US government with a clear moral case for constraining the international arms sales of the US, which, as discussed, dominates the industry. But that seems most wishful. In reality, the UNGC should work in concert with other UN initiatives, such as the UNODA and the UN Development Policy and Analysis Division (http://www.un.org/en/development/desa/policy/untaskteam_undf/report.shtml), follow up with the UN "Rio + 20" Group (https://sustainabledevelopment.un.org), and use the results of the UN Global Survey (http://vote.myworld2015.org/) to remind UN members of their original charter, "to save succeeding generations from the scourge of war", and of other pressing needs, such as global poverty. Expenditure on armaments is wasteful. By working in conjunction with other such UN bodies as well as with other agencies, such as the US Arms Control and Disarmament Agency (http://dosfan.lib.uic.edu/acda/index.html; see Rasche and Waddock, 2014), the UNGC might be able to persuade members of the international community to spend far less on arms, which would provide the funds so desperately needed "to create a world where all could lead a humane life" (Williams, 2014, p. 244).

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THE UNITED NATIONS AND POPE FRANCIS IN DIALOGUE ABOUT THE ENVIRONMENT: IMPLICATIONS FOR BUSINESS

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Abstract

The UN Global Compact draws corporate attention not only to human rights but also to the environment. Likewise, Pope Francis's choice of name symbolizes both a concern for the poor and a concern for all of creation. Both the UN and the Catholic Church have been writing about development since the 1960s, and an important qualification of this development has been sustainability. The Millennium Development Goals include environmental sustainability as a goal. For decades, the Holy See has been in dialogue with the United Nations about the environment, and during this period there has been increasing inclusion of and attention to the environment in Catholic social teaching. As the United Nations developed its sustainable development goals for the September 2015 United Nations Summit to Adopt the Post-2015 Development Agenda, Pope Francis prepared the first papal encyclical on the environment for release in summer 2015. The work of both the United Nations and Pope Francis, preparing documents about the environment and sustainability, has generated scholarly reflection. Both the Catholic Theological Society of America and the Society of Christian Ethics sponsored sessions that further developed relevant scholarship to inform such endeavors.

This paper will examine the United Nations' Sustainable Development Goals in relationship to its previously articulated Millennium Development Goals and the UN Global Compact. Then it will evaluate Pope Francis's encyclical on the environment in relationship to previous considerations of the environment in Catholic social teaching. After providing context for each of the recent documents, the paper will examine points of convergence and divergence between the two sources to consider their implications for business.

ETHICAL DECISION-MAKING BY MANAGERS: A CRITICAL, PROCESS-BASED VIEW

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Summary

Ensuring ethical decision-making by business managers is a problem faced by governments and societies at large. The immorality and/or amorality of corporate decision-makers is commonly held responsible for incidents such as the Enron scandal and the recent crash of global financial markets. The response to such events is the introduction of new laws and regulations in the hope that they will prevent future incidents of the same kind. Yet such regulation must inevitably be limited by the ability of regulators to define and measure outcomes.

The argument of this paper is twofold. It rejects the functionalist view of ethics that seems to dominate the discussions on ethical decision-making, on the grounds that the letter of compliance-based regulation, while necessary, can never fully converge with the spirit of ethical boundaries that we wish businesses to abide by. Correspondingly, it forwards a critical approach focusing on the discourses around managerial role-identities, arguing that these need to shift for the decision-making process in businesses to have a more ethical quality. By bringing insights and concepts from disciplines such as sociology, psychology and behavioural economics, it aims to make business leaders, policymakers and ethics educators see the problem of business ethics as one of social structure rather than of individual disposition.

Outline

The paper begins by trying to define the scope of business ethics. It rejects the view that businesses should focus on making profits as long as they stay within the ambit of the law. This essentially functionalist, compliance-based view of ethics is flawed for several reasons. It assumes perfect information symmetry between businesses and regulators. It assumes that the letter of the law can at some point converge perfectly with ethical boundaries, a difficult proposition in any aspect of the law, let alone a fuzzy one like business ethics. It also ignores the long-term effects of purely external surveillance and regulation, such as the crowding out of intrinsic motivation and the increasing focus on appearing rather than being ethical.

Thus, while regulation is necessary, it is inevitably insufficient. The focus needs to shift from ethical outcomes to the quality of ethical considerations in decision-making. Correspondingly the question arises: why do managers make amoral or immoral decisions? One explanation could be that managers inherently lack morality, but while some filtering of traits might take place in managerial selection, it is difficult to believe that such a characteristic is generic to an entire profession. Effects of dispositional qualities like moral efficacy and courage on moral decision-making have been shown, but not only can these be trained, research also shows that individual dispositions or traits can vary widely between situations. For example, managers unsure of their footing in their new organization will usually look for situational clues to guide their behaviour.

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It is important, therefore, to understand the situation in which business decisions are made. Before looking specifically at businesses, however, we zoom out and take a broader look at the social situation through the lens of sociology, particularly Habermas' theory on the colonization of the individual lifeworld. Habermas posited that money and power – the media that the institutions of market and state respectively require to interact with the individual's lifeworld – are colonists causing society's value rationality to be replaced by an instrumental rationality, where decisions are based on outcomes like money and power rather than on moral values. It essentially makes the capitalist discourse of individual wealth accumulation a dominant one in all facets of our lives.

The power of such a discourse, in the Foucauldian tradition, is immense. Discourses both facilitate and constrain thought, much as a river might facilitate and constrain transportation over itself. They exist in speech, thoughts and practices, and establish social structures and norms that are far larger than a single individual. They shape role-identities by defining, to a broad or narrow extent, what a person occupying a particular role should or should not do.

While this colonization is a broad social problem, one can imagine that the effect on business managers, who directly serve the institution of the market, is disproportionate. The capitalist discourse defines a manager's role rather narrowly as that of maintaining and growing wealth, and colonization of the lifeworld ensures that this managerial role-identity becomes increasingly salient as compared to other role-identities. In fact, some have argued that managers cannot act morally, but Robert Holt has countered this quite effectively, arguing that managers both can and should be moral.

However, this requires changing the dominant discourse, a difficult proposition that is impossible without an equally powerful alternative discourse. Part of the problem, of course, must be considered at a broader social level, but we need to look for approaches that address the discourses around managerial role-identities.

One approach that seems to work is increasing the salience of managers' moral identities. In ethics education, courses that also focus on moral identity, or specific aspects like moral courage or efficacy, have been shown to be more effective. Studies seem to indicate that even though there is cynicism about unregulated (but mandated or incentivized) ethics programmes conducted by businesses for themselves, such programmes can positively affect moral behaviour. Such programmes can not only increase the salience of moral identities, they can also send situational signals that ethical considerations are important to the organization.

However, morality needs to be more inextricably woven into the discourses surrounding managerial role-identities. Business education, especially in its role in defining such discourses, can play an important role here. Of Habermas' three types of knowledge, most business education tends to focus only on the first type: analytic knowledge that improves technical control of one's environment. Including more hermeneutic and critical forms of knowledge might help managers see a situation from various perspectives, and not be caught in a singular discourse. More importantly, it might send a signal to those being educated that management and its purpose of wealth creation are not isolated from other considerations. These forms on knowledge can be framed in ways that also help managers see wealth-creation itself as a moral activity, rather than an inherently amoral one.

All of these should help make ethical considerations an integral part of business decision-making. Until this is accomplished, business ethics will continue to fall short of desired standards, given the fundamental shortcomings of ethical regulation.

ETHICS IN ACCOUNTING EDUCATION: TOO SIMPLIFIED FOR THE PROFESSION

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Abstract

The purpose of this article is to examine the current inclusion of ethics in both the education and training of U. S. accounting practitioners. A triangulation approach is employed analyzing the extent to which the topic of ethics is included in the education of accounting students, the research publications of their accounting faculty, and the continuing education expectations of accountants once certified in their designated sub-field. Preliminary evidence implies that formal ethics educational coverage is limited at nationally ranked accounting programs. Further, top accounting journals produce few ethics related publications. Finally, post certification professional educational requirements also appear to be relatively low in ethical coverage. These preliminary findings may suggest a disconnect among students and professionals understanding between ethics and professional responsibilities.

Proposal

The Uniformed Accountancy Act of 2011 recommends all candidates for the Certified Public Accountant (CPA) designation in the United States to complete 150 credit hours of university level study. The majority of these students are taught by faculty engaging in research meant to influence the social foundation of the practice of accounting. Once certified, practitioners are generally required to engage in continuing professional education (CPE) to maintain their license to practice as a CPA. This continuing education requirement often includes the requirement to complete a certain number of hours in ethics training.

An overarching benchmark in this circle of continuing education is the extent to which the profession (both academic and practitioner) emphasizes topical areas and skill sets for its constituents. One topical area broadly covers the AICPA Code of Professional Conduct, the primary source of ethics-related guidance for practitioners. The Code of Professional Conduct covers topics including: auditor independence, objectivity, confidential client information, and contingent fees. Ancillary subjects required to be covered in various jurisdictions include SEC & GAO rules and regulations and in some cases state specific rules and regulations. However, some in the profession argue that the title "ethics" is loosely applied to the course requirement and these topics merely represent accountant's professional responsibility rather than training in ethical behavior.

We propose an examination of CPA ethical requirements and the potential effect on the accounting profession. These effects are represented by curriculum requirements, faculty published research, and continuing professional development post certification. By only focusing on the legality and professional requirements are we training our business professionals to think purely "black and white or yes or no?" and to not consider the social consequences of their actions?

CULTURE AND JUSTICE: DOES IT AFFECT HOW WE VIEW BUSINESS ETHICS?

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Abstract

The purpose of this article is to examine if culture affects our interpretation of ethics. Jurgen Habermas critical theory states that culture affects our view of justice. Our survey will provide the subjects a scenario where the individual was found guilty of accounting fraud but will ask the subjects was his actions ethical. Our subjects will be accounting professionals and students from the US and China. We believe the results will show the underlying notions of justice and cultural views will impact the individual interpretation of ethics. These preliminary findings may suggest a disconnect among students and professionals understanding between ethics and professional responsibilities.

Proposal

The UN Global Compact suggests businesses can help ensure that markets, commerce, technology, and finance advance in ways that benefit economies and societies. However, while the Global Compact encourages the integration of its ten principles into responsible business practice it does not clearly provide guidelines for this task. As companies become more internationally involved what is deemed as unethical in one country may be perceived as ethical in another. With that, our research question is can the UN Global Compact be compromised by ethical standards and positions?

We plan to perform a survey to test to see if culture and justice affects our perception of ethics. Jurgen Habermas Critical Theory argues that the perception of justice depends on your environment. For example, a society that is more individually prone will have a different view of justice than a society that is collective. Our survey will provide the subjects a scenario where an individual was found guilty of accounting fraud, a clear violation of the UN Global Compact principal ten. However, this individual argues that he committed the fraud not for his individual interest but for the greater good of his client's business and employees. We will ask the subjects was the individual's actions unethical. Our subjects will be accounting professionals and students from the US and China, countries with two complete different views on justice. We believe the results will show the underlying notions of justice and cultural views will impact the individual interpretation of ethics. These preliminary findings may suggest a disconnect among students and professionals understanding between ethics and professional responsibilities.

LEADERSHIP AFTER VIRTUE

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KEYWORDS: MacIntyre, Virtue Ethics, Servant Leadership, Management History

Abstract

I argue that although MacIntyre's critique of management, advanced in his magnum opus *After Virtue* (2007, originally published 1981), faces a number of compelling objections, his central contention that 'management', broadly defined to apply to those who possess power within bureaucratic institutions, is emotivistic is correct. This is more readily evident in the forms of management and leadership that have emerged since *After Virtue* was written than it was in the period preceding its publication. After applying MacIntyre's critique to charismatic and transformational leadership, I go on to advance a more optimistic thesis and highlight the affinities between MacIntyre's ethics and the concept of 'Servant Leadership' outlined by Greenleaf in the 1970s. I close by drawing out some implications of this argument for business ethics education.

The paper will fall into four sections:

In the first section I will outline MacIntyre's critique of management. MacIntyre argues that management embodies emotivism, and thus is inherently amoral and represents the "obliteration of the distinction between manipulative and non-manipulative" relations (2007: 30). For MacIntyre, the manager is manipulative, incapable of entering into a genuine moral argument, and matches means to given ends without assessing those ends.

Clearly MacIntyre's argument is highly contentious and in the second section I outline and endorse some key objections to MacIntyre's account, namely that MacIntyre's understanding of management in Weberian terms is at best outdated and at worst a caricature, and that contemporary forms of management and organizational leadership neither claim scientific expertise nor aim to be value free. Indeed, a number of scholars sympathetic to MacIntyre's ethical theory have argued for the possibility of ethical management (Beabout 2012, 2013, Moore 2008, 2012 amongst others). Another key part of the case against MacIntyre's critique of management is the emergence of the 'cultural turn' in management thinking that occurred in the 1980s, which made it impossible to regard management in technicist, value-free terms.

Throughout the decades preceding the publication of *After Virtue*, the first edition of which appeared in 1981, management went through a stage in its history we might call, somewhat hyperbolically, 'high Weberianism'. During this period, management was widely, though not universally, regarded as being principally concerned with impersonal technique (after a flirtation with the notion of moulding values described in Mayo's work in the 1930s), and softer notions such as values and culture were largely ignored. At this time 'leadership' was largely neglected as a focus on scholarly attention, indeed therefore even calls to abandon it as a research topics (Greene 1977, Miner 1975). In the past few decades the paradigm has shifted significantly (Arnold 2005, Mintzberg 2009), and in the third section I will argue that, despite the problems facing MacIntyre's account, the new forms of management and leadership which have grown in

prominence since MacIntyre's original critique of management, especially charismatic and transformational leadership, which have been dominant in the literature (Antonakis 2011), embody emotivism to a greater degree than their more Weberian predecessors by aiming at influence without rational persuasion. MacIntyre's claim that our culture is emotivistic remains plausible even if we reject some of the details of his own argument about the character of the manager.

In the fourth section I attempt to sketch a MacIntyrean account of leadership that draws on Greenleaf's work on 'Servant Leadership'. According to Greenleaf, under servant-leaders, employees can become "healthier, wiser, more autonomous and more likely themselves to become servants" (Greenleaf 1977: 6). This view holds that true leadership is that born of a desire to help, and indeed serve, others. Servant leadership is thus a moral position as much as an account of organisational practice, and requires leaders to put the well-being of the followers before other goals. In addition to drawing attention to the affinities between MacIntyre and Greenleaf, I will argue that some of the key objections facing the concept of servant leadership can be met by using MacIntyrean resources. I close by drawing out some implications of this argument for business ethics education and suggest that reframing such education in the language of service, both to fellow employees and the community as a whole, is key to formulating a conception of management and leadership that can withstand MacIntyre's critique.

INSPIRATIONAL LEADERSHIP AND COMPLIANCE: FRAMEWORK FOR TEACHING RESPONSIBLE MANAGEMENT EDUCATION

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The Principles for Responsible Management Education (PRME) initiative is designed to inspire responsible management education, research, and thought leadership globally. [1] As part of this initiative, the Working Group on Anti-Corruption (ACWG) has designed various substantive curriculum changes to the traditional business curriculum to encourage ethical-decision making and anti-corruption competencies.

"Corruption 'the misuse of entrusted power for private gain' as defined by Transparency International is recognized to be one of the world's greatest challenges".[2] ACWG has further elaborated that there are two basic ways to address corruption – inspirational leadership and a compliance system.

Of course, a keynote/plenary presentation about inspirational leadership would be appropriate for the 22nd Annual International Vincentian Business Ethics Conference; particularly since the theme of this year's conference focuses upon what we practice and what we teach in a business ethics curriculum.

However, perhaps a more practical presentation might focus on what is a compliance program and what is the value of a compliance initiative to an organization. A compliance program is not simply a check the box/follow the rules mentality. An integrated compliance program provides the bases systematic and organic framework to encourage employees to act in such a way that, while compliance with the law is achieved, the employee is encouraged to not stop at that base level; rather the employee is encouraged to rise to the level of what we can do to make our product/service better. Focusing upon doing the right thing all the time no matter who is watching, rather than just focusing upon compliance alone is what the marriage of inspirational leadership and compliance can produce in an organization. If responsible management education is being designed at our institutions and our academicians are to teach these theories, attendees might benefit from understanding of the basics of a compliance program – from a definition of the risk to developing the universe risk matrix to assessing the compliance risk to evaluating the risk results.

If the faculty member is discussing the values of human dignity, common good, justice, truth, and honesty how better to present those discussions but with a base knowledge of how a systematic and integrated compliance program would address those issues. Students entering into the business world will have to understand the legal, financial, operational, and reputational

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[1] *Forward, PRME – Anti-Corruption Toolkit: A Teaching Resource.* Available at http://actoolkit.unprme.org/about/introduction/.

[2] *Business Schools against Corruption, A Guideline to Implement the Curriculum Change for Transparency and Governance.* Available at http://www.unprme.org/resource-docs/BUSINESSSCHOOLSAGAINSTCORRUPTION.pdf

risks of emerging ideas and projects and faculty should be able to understand basic compliance risk factors.

The proposal for a keynote/plenary presentation is as follows:

- Provide a brief overview of the PRME initiative, focusing on the Six Principles
- Focus on Principle 3 (method) to create an educational framework for attendees to adapt for their students to explain the importance of understanding what is a compliance program and its interrelationship with effective and inspirational leadership
  - Provide a PowerPoint presentation that attendees could use in their classroom when discussing compliance.
  - PowerPoint would present the general framework for a compliance program – focusing upon the elements of an effective compliance program coupled with explanation as to the impact upon the organization of an effective compliance program
  - Attendees could customize the PowerPoint to focus on particular subjects (universe risks) being discussed
- Provide attendees with handouts identifying various compliance programs from various industries to use as resources to highlight the importance to students to understand the relevance of a compliance initiative in its support of an organization
- Question and answer period

THROUGH A GLASS DARKLY: TRANSPARENCY, REGULATION, AND NEAR DEATH EXPERIENCES IN THE FINANCIAL SERVICES INDUSTRY

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Abstract

Principles for Responsible Management Education encourages practitioners to create educational frameworks and method to enable effective learning experiences for responsible leadership. (PRME, 2015). Associated with this significant pedagogical need, the authors present an annotated case study from the financial services industry.

Utilizing a case methodology of teaching, the authors will present a recent business trend in the financial services industry. The case will provide a series of aspects or dimensions of firm transparency specific to the financial services industry. The case will first present a fact pattern focusing upon a day in the life of a banking executive in 2005. Fast forward, the case will then focus upon a day in the life of the same banking executive in 2012. In the interim between case presentations, the authors will provide a synopsis of the financial services industry meltdown resulting from the sub-prime mortgage market and attendant resulting legislation such as Dodd–Frank Wall Street Reform and Consumer Protection Act.

Teaching notes will focus upon the (1) relationship between long-term patterns of institutional practice, (2) unintended consequences of this lack of transparency, (3) triggers or calls for increased transparency on behalf of external constituency groups, (4) resultant compliance legislation, oversight, and practice, and (5) new patterns of institutional response in the area of firm transparency-form, timing, and overall net results.

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WORK ETHIC: DON'T JUST TELL ME, TELL ME WHY

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KEY WORDS: Code of Ethics; Organizational Values; Code of Conduct; Value Definitions

Abstract

"The time is always right to do what's right" (King, 1965). This quote offers good words of wisdom, however, does every employee in every organization know "what is right in order to do what is right"? Has management *defined* their organizational values or simply used *buzzwords* to communicate the expected values? Do the employees *understand* what the organization's values mean? Further, does the employee know the relevance the desired value has to the employee and to the organization?

Many organizational value codes are in existence and much has been written about the impact the values have upon an organizational culture. However, there is a lack of scholarly literature that helps define for an organization the common meaning of a particular value—such common meaning being shared by the organization and the employee.

The authors will identify commonly accepted values embraced by modern-day employers and, through an extensive literature review of scholarly and popular works, will present various possible definitions of those values. The values identified in the mission statements of the Top 50 of Fortune 500 Companies will be compiled in order to ascertain the common values, as well as to determine the commonly perceived definitions of the values. Through the identification of the ten most important values perceived by business executives and the definitions of those values, an employer will be able to craft a values code for its organization that will have meaning and relevance to all employees throughout the organization.

Introduction

"The time is always right to do what's right" (King, 1965). This quote offers good words of wisdom, however, does every employee in every organization know "what is right in order to do what is right"? Has management communicated the organizational values to the employees? And, do the employees understand what the organization's values mean?

Many organizational codes have been written using various names—Codes of Conduct, Ethics Code, and Codes of Professional Conduct—the list is practically endless. Within each of these codes are fancy-sounding *buzzwords*, a word or a phrase that management believes fully describes a particular value that the organization embraces. Management proudly displays their value code while touting their unwavering commitment to the stated words. Employees view the latest poster with the value code words posted in their breakroom and simply shrug their shoulders. The fancy words sound great; however, the employees lack the context of the word to not only understand what it means to them, but also to comprehend why this value is important to the company.

If an employer fails to explain the meaning of the value words in a manner that connects with their employees, the words are meaningless. Indeed, one questions how an organization can sustain long-term growth if the employees are disconnected with management's stated values.

The simplistic solution to this dilemma is to ensure that the organization clearly identifies the values that it seeks in its employees, to explain what those values mean to the organization, to elaborate on why those values are important to the organization, and to have management clearly show their understanding and commitment to the values by their behavior both in words and in actions.

Value Definitions and Codes of Ethics

Codes of Ethics in organizations must identify and define a set of values that characterize the morals of the organization (Ethics & Compliance Initiative "Definitions," 2009). The Code outlines specific expectations of behavior in the organization's operations (Ethics & Compliance Initiative "Why," 2009), offering an undeniable opportunity for responsible organizations to build a positive public image for promoting a supportive environment and increased level of public confidence and trust among critical constituencies (Clarkson Centre for Business Ethics, 1999). Because a Code of Conduct is meant as a reference for employees in daily decision making, it should clarify the mission and values of the organization, linking them with standards of expected professional conduct (Ethics & Compliance Initiative "Why," 2009).

A Code is a critical communication mechanism that documents the organization's commitment to maintain its highest values, dealing with issues such as its obligation to employees, its standards and procedures for conducting business, and its community affiliation (Driscoll & Hoffman, 2000). Irrespective of how the values are selected, definitions of each value should be known and clearly understood by employees from the perspective of the organization (Ethics & Compliance Initiative "Definitions," 2009).

Methodology

Most of the literature that focuses upon organizational values and codes centers upon the effect of the Code on encouraging or promoting certain behavior.

Since this research centers upon defining the meaning of the values espoused by the employer in a manner which is understandable and clear for the employee, an initial conceptualization of which values to be defined must be developed. A prominent author in the field of work ethics has identified the following values as those values most highly sought by employers in new or present employees (Chester, 2012): leadership, positive attitude, reliability, professionalism, initiative, respect, integrity, and accountability.

Using these values, as well as other values which will be identified through a literature review, the researchers will develop various definitions of those values. The definitions will be identified through a literature review of scholarly and popular works. Additionally, through analysis of mission statements, Codes of Ethics, and values statements on company websites of the Top

50 of Fortune 500 Companies (as noted in Figure 1), the researchers will identify the values and the various perceived definitions of those values of today's business organizations.

Figure 1. *Top 50 Fortune 500 Companies.*

1. Walmart
2. Exxon Mobil
3. Chevron
4. Berkshire Hathaway Energy
5. Apple
6. General Motors
7. Phillips 66
8. General Electric
9. Ford Motors
10. CVS Health
11. Mckesson
12. AT&T
13. Valero
14. United Health Group
15. Verizon
16. Amerisourcebergen
17. Fannie Mae
18. Costco
19. Hewlett Packard
20. Kroger
21. JP Morgan
22. Express Scripts
23. Bank of America
24. IBM
25. Marathon Petroleum
26. Cardinal Health
27. Boeing
28. Citigroup
29. Amazon
30. Wells Fargo
31. Microsoft
32. Procter & Gamble
33. Home Depot
34. Archer Daniels Midland
35. Walgreens
36. Target
37. Johnson & Johnson
38. Anthem
39. MetLife
40. Google
41. State Farm
42. Freddie Mac
43. Comcast
44. PepsiCo
45. United Technologies
46. AIG
47. UPS
48. Dow Chemical
49. Aetna
50. Lowe's

The data will be compared to identify the similarities or dissimilarities between how various organizations define the same values, as well as how the literature defines the values. The data will also further be compared to identify the importance or ranking of each value from the information retrieved from the respective company websites.

Conclusion

"After all, everybody only hears what he understands" (von Goethe, n.d.). If an employee does not understand the *buzzword* value statements emblazoned on a newly designed poster, the importance of the value is lost. It is only with a commonality of definition and understanding of the relevance of the specific value that the employer and employee can embrace the same values and culture of the organization.

Defining the values and identifying the importance of the values to employers and employees will help connect the key components of work ethics to employee behavior and will help shape future work environments.

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CAN VIRTUES BE ENFORCED? AN ANALYSIS OF THE ACCOUNTING PROFESSION'S "CONCEPTUAL FRAMEWORK" APPROACH TO PROFESSIONAL ETHICS

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Abstract

There is within professional ethics a tension between an emphasis on rules of conduct, on the one hand, and a commitment to larger principles, on the other. Overemphasis on rules can be counter-productive: members of professional organizations sometimes attempt to game the rules, seek out and take advantage of loopholes and vagaries, and otherwise come as close to behavioral boundaries as possible while remaining, arguably, in compliance.

Some professional organizations such as the American Institute of Certified Public Accountants (AICPA) have in recent years begun to place a greater emphasis on ethical principles and the associated best practices that are identified with such principles. This is intended to shift the focus away from minimal compliance and toward the development of habits of practice that reflect the highest ethical principles. In the case of the AICPA, a "conceptual framework" promoting a greater awareness of threats to ethical practices (and a greater commitment to safeguarding such practices) is being added to its *Code of Professional Conduct* effective December 15, 2015.

The AICPA's effort serves as an excellent case study for purposes of examining the tension between rules-based and principles-based professional ethics. We draw from virtue ethics theory as we identify the strengths and weaknesses of this approach. We identify significant inconsistencies and make practical suggestions for resolving them. We also consider whether the AICPA's peer review system – currently used to monitor members' ongoing technical competence – can or should be expanded to include a review of members' adoption of the new conceptual framework.

CLIMATE CHANGE FINANCIAL DISCLOSURES: TRANSPARENCY AND RESPONSIBLE MANAGEMENT IN A GLOBAL ENVIRONMENT

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Abstract

Audiences for corporate information—creditors, stockholders, various government regulators—rely on company-generated disclosures to assess financial health and future prospects. There is an expectation that management will act responsibly in providing information to its various stakeholders about the well-being of the firm. And, since firm reputation is used routinely to make fundamental judgments about companies—everything from career choices and product-purchase selection to investment and credit-extension decisions—management is quite sensitive to the perception of its presence in the marketplace.

In the past few years, climate change has become a major topic of debate in a variety of venues. Although the fundamental issues involved have been disquieting for decades to environmentalists and social activists concerned with sustainability, the range of interested parties has widened recently as a consequence of significant new legislation and governmental regulation. The effects of greenhouse gas emissions on the global environment have spilled over into the political and financial areas with considerable impact.

One of the most significant financial elements connected with the threat of global warming—the ultimate consequential outcome from greenhouse gas emissions—is the risk that this phenomenon might add costs to operating a company and diminish the firm's economic outcomes. Climate change affects economic activity as surely as it affects the physical environment. The empirical research effort described here is focused on the quantity and quality of disclosure about climate change risk that is delivered by a select group of companies that are known to be large-scale emitters of greenhouses gases.

This study is focused on the disclosure posture of UK-based publically owned enterprises that received cap-and-trade pollution "permits" under the European Union's Emissions Trading System (EU-ETS). Our concern is in examining public disclosures by these companies with respect to fundamental ethical, environmental, and sustainability matters. The research attempts to determine if transparency is lacking when it comes to companies voluntarily supplying information describing how they are dealing with the inevitable costs engendered by global climate change phenomena.

As a pilot study, this work is focused on only one EU country. If the methodology proves to be a sound one, and the empirical outcomes are defensible, the research effort can be extended to firms in additional countries that participate in the EU-ETS. What we expect to emerge from the examination of public disclosures from these selected companies is a picture of their financial reporting about matters related to ethical behavior, corporate social responsibility, sustainability stewardship, and environmental risks. It is the extensiveness and detail of these disclosures that is of interest to us as we try to understand the level of disclosure that these firms—all of

which are heavily involved with generating the greenhouse gases that lead to climate change—make in an attempt to have their stakeholder communities comprehend the posture management takes toward safeguarding the environment.

The research methodology provides for a detailed content analysis of all public disclosures—excluding popular press reporting—that are delivered to the information marketplace. While regulatory submissions are expected to dispassionately describe the state of a firm's corporate and financial health, along with detailing the risks in the uncertain competitive environment facing the firm, voluntarily provided sustainability or "corporate citizenship" reports may not. This research reports the results of an exploratory study designed to examine how publicly owned companies have responded to recent calls for disclosure about financial impacts of climate change and the risks that management sees in this environmental occurrence.

This research makes a contribution to our understanding of how firms have reacted to the repeated calls for both action and information regarding climate change. Responsible managements, we expect, will position their firms in a way to blunt the impact and neutralize the economic risks of climate change. Those actions should be communicated to interested stakeholders. Therefore, climate change risk assessments provided by management in publicly available venues like sustainability reports and annual financial reports should assist investors in making economically rational trading decisions. The outcomes of this study help us understand whether voluntary disclosure will feed data that is of use into the marketplace.

The results of this research contribute to the area of financial analysis in a practical way. Financial markets impound decision-relevant disclosures in an efficient manner. Climate change risk assessments provided by management in publically available disclosures assist investors in making economically rational buy-sell-hold decisions. This is especially true for those companies that already have been singled-out to receive emissions permits in the EU-ETS as the EU moves toward achieving the Kyoto Protocol goals on greenhouse gas emissions. As well, public policy makers will find disclosures of this sort relevant as they continue to formulate market-based incentives to control greenhouse gases and the deleterious environmental effects of their production. Transparency of disclosure helps everyone know whether climate change, with all its potential for ecological ruin, will affect the localized welfare of the firm and its owners. Managing responsibly, managing in a principled fashion, requires not only action but clear disclosure of the expected outcomes of the decisions made.

RESPECTING RIGHTS: ADJUDICATING PERCEIVED CONFLICTS BETWEEN RIGHTS TO RELIGIOUS FREEDOM IN THE WORKPLACE AND LGBTQ RIGHTS

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Key Words: Freedom of Religion, Free Speech Rights, Gay Rights, Kantian Moral Theory, Rights, Religious Freedom and Restoration Act, Utilitarian Moral Theory

Abstract

In the spring of 2015, Governor Mike Pence signed into law Indiana's Restoration of Religious Freedom Act (RFRA). While defenders claimed that the law was necessary to protect religious freedoms in the workplace, detractors saw it as a thinly veiled attempt to legalize discrimination against lesbian, gay, bisexual, transgender, and queer (LGBTQ) customers and employees. I will argue that even if the law permits business institutions to refuse service based upon the sexual orientation of a potential customer, that it is not morally justified to do so. Kantian and Utilitarian analyses differ greatly in their basic assumptions concerning moral duty and the strength of individual rights. Nevertheless, I argue that under both of these theoretical frameworks business obligation to respect the rights of LGBTQ individuals takes precedence over perceived prima facie *obligations to respect religious rights of business institutions and actual* prima facie *obligations to respect employee rights to religious expression.*

In the spring of 2015, Governor Mike Pence signed into law Indiana's Restoration of Religious Freedom Act (RFRA). While defenders claimed that the law was necessary to protect religious freedoms in the workplace, detractors saw it as a thinly veiled attempt to legalize discrimination against lesbian, gay, bisexual, transgender, and queer customers and employees. The Global United Nations Compact asserts that business has an obligation to support basic human rights and that it ought not to be complicit in the abuse of human rights. But both sides in this issue claim that their rights are being violated: the right to free practice of religion and the right to basic equal treatment in the public sphere. How should business understand it's moral duty to respect basic human rights when these rights seem to conflict and the law does not provide clear guidance on how to adjudicate between conflicting claims of rights holders?

This paper will provide both Kantian and Utilitarian analyses of business obligation in cases where there is a perceived tension between meeting moral obligations to respect the religious rights of stakeholders and the basic equal human rights of LGBTQ stakeholders.   I will argue that even if the law permits a for profit business institution to refuse service based upon the sexual orientation of a potential customer, that it is not morally justified to do so. Kantian and Utilitarian analyses differ greatly in their basic assumptions concerning moral duty and the strength of individual rights. Nevertheless, I argue that under both of these theoretical frameworks business obligation to respect the rights of LGBTQ individuals takes precedence over perceived *prima facie* obligations to respect religious rights of business institutions and actual *prima facie* obligations to respect employee rights to religious expression.

Many business practitioners in the state of Indiana also believed that their duty to respect the rights of LGBTQ employees and customers could not be dismissed under the guise of

protecting religious freedoms. Some of the most vocal opponents of Indiana's RFRA were business leaders like Salesforce, a San Francisco tech company, and Angie's List. Angie's List, for instance, announced that it would cancel a $40 million planned expansion of its headquarters in Indiana in response to the RFRA. Proponents of the RFRA, however, argued that businesses did not have a deep or consistent commitment to LGBTQ equality and were, in fact, merely pressured into opposing the law by powerful groups like the Human Rights Campaign. In reply, business opponents of the RFRA continued to insist that their positions were motivated by a sincere respect for basic human rights. But they also defended their opposition to the RFRA by noting that they could not recruit and keep talented employees or woo consumers as effectively if their products and services were associated with a state that publicly defended bigotry under the guise of respecting religious freedom. I argue that while opponents are likely right to question the deep sincerity of business political speech, that businesses rightly express concern over policies that they perceive are likely to undermine the ability of business practitioners to do their jobs.

GRADUATE ATTRIBUTES FOR RESPONSIBILITY AND SUSTAINABILITY: A MULTINATIONAL STUDY OF EMPLOYER PREFERENCES

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Key Words: Graduate Attributes, PRME, Responsibility, Q-Methodology, Sustainability

Abstract

Studies such as Russell and Stone (2002), Waldman, Siegel et al. (2006), Van Velsor, Hind et al. (2009) and Gandz, Crossan et al. (2013) have examined the impact of leaders' characteristics on the CSR performance of firms, and more generally on the embedding of responsibility and sustainability into business decision-making. In the business ethics literature, a range of personality traits have been studied, drawn from Aristotle's Virtue Ethics; Costa and McCrae's Big Five Personality Factors (1992); Murphy's Five Core Virtues (1999); Solomon's Forty-Five Virtues (1999); and Seijts' Character Dimensions of Leader Performance (2015). Methodologically, advances have been made on conceptualising scales around these characteristics by studies including Shanahan and Hyman (2003);, Chun (2005); McMahon and Harvey (2006); Thompson (2010) , and drawing from early conceptualizations of Reidenbach and Robin (1990, 1991).

The role of Business Schools in fostering these attributes in our students is less clear, largely because the learning outcomes of business programmes may not map clearly to the graduate attributes most valued by employers in order to embed and spread sustainability and responsibility within their businesses. This study aims to address this lacuna by shedding light on the graduate attributes most valued by different categories of employers ranging from large multinational firms to SMEs in several EU countries. The ability of employers to recognise and value key qualities in graduates should inform the design of business programmes, and the way in which we teach.

This paper focuses on establishing employer preferences in this area using Q-Methodology (Brown 1993), a research method used in psychology and the social sciences to study individuals' subjective preferences among a complex array of issues and ideas. The method permits a raw comparison between each trait to be identified and analysed in a more efficient and effective manner than traditional surveys based on Likert scales. While questionnaires, scales and surveys seek to measure the spread of views across a population, Q seeks to identify shared subjectivities (De Graaf 2005, 2006). Essentially, the Q method combines ranking and categorisation of variables in a dynamic way, with an element of gamification in the response protocol which increases respondent engagement and produces more robust results. Q has proven to be a particularly useful technique in the fields of educational and pure psychology as it allows researchers to directly compare and rank variables, particularly among topics which are contested. It is this direct comparative ranking which gives Q merit in existing literature and makes it a very suitable medium through which to deconstruct concepts of applied ethics. Just as philosophers have sought to reveal balance between

contrasting views- Stoicism and Epicureanism (Aristotle); The Way of Truth and The Way of Opinion (Parmenides); Self-Interest and Social-Interest (Hobbes); Logic and Experience (Kant); Reason-Will and Desires-Inclination (Weber); Individual Action and Societal Benefit (Smith); this research seeks to establish balance between individual preference amongst a variety of traits. Analogous to the philosophies listed above, there is no right or wrong answer to the ranking schema, only personal preference. This method reveals those differences in employer preference amongst different types of organizations and across different cultures. Finding trends amongst the deconstructed topics both validates the study and creates opportunities for future research.

The paper describes the development of the primary instrument and presents results from respondents from both large SMEs with a declared focus on responsibility and sustainability and smaller firms with a less developed articulation of these concepts in their business model and mission. Respondents also come from a range of industries, from both public and private sector and from more than one country. Through collecting data across these cultures and organizations, this study aims to uncover trends in individual preference towards specific characteristics, while confirming trends in existing literature.

The paper's contributions are three-fold. First, the use of the Q-methodology in such a multinational study is novel, and will validate its use in future studies. Secondly, the range of respondents will shed light on the graduate characteristics most valued by employers in a variety of different circumstances and institutional contexts, and will allow conclusions to the drawn on the impact of these contexts on the way in which responsibility and sustainability are integrated into the business. Finally and perhaps most directly, the results should inform curriculum development in Business Schools.

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UBER: RIDING ON INJUSTICE AND UNCOMPUNCTIVE RESPONSIBILITY

Available Locally, Expanding Globally:
Uber[1]

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1. About the Organization and its Growth

Uber, a smart-phone based car-service-provider business institution, was popular amongst riders through its climatic phrase "everyone's private driver"[2] across different countries in the Globe. The company was founded by Travis Kalanick (Co-founder and CEO of Uber) and Garrett Camp (Co-founder of Uber) in 2009 at San Francisco, California, USA. In the course of four to five years' time, it emerged as one of the most-talked-about taxi-service providers across the world with its seamless spread across more than 200 cities in 54 major countries ranging from the countries in North America to the Asia-Pacific countries[3].

This charismatic move even started driving the sight of media people away, particularly the reporters of well-known newspapers like Wall Street Journal (WSJ) and so. In an effort to vouch Uber's growth, on December 5, 2014, Mr. Douglas MacMillan (a reporter) in Wall Street Journal (WSJ) stated that the value of the company has touched the threshold of more than $41 billion, and also termed that this growth was considered as "easily the highest for any private startup"[4]. In addition, Mr. MacMillan, in his same piece of writing, denoted that Uber had been backed by "venture capitalists and more than twice the value investors placed on Uber just six months ago"[5]. Along with this, Uber's use of mobile apps and mobile technology to transform its transport and logistics industry[6], i.e., to escalate its reach and growth deeply motivated and ignited other business institutions including that of the local taxi-service provider ones to go in the "uberficarion"[7] way.

2. Predicament at Uber: India and Overseas

However, Uber's growth and prosperity suffered a big setback because it has recently been targeted by legal cases in the United States and several other countries, most recently in South Korea, Taiwan[8], Boston[9], Spain[10], Thailand and Vietnam[11]. Amongst them the most horrific incident that dragged Uber into court happened in December 5, 2014 where one of its cabdrivers in New Delhi, India raped a 25-year-old woman named Ms. Jane Doe[12], who was working for a finance company at Gurgaon, India. There was sporadic hue and cry across the country in the month of December 2014 and the same got spread out till date. And as part of

this reaction against the Uber cabdriver's course of action, Ms. Doe filed a lawsuit on January 29, 2015 against the company in US District Court for the Northern District of California and who stated that "…Uber's "hollow" safety and driver screening practices put her in an unsafe situation"[13]. In addition, in the 36 page lawsuit filed by Ms. Doe sought to "slam the brakes on Uber's reckless worldwide expansion at the unfortunate expense of basic customer safety"[14]. In a response to the hue and cry made by the people across the country, followed by the lawsuit filed by Ms. Doe in US District Court, Uber has been banned and its license for the operation of its taxi-service in Delhi and NCR areas of Delhi got cancelled because of the discrepancies including lack of proof of an office address and details of Uber's management[15] along with the incident. Further to this, the Uber's operation in other states of India like Andhra Pradesh, Karnataka and Maharashtra[16] and cities like Hyderabad and Bengaluru also got banned, and going one step further, the administration in Hyderabad also categorically directed people to avoid the service of Uber[17].

3. Dreaded Endeavour in India by Uber

In an endeavour to bring normalcy and to resume his company's operation in these cities, president of business for Uber in Asia, Mr. Eric Alexander stated that "[w]e would be happy to assist in her [victim Ms. Doe's] recovery. Financially. If there are things that we can do to help her, we will do. And *I think that is the right thing* [emphasis added]"[18]. Mr. Alexander added that Uber is not leaving the Delhi Market and India as well because India is (as Mr. Alexander claims) Uber's one of the top markets globally. Further Mr. Alexander vehemently stated that "…we are looking at ways to appeal against the government order in the court"[19].

4. Ethical Assessment of Mr. Alexander's Action at Uber

The responsibility that Uber exhibited and spread across, through Mr. Alexander's words, seems to be a sheer uncompunctive from their side as the loss and trauma that the victim Ms. Doe has borne and undergone is irreparable and can never be compensated by the petty monetary aid that Mr. Alexander was extending, which could have been replaced by some other initiative of humanely and soothing that the victim must be expecting from the organization. In addition, what and how much the victim has been robbed off can never be quantified and calculated – the way Mr. Alexander was found to be quantifying and weighing up. And this attitude [the words of Mr. Alexander as "I think that is the right thing"] seems to be an utter callousness and frivolousness in their dealing with a customer and more particularly a human being like Mr. Alexander.

5. Uber's Unethical Incarceration

By saying this, Mr. Alexander and Uber as the organization, the company falls prey to many unethical and immoral issues like a) injustice to a human being, b) a sheer form of immoral management exhibited in the form of Mr. Alexander's demonstration of an intentional exploiting strategy (not an integrity strategy), c) psychologically egoism-based management (not ethical egoism-based) with the aim to make profit at the expense of innocent human lives who trusted and had faith in Uber's service, and d) having no conformity to any ethical position (Teleological, Deontological, and Virtue based) available in ethical domain.

6. *En route* to an Ethical Solution

Adding more grievance into the fate of Uber, Ms. Doe's New York based Douglas H. Wigdor, lawyer and founding partner of Wigdor LLP[20], said that "Uber's focus on its bottom line over the safety of its passengers has resulted in what can only be described as modern day electronic hitchhiking"[21]. Even another Wigdor LLP Lawyer named Ms. Jeanne M. Christensen added that "[w]e intend to hold Uber accountable for violence that could easily have been avoided had even a minimal background check been conducted"[22]. Now the question arises, *how Mr. Alexander and Uber would come out of this self-dug ethical problem* and *what would be their next course of action?* If they would have dealt this issue starting from its happening till its consequence in a humanely manner complying with the moral standard, the ban that has been imposed on them could have been waived off, and subsequently, they could have resumed their service/operation in the Indian cities.

Notes

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STAKEHOLDER CSR ORIENTATION CONGRUENCE, EO, AND ENVIRONMENTAL STRENGTHS AND CONCERNS OF CHINESE SMES

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Key Words: Multiple Stakeholders, Congruence, Complexity Science, China

Abstract

Previous stakeholder studies have discovered that strong stakeholder CSR orientation can motivate firms to better engage in environmental activities. However, when multiple stakeholders are involved, strong yet incongruent stakeholders' pressure may not lead to improved environmental performance. This leaves a gap in stakeholder management theory and limits its application in reality. The current research integrates complexity science with stakeholder management theory to address this issue. Utilizing a sample of 149 Chinese SMEs, we found that the average stakeholders' CSR orientation improved environmental strengths, but generated an inverted U-shape relationship with environmental concerns. Further, the congruence in stakeholders' CSR orientation enhanced this inverted U-shape relationship. We also found evidence for a three-way interaction in predicting environmental strengths such that the interaction between the average stakeholder CSR orientation and stakeholder CSR orientation congruence was more pronounced when EO was high than when EO was low.

A Simulated Financial Dealing Room that integrates ethics into the curriculum

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Abstract

This study involves identifying the effectiveness of a simulated Treasury Dealing Room, The student teaching and research lab (STAR Lab) for teaching and learning of business ethics within the curriculum at both the undergraduate and post graduate level. We use pre- and post-survey response to establish student perceptions of learning effectiveness and ethical practices. For a sample size of 141 students (74 undergraduate and 67 postgraduate) we test whether students by; gender (male/female); by status (international/domestic); and by level of study (postgraduate/undergraduate) believe the STAR Lab; (i) improves their opportunities to apply theory; (ii) provides better learning than lectures; (iii) is more effective than individual learning;(iv) improves student monitoring of learning effectiveness; and (v) improves student abilities to recognise ethical issues, develop alternative solutions to ethical problems, and evaluate solutions to ethical problems from a moral persepctive. The existing literature in great depth demands the integration of business ethics within the curriculum at tertiary level. It is widely acknowledged that teaching of ethics requires both cognitive content on ethical behaviour and an educative component where students develop three dimensions to their level of understanding, namely; the ability to recognise ethical issues for themselves; the ability to develop alternative solutions to ethical dilemmas; and the ability to evaluate alternatives from a moral point of view. The emphasis of our study will therefore be to focus on ethics and test the contribution of the STAR Lab for each of these three dimensions. In addition, as the literature finds gender differences on these ethical dimensions we also hypothesise that gender differences relates to ethics will arise in the STAR Lab. We hope to show that student motivation is enhanced by (i) the high value they place on STAR Lab learning, (ii) their preparedness to participate, (iii) rapidly reduced levels of anxiety about trading, and (iv) the learning resources provided.

A Model of Teaching as Practice: The Adaptive Curriculum Challenge of PRME

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Key Words: PRME, business curriculum, engaged practice learning

Abstract

When the United Nations launched the Millennium Goals in 2000 to focus global development on humanity rather than GDP, the Global Compact was launched as a collateral effort, challenging business, government, and social sector leaders to transform the global economic system. In 2007, the Six Principles of Responsible Management Education focused on business schools, challenging them to reorient their curricula towards preparing their students to lead the world in building "an inclusive and sustainable economy."

While there has been progress in achieving the Millennium Goals, the 2008 financial crisis and deepening spread of wealth and income inequality attest to a lack of progress towards an inclusive, sustainable global economy. Part of this lack of progress can be attributed to business schools' slow response to the adaptive curriculum challenge of preparing students for the concrete realities of business practice in a complex, dynamic global business environment. Most business curricula reflect the disciplines and teaching approaches of faculty members who are not oriented towards engaged business practice. If their expertise is not in developing new educational models and frameworks to meet the adaptive curriculum challenge of PRME, they may welcome the opportunity to test and refine models developed by others.

This paper presents an engaged practice learning model, CityLab, developed to position graduate business students as emerging business and social innovation leaders in the fast-growing revitalization economies of cities. The paper demonstrates how the CityLab learning platform addresses each of the Six Principles of Responsible Management Education.

CityLab Learning Synopsis			
LEARNING GOAL: To position oneself for success as an urban social entrepreneur.			
Learning Outcome	**Knowledge Themes**	**Skills/Tools**	**Artifactual Evidence**
URBAN IMMERSION Demonstrate deep contextual understanding of the people, habitat, local culture, political economy, and business opportunities of an urban neighborhood.	o **Cities:** urbanization, metro thinking, smart cities, new urbanism o **Social Enterprise**: Theories of change, triple bottom line, models of social entrepreneurship;	oEthnography fieldwork oAppreciative inquiry oAsset mapping	oUrban Immersion Field Notes
SEMINARS Demonstrate contextually integrated understanding of multiple streams of thought and discourse constituting current knowledge, expertise, and best business and social innovation practices for creating livable cities.	o **Habitat Integrity**: Eco-sustainability, placemaking o **Human Flourishing:** Human capabilities; social determinants o**Community:** Social capital, social networks, gentrification	o Data analytics o Collaboration o Software o Presentation skills	o Seminar leadership o Seminar participation o Wiki/discussion board contributions
BUSINESS INTEGRATION PROJECT Demonstrate proficient, innovative integration of business acumen, public data, technology, and analytical tools to create knowledge and information products fostering livable cities	o**Citizenship:** Civic engagement, economic democracy, anchor institutions o**Prosperity:** Inclusive wealth creation, social impact investing/finance,	o Data analytics o Social impact o Collaboration o Software o Social impact o Social Finance	oBusiness Integration Project Brief oProject Presentation Rounds
CAREER PORTFOLIO WEBSITE Demonstrate thoughtful career strategy that builds on course knowledge and skills to create a uniquely branded presence in the urban social enterprise market		oDesign software/ technology oPresentation skills	o Career Portfolio Website o Portfolio Rounds

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THE IMPACT OF PERCEPTUAL PERFORMANCE ASYMMETRY ON ETHICAL BEHAVIOR: DOES AGREEMENT MATTER?

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Abstract

The ethical decision-making and behavior literature has been a rich research stream for organizational scholars. Over the past 30 years, practitioners and academics alike have demonstrated an increased interest in studying and preventing deviant and unethical behavior. It comes as no surprise that the ethical scandals that have plagued businesses over the past two decades have further fueled this line of research and heightened the importance of monitoring these behaviors across industries (Carlson, Kacmar, & Wadsworth, 2002, 2009; O'Fallon & Butterfield, 2005; Tenbrunsel & Smith-Crowe, 2008; Treviño, Weaver, & Reynolds, 2006). Consequently, researchers have attempted to determine the predictors of unethical decision-making and behavior in organizations. While this extant research has addressed some key questions, there are other questions that remain unanswered regarding the causes of unethical decision-making and behavior (Carlson & Kacmar, 1997; O'Fallon & Butterfield, 2005; Robertson, 1993; Tenbrunsel & Smith-Crowe, 2008). For example, the proximal and distal outcomes of the asymetric beliefs about performance may have an impact on unethical decision-making behavior, thus requiring further exploration.

Research on dyadic relationships (Cogliser, Schriesheim, Scandura, & Gardner, 2009; Holmes, 2000; Sin, Nahrganag, & Morgeson, 2009) has most often focused on the disagreements between two parties, their mutual feelings, thoughts, and behaviors in three main areas: (1) one's affective reactions, (2) one's perception about the relationship, and (3) one's behavior and performance. These three areas are representative of the most proximal areas that are able to be influenced by such disagreements that may exist in a dyadic relationship, such as that between a supervisor and subordinate (Cropanzano & Mitchell, 2005).

The underlying theme of the current study is grounded in organizational resource and motivation theories, in particular, the general motivational theory of conservation of resources (COR; Hobfoll, 1989). According to COR, employee perceptions of and experience with their environment motivates the "accumulation, protection, investment and replenishment of personal resources" (Wheeler, Harris, & Sablynski, 2012; E244). Personal resources include time, attention, face, energy and anything else of value to an individual (Halbesleben, Harvey & Bolino, 2009; Hobfoll, 1989). Stressful conditions such as disagreement or conflict lead to strain by creating actual or potential resource losses or by providing a suboptimal return on previous resource investments. When faced with resource threats, individuals are motivated to invest their available personal resources to avoid a net loss of resources or accumulate even more to

replenish their stock. As resource depletion outpaces resource replenishment or accumulation, individuals may exhibit a range of negative reactions (i.e. strain) including emotional exhaustion and burnout (Halbesleben & Bowler, 2007), counterproductive work behavior (Penney, Hunter & Perry, 2011) and organizational withdrawal (Sliter, Sliter & Jex, 2012). However, in times of resource security and abundance, individuals are motivated to invest their personal resources to broaden and build their current resource stocks (Halbesleben & Bowler, 2007).

Thus, the current research focuses on supervisor-subordinate agreement about subordinate performance, and how this agreement relates to various outcomes such as (un)ethical behavior. First, we attempt to examine how this agreement or lack thereof, between the supervisor and subordinate about perceived performance relates to subordinates' levels of stress. Specifically, we expect that a heightened level of disagreement will lead subordinates to experience higher levels of stress, uneasiness and anxiety. Since the relationship between a supervisor and their subordinate can contribute to the subordinate's stress levels, we suggest that this outcome will be further influenced by the quality of the prevailing dyadic relationship. The stressful situation created will inevitably cause a drain on the resource allowances of the subordinate. We further examine how this stressful situation, created by the disagreement about performance, may lead the subordinate to engage in questionable behavior to realign the perceptions of the supervisor. Moreover, we expect that under stressful condition individuals who self-regulate will tend to diverge in their behavioral reactions (Higgins, 1997, 1998, 1999). In other words, rule abiding, prevention-focused individuals will be less likely to exhibit questionable behavior as opposed to those who may be viewed as opportunitistic and goal driven (promotion-focused).

With this focus, we seek to make a number of distinct contributions. First, drawing on and integrating previous research on leadership and self-other agreement (Atwater & Yammarino, 1997; Cogliser et al., 2009), we introduce the concept of supervisor-subordinate Perceived Performance Asymmetry (PPA) and investigate its impact on two subordinate outcomes of disagreement: felt stress and unethical behavior. Our decision to focus on these outcomes is driven by the organizational stress theory (Hobfoll, 1989), which positions these factors as strains, or negative reactions to stressful conditions, epitomized by the dyadic disagreement. Second, we add nuance to the current understanding of how the supervisor-subordinate relationship drives unethical employee behavior (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2011). We expect that the magnitude and direction of PPA between supervisors and subordinates will explain variance in subordinate outcomes beyond that explained by mean levels alone. Figure 1 depicts these conceptual relationships we propose in our hypothesized model.

FIGURE 1
Conceptual Model

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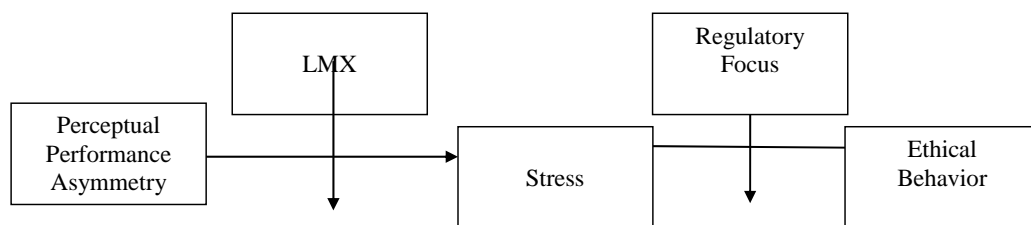
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CORPORATE SOCIAL RESPONSIBILITY AND MARKET RISK PREDICTABILITY: EVIDENCE FROM VIGEO RATINGS

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Introduction

Relationship between Corporate Social Responsibility (CSR) and company risk has already been investigated both at the theoretical and empirical levels. Theoretically, due to a better balance between the interests of the various stakeholders (Mishra and Modi, 2013), better reputation (Godfrey, Merrill and Hansen, 2005) and less information asymmetry (Lahrech, 2011), companies with higher CSR standards should be less risky and have a greater resistance to crisis. Empirical studies do not provide clear evidence of these claims because measures of risk (total risk, systematic risk, and idiosyncratic risk), methodologies (measures of the various dimensions of social responsibility for instance) and samples are heterogeneous. Nevertheless this literature suggests that there is a slight negative relationship between CSR and financial risk.

Portfolio and risk managers, due to regulatory constraints (Basel 2-3) and equity optimization in banks, are using specific measures of risk (namely Value-at-Risk and Conditional Value-at-Risk that are measures of downside risk). The impact of CSR on these measures has only partially been investigated. Moreover the issue of how can CSR improve the predictability of these measure remains an unanswered question. Managers would also appreciate to know if CSR characteristics improve the quality of their prediction even during a financial crisis period.

Contrary to previous studies on the relationship between CSR and company risk, empirical studies in financial risk management take into account the fact that risk is not constant in time. Moreover they try to cope with several stylized facts: clustering of volatility, leverage effect…Technically, prediction of risk measures are usually made by using econometric times series model of the GARCH family. Therefore the use of these time series models permit to investigate the impact of CSR on the time series properties of stock returns.

Data and methods

In the present paper, our purpose is to evaluate if there exists a link between social rating and market risk predictability. We employ daily returns from Datastream from January 1st 2000 until December 31, 2010 for all common shares with a social rate given by Vigeo[1] before

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[1] Vigeo is the leading European extra-financial rating agency and measures the performances of companies in six fields of social responsibility: environment (ENV), corporate governance (CG), human rights (HRts), human resources (HR), business behavior (BB), and community involvement (CIN). Each of these dimensions has a rating from 0 for the least socially responsible firms to 100 for the most responsible firms.

01/01/2007. It represents a final data sample of 197 companies. The eligible stocks are sorted based on their average Vigeo overall score[2] during 2006 and 2007 period. Then we form five (static for the whole period) equally weighted portfolios ranked from 1 to 5. After rounding, each portfolio contains 39 stocks. Portfolio one is composed of companies with the highest CSR score and portfolio five contains the worst average score.

We employ the Value-at risk (VaR) framework to assess stock market risk. The VaR is considered as a standard indicator in risk management and as regulatory for the banks to assess the maximum loss on a time horizon and on a given probability. In the present paper, we adopted an out-of-sample methodology to computed VaR. It is an iterative procedure in which forecasts are made as in "real" condition, meaning that the estimation part which calibrates the model does not entail observations of the forecast period but is updated every day as practitioners do. The estimation part is based on the standard long VaR (long positions) computation and on the short VaR (short positions). In our model, we assess the volatility in time (ARMA-GJR models) and in which extent the VaR methodology accurately predicts extreme returns and how this accuracy is linked to social ratings (we focus on the so called "VaR violations", when a violation occurs when the returns is lower (higher) than VaR for the long position (short position)).

Main results
Concerning the level of risk determined by long and short VaR on the five portfolios, and as expected, VaR levels are higher in crisis period. We observe a slight Social Rate – VaR level relationship. For long position and pre-crisis period the best ranked portfolio experienced a larger VaR level compared to worst ranked portfolios. This effect is largely attenuated for short position and during crisis period.

Concerning the market risk predictability, the VaR modeling (with a VaR level from 95% to 99.75%) succeed in capturing extreme returns since in most cases, p-values are larger than 0.05. This confirms the relevance of the out-of-sample methodology employed in this study. Regarding the long VaR and the pre-crisis period, only 2 VaRs (over 25) appears to not adequate modeling returns. For the crisis period, as expected, the ratio of VaR models which fails to capture extreme returns increases (8/25 VaR). Regarding the short VaR and for both periods, the employed methodology accurately predicts extreme variations: only two VaR forecasts are not relevant. We notice that these two violations correspond to the best-ranked portfolio and for the crisis period only. As CSR specific result, we do not find any relationship between risk predictability (VaR accuracy) and CSR rating.

Concerning the determination of the VaR considering the volatility in time (ARMA-GJR time series model), all portfolios display the traditional leverage effects (see leverage coefficients) during both the crisis and no-crisis period, with no evidence of existing link with social ranking. Negative returns lead to higher subsequent volatility than positive returns. Interestingly, we do notice a strong relation between CSR score and the fat-tail parameter of residuals distribution. This means that the higher CSR is, the "fatter" the distributions of innovations shocks are. Best-ranked companies have a higher kurtosis than worst-ranked companies. Thus we observe a

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[2] Vigeo's overall score is the global score of all fields rated by VIGEO (Environment, Corporate Governance, Human Rights, Human Resources, Business Behavior and Community Investing).

positive relationship between CSR rating and the fat tails of residuals. This indicates clearly than best-ranked CSR companies experience more extreme shocks than bad and worst-ranked ones. This pattern is observable both during non-crisis and crisis period even those characteristic seems to diminish during crisis period. This would indicates than during crisis, best-ranked companies experience a relative favorable risk "environment" change compare to bad and worst-rated companies even those better ranked companies seems more subject to extreme variations in absolute terms. High CSR scores seem to lead to a lower ARCH effect. From this point of view, for companies with higher CSR score the impact of innovation risk on variance is lower than for companies with lower CSR score. In other words, the persistence in the conditional variance process of highest CSR rated companies is higher than for lowest ranked companies. This mitigate the previously result of higher kurtosis for high ranked companies. Even those top CSR ranked companies experienced larger innovations shocks; these shocks dissipate faster than for lowest and worst-ranked companies. This stylized fact is present for both, the pre-crisis and crisis period. Ljung-Box Statistic indicates that the null hypothesis of no serial correlation in the error term and its square is respected

Conclusion

This paper examines the relationship between CSR and financial risk (measured by value at risk) in an international context. As main result we find that best-CSR ranked are more subject to extreme risk during both crisis and non-crisis period (kurtosis of residual distributions), but we observe also that best-CSR ranked companies have a better market-risk predictability and a better absorption of shocks of volatility than bad or worst-ranked companies. Until know, current Risk/CSR related literature focused on the risk-CSR relation but has been silent about risk predictability. Indeed even that knowledge about the relation between the risk level and CSR is surely valuable, this risk is taken into account by risks managers by the use of tools such as VaR models. Then, in addition to measure the level of risk, it appears also relevant to evaluate the relation between CSR and manager's risks models accuracy.

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Sustainable Economies, Communities and Ecologies: Change as Re-Embedding Social Values in Food Systems

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Abstract

Studying the intersection between economic activity and its relationships to social and ecological systems is crucial for creating and maintaining sustainable life systems (cf. Arragon-Correa, 2013; Walsh, Weber and Margolis, 2003). With global issues such as climate change, mass extinction, imperiled water access and massive hunger, examining how systems become more sustainable is important but certainly not straightforward. Sustainability has been a concept and process fraught with ambiguity (Tregidga, Kearins & Milne, 2013), deployed in service of "green-washing" (Banerjee, 2003), and existing at multiple levels (Perey, 2014; Shrivastava & Kennelly, 2013). We suggest that Polanyi's (1944, 1947) theoretical approach helps conceptualize contemporary stakes and contests around sustainability. Using Polanyi's constructs of embedded and disembedded markets we unpack shifts in farming and food systems illuminating how existing models of agriculture are supplanted and more sustainable relationships and processes are generated.

Polanyi (1944) takes a historical perspective, arguing that liberal capitalism, with division of labor, emphasis on technological development, and treatment of human and natural systems as commodities relevant mostly as inputs to production, arose in concert with the Industrial Revolution. With the subsequent domination of the "market mentality" (1947) human and ecological systems have been relegated to being merely factors in a larger market system, resulting in "erosion" - degraded and jeopardized human and ecological systems. Polanyi's theory thus offers a distinctive perspective to study why actors might engage in social change, and what forms it can take.

Using data from fifteen focus group sessions with Maine farmers, we analyze values and processes of farmers in relation to the dominant market approach and to farmers who contest extant the dominant market mentality. Specifically, we surface and compare farmers' attitudes regarding why they are farming, their hopes for agriculture's future, views of positive and negative aspects of farming, and potential policy options. We find that many of the small diversified farmers discuss farming and agriculture as a way to make social change, improve the natural environment, develop communities, enhance local economies and deliver a more fair distribution of resources – all values to "re-embed" social and environmental values into our society and potentially do what Polanyi calls "a reform of consciousness" (1947: 110). Via remaking and reimagining what a food system does as well as who is privileged and who is not, food and farming become instruments through which new normative and relational patterns are embodied and change is effected.

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Who Gets Sued? Understanding the Corporate Targeting Decisions of Stakeholder Groups

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Abstract:

Management and organization scholars have recently taken an interest in the ways in which social movements, non-governmental organizations (NGOs), and other stakeholder groups influence multinational enterprise (MNE) policies and practices (Soule, 2009; Yaziji & Doh, 2013). Researchers have examined the use of shareholder resolutions, boycotts, protests, and other tactics to wrest concessions from corporations and advance progressive social and environmental agendas (King, 2008; Soule, 2009). Few studies, however, have examined the use of legal action as a tool of secondary stakeholder influence. This is surprising in view of the recent move by NGOs toward litigation-based strategies (Kurlantzick, 2004) utilizing the Alien Tort Statute (ATS).

Passed in 1789 as part of America's first judiciary act, the ATS allows non-U.S. residents (aliens) to sue foreign individuals, former government officials, and corporations in U.S. federal courts for violations of U.S. treaty law or the "law of nations," wherever such abuses occur. Originally drafted with an eye toward deterring piracy on the high seas, the law lay dormant for nearly 200 years until it was invoked in the late 1970s by plaintiffs representing the family of a Paraguayan national killed by a member of that nation's security forces (Dodge, 2014). Since that time, over 150 ATS lawsuits have been filed against corporate defendants for human rights violations and environmental misconduct. The list of defendants includes Chevron, Shell, Exxon-Mobil, Talisman Engergy, Rio Tinto, Chiquita, Fresh Del Monte Produce, Coca-Cola, IBM, Kodak, Fujitsu, Pfizer, and Yahoo (Drimmer and Lamoree 2011).

Although firms from a wide variety of industries have been sued under ATS, those involved in natural resource extraction have been the most frequent targets (Drimmer and Lamoree 2011). But even amongst extractive firms, not all players appear equally exposed to ATS litigation. Of the U.S.'s three largest privately-owned oil and gas companies (supermajors), two – Exxon Mobil and Chevron – have been targeted with ATS lawsuits, and both have been sued multiple times. Yet the other supermajor, ConocoPhillips, which also operates in countries prone to instability and violence, has escaped ATS litigation. What explains this anomaly? Likewise, what explains the fact that Occidental Petroleum, a company with assets of $52 billion, has been sued four times under ATS, while Marathon Oil, a company of equivalent size (in assets) and with operations in some of the same countries has been given a pass?

Given that analysts expect a steady drumbeat of ATS cases against MNEs and their senior executives for years to come (Cohen, 2015), it is important for managers to understand the factors that may make their firms vulnerable to this type of activist pressure. Such knowledge may allow them to craft effective risk mitigation strategies that safeguard corporate reputations and preserve shareholder wealth. This paper will examine these questions in an empirical setting. In particular, it will analyze whether "identity factors" such as firm size and visibility best

explain who gets sued, or whether targeting decisions are best explained by "interest-based factors," including the firm's social performance. A binary logistic regression model will be used to answer the research question. Implications for research, practice, and public policy will be explored.

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THE CHRISTIAN VISION AND THE RIGHT USE OF THE WORLD: GOODS: A SCRIPTURAL FORMULATION

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Abstract

Economic decision-making is an inescapable fact of human existence. As embodied creatures human beings must win their way in the world by provisioning for themselves as any material organism does. Since human beings are social and spiritual as well as corporeal beings, the endeavor to provide people with the food, clothing, shelter *et cetera* they need is normative through and through. Ethics is not something that is added to our economic choices. It is inherent in them. The question to be asked centrally is, how *ought* I exercise my economic agency?

Thinking about what constitutes good economic conduct presupposes more foundational questions. Providing for human well-being cannot be discussed without reference to the kind of being a human person is (taken up in philosophical and theological anthropology). The question of the nature of the human person is subsumed in the larger inquiry about the nature of reality (looked at in metaphysics/theology).

The Christian vision or worldview has distinctive beliefs about the nature of ultimate reality and the vocation of being human. These core Christian understandings of the universe and the human condition must translate into an equally distinctive understanding of the proper use of property and wealth. This work looks at what a primary source of authority in Christianity, the inscripted truths of the Holy Bible, has to say about the right use of the world's goods.

The paper is developed by first of all unfolding the theocentric nature of the Christian vision since this is key to understanding the economic prescriptions found in Sacred Scripture. The economic norms of the Old and New Testaments, respect for creation, care of the poor, generous sharing of goods, and a total disposition of all that one has and all that one is for building the kingdom of God are set out. Stewardship not ownership characterizes the Christian worldview. An organizational example illustrating these divinely given economic ordinances is then presented.

INTEGRATING STRATEGIC CSR INTO LOCAL RESPONSIVENESS: A CROSS-CULTURAL PERSPECTIVE

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Key words: strategic CSR, local responsiveness, MNEs, culture, regulatory institutions

Abstract

While for many people and individual firms, globalization has become a reality, business ethics and the concept of corporate social responsibility (CSR) have not yet been globalized. Multinational enterprises (MNEs) have been and will likely continue to be at the center of debate regarding the benefits versus harm generated by their operations around the world. To a large extent, attitudes and approaches towards business ethics and CSR questions are rooted in differing cultural traditions, socioeconomic conditions, regulatory institutions, and business practices. MNEs and their global managers tend to face ethical dilemmas such as conscience or competitive edge within the cross-cultural context. Among the challenges is how to identify, prioritize, and tackle CSR related issues that matter most to the organization and would also contribute positively to the local communities. This study explores some cross-cultural business ethical issues and potential strategic options that MNEs can benchmark for an appropriate balance between a firm's global business strategy and its local responsiveness. The study offers an in-depth firm-country specific comparison across two culturally distinct societies, the United States and the People's Republic of China. Primary findings illustrate that a better understanding of cross-cultural differences, emerging institutional changes, and paradoxes associated with CSR strategic options can be of use for both practitioners and scholars in framing and interpreting the nature of the relationship between business and society.

Moral Reasoning across National Contexts: A Qualitative Study of British and Chinese Managers

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Abstract

This paper examines the role of National Context in determining the ethical challenges faced by managers who work for Multinational Corporations (MNCs). Building on studies that show that mangers who work MNCs in different national contexts reason differently about moral issues this paper presents a qualitative study that investigates the source of these differences in more detail. It also examines the extent to which managers in different national contexts focus on different ethical issues, and how they cope with these particular issues in context but also when working across national contexts. By examining the experiences of managers working in MNCs that operate both in China and Britain, this paper contributes evidence on the different approaches to ethics in these contexts and how managers cope with the ethical challenges they face when working in MNCs that work across these contexts.

Interviews were conducted with 41 British and Chinese managers who worked for British based MNCs that operated both in the UK and China. Differences were found in the ethical issues cited by managers operating in different contexts, with British based managers being more concerned with issues including redundancy and Chinese based managers being more concerned with issues including the payments of bribes. Both British and Chinese based mangers were found to struggle with the reconciliation of the expectations of British based MNC and the realities of the operating environment in China. Coping strategies used by managers included the use of mechanisms that allowed prohibitive practices to continue undetected to the acceptance of a perceived disadvantage when operating in the market. The implications of the findings for managers who work across these contexts are examined.

MORAL FOUNDATIONS THEORY: AN EXPLORATORY STUDY OF POLITICS AND DECISION-MAKING

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Abstract

In this paper, we investigate the application of Haidt's (2001, 2012) moral foundations theory (MFT) to the ethical decision making of business students. Specifically, we examine the impact of the five foundations (care/harm, fairness/cheating, loyalty/betrayal, respect/authority and purity/degradation) on ethical decision-making and politics. Preliminary results indicate that students' self-reported political identities are related to the foundations. In addition, the five foundations impact the ethical choices the students make.

Introduction

How do people make moral judgments? In the past, the dominant response has come from the cognitive/reasoning perspective proposed by Kohlberg (1969). A new approach to answering the question, proposed by Haidt and others, is that the process is more intuitive.

Recurring business scandals have led to public frustration: why don't businesses behave ethically? This leads to another question: what is being done in businesses and colleges to promote ethics? In order to improve ethical/moral education, we need a clear understanding of how people make ethical decisions. Haidt's (2001) social intuitionist model (SIM) and moral foundations theory (MFT) present new insights into how people will respond to an ethical dilemma. In Haidt's model, moral decisions are believed to be rapid and intuitive; the response is influenced more by affect than by logic.

Andersen et al (2014) extend Haidt's model to students in a Midwest university. They find that the students use the five foundations identified by Haidt (2001, 2007) to varying degrees, in making moral judgments. This paper examines more closely how the five foundations and politics affect ethical decision-making.

Haidt and his colleagues found common areas of moral concerns across cultures (Graham et al. 2011). They identify these as psychological "foundations" for morality. The following are the five foundations and a brief description (Graham et al. 2008; www.moralfoundations.org):

- **Care/harm**: an ability to feel (and dislike) the pain of others;
- **Fairness/cheating (or reciprocity)**: reciprocal altruism; justice and rights;
- **Loyalty/betrayal (or ingroup):** active anytime people feel that it's "one for all, and all for one;"
- **Authority/subversion:** underlies virtues of leadership and followership;
- **Sanctity/degradation:** shaped by the psychology of disgust and contamination.

The MFT provides a means of organizing, measuring and describing differences in moral foundations across people, groups and cultures. Because different individuals could rely on different foundations (concerns) to different extents, a means of measuring these differences was needed (Graham, et al. 2011). The result was the Moral Foundations Questionnaire (MFQ30), which will be provided in an Appendix.

Haidt (2012) investigates the political divisions in the US from the perspective of the moral foundations. Graham, Haidt and Nosek (2009) examine the way in which moral judgements vary across the political spectrum. We, too, look at the role of self-reported political identities in the ethical decision-making in our study.

Research Questions and Methodology

Using a sample of business students in a Midwest public university, we address three research questions:
(1) Are the moral foundations related to their self-reported political identity?
(2) Which of the moral foundations are most important to them when deciding if something is right or wrong?
(3) Are their decisions to an ethics scenario explained by the moral foundations and the self-reported political identity?

Sample

The instrument (included in the Appendix) was administered to business students at a public university in the Midwest. There are 154 usable responses.

Instrument

A full description of the 30-item Moral Foundations Questionnaire (MFQ30) is discussed in Andersen et al. (2014) and can be found at www.moralfoundations.org (2013). In addition to the MFQ30, we included three ethical scenarios and asked subjects to make a decision using a 7-point Likert scale from strongly disagree to strongly agree.

Preliminary Results

We use structural equation modeling (SEM) to analyze the data. The preliminary model addressing the second research question and using the third decision scenario is shown on the next page: (**due to the length limitations of the abstract submission, we are showing just one of the models as an example)**

Figure 2. SEM Model: Foundations and Decisions

Paper 2: Do the foundations explain ethical decisions?
Chi Sq = 287.732 (df = 197, p = .000)
RCS = 1.461
CFI = .856
RMSEA = .055
AIC = 399.732
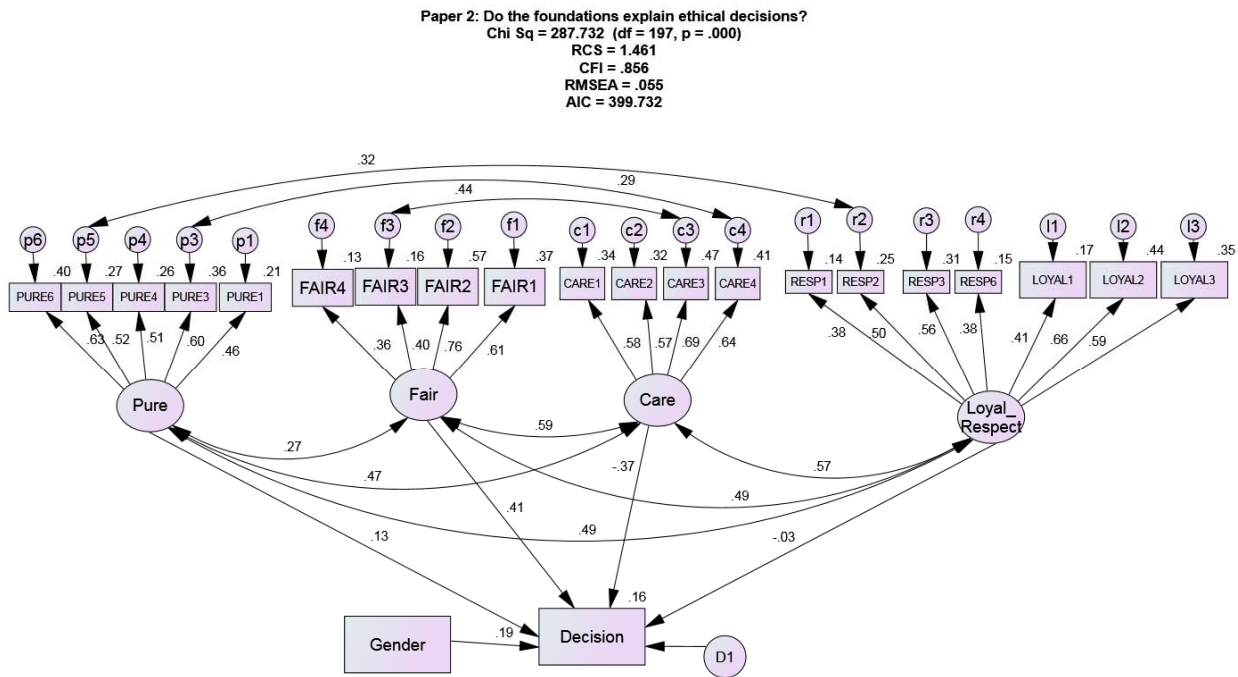
In Figure 2 above, single-headed arrows (and associated numbers) represent regression weights (loadings), double-headed arrows (and associated numbers) represent covariances, and stand-alone numbers represent variances. Decision is the dependent variable, the moral foundations (Pure, Fair, Care and Loyal_Respect) are the independent variables and Gender is a control variable.

Preliminary results indicate that 16% of the variance in DECISION is explained by the moral foundations. The model has a good fit based on the typical measures examined in structural equation modeling (RCS, RMSEA, SRMR and CFI).

We will be examining the models relating to the moral foundations and the other two scenarios as well as the model relating the moral foundations and politics to the three decision-making scenarios in the near future.

We believe the preliminary results are promising.

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22nd IVBEC Conference Program

Conference Dates: October 22-24, 2015

All Sessions Held at the New York Marriott Downtown

85 West St., New York, NY

Thursday, October 22, 2015- All sessions today are on the 2ⁿᵈ floor

2:00pm - 3:20pm   PARALLEL SESSIONS A

Corporate Social Responsibility
Room: Financial 3

Facilitator: Patrick Flanagan, St. John's University

Strategic Corporate Social Responsibility, Business Ethics, and Corporate Social Strategy: Best Practices for Embedding The U.N. Global Compact and U.N. PRME into Corporate Decision-Making and Business Education
Patricia Werhane (DePaul University), David Chandler (University of Colorado Denver) & Laura Hartman (Boston University)

Conceptualizing CSR as Innovation Adoption by Emerging Asian Economies:
How the Rate of Diffusion and Corporate Governance Influence Performance Potential
Abdullah Al Mamun (The University of Newcastle, Australia), Mariano Heyden (The University of Newcastle, Australia) & Michael Seamer (The University of Newcastle, Australia)

Stakeholder Transformation Process: Through the Lenses of Entrepreneurial Alertness within an Indigenous Community
Joy Olabisi (Rochester Institute of Technology), Eileen Kwesiga (Bryant University), Norma Juma (Washburn University) & Zhi Tang (Rochester Institute of Technology)

Governance and Ethical Stewardship
Room: Treasury

Facilitator: Mitch Casselman, St. John's University

Managing Socially Responsible While the Clock is Ticking: When Will Retiring CEOs Invest in CSR?
Marko Reimer (WHU – Otto Beisheim School of Management), Mariano L.M. Heyden (The University of Newcastle) & Sebastiaan Van Doorn (University of Warwick)

When CSR Managers' Calling Leads to Promotive Voice: The Roles of Career Goal Progress and Work Interdependence
Shenjiang Mo (Lingnan University College, Sun Yat-sen University) & Honghui Chen (Lingnan University College, Sun Yat-sen University)

Women Board Directors and Corporate Social Responsibility
Cynthia Phillips (St. John's University) & Victoria Shoaf (St. John's University)

Marketing Ethics and Stakeholders

Room: Financial 1

Facilitator: Alexander Bertland, Niagara University

The Impact of Consumer-Generated Social Media on Consumer Attributions and Behaviour Towards UK Supermarkets' CSR
Katherine Dunn (University of Hull), Khanyapuss Punjaisri (Brunel University London) & David Harness (University of Hull)

Comparison between the Ethical Gap of the Performance of the Brazilian and French Companies in Marketing Activities
Fabio Lotti Oliva (University of São Paulo)

#ResearchEthics: Online Social Networks and Emerging Hashtag Analysis
Amber Chenevert (St. John's University)

Teaching Ethics

Room: Financial 2

Facilitator: Linda M. Sama, St. John's University

Rethinking the Approach to 'Giving Voice to Values' in Business Schools by Reconsidering Capitalist Metaphors
Mollie Painter-Morland (Nottingham Business School, UK) & Rosa Slegers (Babson College)

Understanding and Effectively Teaching Rationalization: Theoretical Assimilation and Use of Film to Illustrate Neutralization, Moral Disengagement, and Moral Fading
Bradley Agle (Brigham Young University), Darin Gates (Brigham Young University), David W. Hart (Brigham Young University) & Amanda L. Agle (Brigham Young University)

Virtue Ethics

Room: Trader

Facilitator: Dov Fischer, Brooklyn College, CUNY

Leadership After Virtue
Matthew Sinnicks (University of Birmingham)

The Impact of Perceptual Performance Asymmetry on Ethical Behavior: Does Agreement Matter?
C. Justice Tillman (Baruch College, CUNY), Dorian Boncoeur (Helmut Schmidt University), Katerina Gonzalez (Baruch College, CUNY) & Wayne S. Crawford (New Mexico State University)

3:20pm   **Break – Financial Foyer 2nd Floor**

3:30pm-4:50 pm **PARALLEL SESSIONS B**

Ethics in Accounting
Room: Treasury

Facilitator: Cynthia Phillips, St. John's University

Ethics in Accounting Education: Too Simplified for the Profession
Vincent Shea (St. John's University), Bobby Waldrup (Loyola University) & Joseph Trainor (St. John's University)

The Role of Narrative in Business Education
Mark Ryan (University of Dayton)

Can Virtues be Enforced? An Analysis of the Accounting Profession's "Conceptual Framework" Approach to Professional Ethics
Albert D. Spalding Jr. (Wayne State University) & Nancy W. Spalding (GHD CPAs & Advisors)

Catholic Social Thought
Room: Trader

Facilitator: Joy Olabisi, Rochester Institute of Technology

Wayne Visser's Future of Corporate Social Responsibility, Sun and Bellamy's Business Model Perspective and The Sustainability Of Catholic Social Teaching on Social and Ethical Responsibility
Almerinda Forte (St. John's University)

Abrahamic Tone-at-the-Top: Tzedek v'Mishpat, Caritas in Veritate
Dov Fischer (Brooklyn College, CUNY) & Hershey Friedman (Brooklyn College, CUNY)

Christian Vision and Right Use of Goods
Jim Wishloff (The University of Lethbridge)

Ethics and Society
Room: Financial 1

Facilitator: Mark Mitschow, SUNY College at Geneseo

Insider Trading 2.0? The Business Ethics of Information
James J. Angel (Georgetown University) & Douglas McCabe (Georgetown University)

The Impact of Acculturation on Immigrants' Business Ethics Attitudes
Eugene D. Jaffe (Bar-Llan University, Israel), Nonna Kushnirovich (Ruppin Academic Center) & Alexandr Tsimerman (Sarnat School of Management, Israel)

PRME and Catholic Business Schools
Room: Financial 3

Facilitator: Victoria Shoaf, St. John's University

Using UN PRME for Teaching Business Ethics: Insights from the Catholic Identity Matrix for Business Schools
Kenneth Goodpaster (University of St. Thomas), T. Dean Maines (University of St. Thomas), Michael Naughton (University of St. Thomas) & Brian Shapiro (University of St. Thomas)

PRME, Religious Ethics and Interfaith Cooperation: Opportunities and Challenges for Implementing the PRME Principles at Faith-based Institutions of Higher Education
Elizabeth Collier (Dominican University), Kathleen Odell (Dominican University), Moses L. Pava (Yeshiva University) & Linda M. Sama (St. John's University)

UNGC
Room: Financial 2

Facilitator: Laura Hartman, Boston University

UN Global Compact: Moral Arbitrage Between Principles & Pragmatism
Tom Cunningham (DePaul University, Chicago, IL)

Constraining the Arms Industry in order to Realize the Potential of the UNGC
Michael Schwartz (Royal Melbourne Institute of Technology, Australia) & Debra Comer (Hofstra University)

The UNGC: Looking for a Balance between Implicit and Explicit CSR
Jill Brown (Bentley University), Cynthia Clark (Bentley University), Anthony Buono (Bentley University) & Andrew Stuart (Bentley University)

6:00pm-8:00pm   **Welcome Reception, Financial Ballroom 2nd Floor**

7:30pm   **Organizing Committee Dinner (by invitation only), Traders Room**

Friday, October 23- All sessions on the 2nd and 3rd floors

7:30am	**Breakfast, 3rd Floor Grand Ballroom**
8:00am-10:45am	**Breakfast Plenary, 3rd Floor Grand Ballroom** *Sponsored by PROTIVITI Inc.* Opening Remarks, Jonas Haertle, Head, UN PRME Secretariat

Panel 1: UNGC and UN PRME Signatories

Facilitator: Jonas Haertle

"UN Global Compact and UN PRME: What we Practice and What we Teach in Business Ethics" - Panelists from UNGC Signatory Firms and UN PRME Signatory Schools
Douglas Lankler (Pfizer, Inc.), Edward F. Smith (KPMG – retired), Sheb True (Kennesaw State University), Cynthia Clark (Bentley University)

Break

Panel 2: UNGC and the Global Economic Ethic

Facilitator: Patricia Werhane

Enriching the United Nations Global Compact through the Global Economic Ethic: Panelists will discuss implementation in practice of universal standards for business conduct
Patricia Werhane (DePaul), Josef Wieland (Zeppelin University), Eberhard Stilz (Global Ethic Foundation), Klaus Leisinger (The Foundation Global Values Alliance), Manfred Max Bergman (University of Basel)

10:45am	**Break**
11:00am-12:20pm	**PARALLEL SESSIONS C**

Corporate Social Responsibility
Room: Trader

Facilitator: Jim Wishloff, The University of Lethbridge

Conceptualizing Socially Responsible Investing as a Moral Transaction
Jared Peifer (Baruch College)

Corporate Social Responsibility and Market Risk Predictability: Evidence from VIGEO Ratings
Jean-Laurent Viviani (University of Rennes 1, France), Malick Fall (University of Rennes 1, France) & Christopher Revelli (Kedge Business School)

Sustainability as a Social and Economic Responsibility
Jay Nathan (St. John's University)

Ethical Decision-Making

Room: Treasury

Facilitator: Joseph Trainor, St. John's University

Ethical Decision-Making Theory: Revisiting the Moral Intensity Construct
Mark Schwartz (York University)

Ethical Decision-Making by Managers: A Critical, Process-Based View
Prateek Shah (Indian Institute of Management)

Organizational Ethical Failures
Simone de Colle (IESEG School of Management) & R. Edward Freeman (University of Virginia)

International Ethics

Room: Seaport

Facilitator: David Dawson, University of Gloucestershire

*Corruption and its Effects on FDI: Analysing the Interaction Between the Corruption Levels of the Host and Home Countries and its Effects at the Decision-making Level
Jose Godinez (Merrimack College) & Ling Liu (University of Edinburgh Business School)

Influence of Internationalization of Firms on Ethical Behaviors of Managers: A Case of Korean Companies
Yongsun Paik (Loyola Marymount University)

Virtue Character and Values of Global firms
Rosa Chun (University College Dublin)

Justice Ethics & Stakeholder Issues

Room: Empire

Facilitator: Gregory L. Snyder, DePaul University

Educating Business Leaders to the Moral Dangers of Income Inequality
Aine Donovan (Dartmouth College)

The Competing Roles of Brand Cues and Nutritional Information of Packaging in Influencing Young Consumer's Snack Buying Decisions
David Harness (University of Hull, UK) & Khanyapuss Punjaisri (University of Hull, UK)

The Integrative Justice Model for Marketing to the Poor: An Extension and Application of the UN Global Compact and UN-PRME to Business Ethics Education and Practice
Nicholas J.C. Santos (Marquette University) & Tina M. Facca-Miess (John Carroll University)

Teaching Ethics
Room: Ellis

Facilitator: Jay Halfond, Boston University

Business Schools and the Development of Responsible Leaders: A Morinian Framework of Complexity
Stefan Gröschl (ESSEC Business School) & Patricia Gabaldon (IE Business School)

Inspirational Leadership and Compliance: Framework for Teaching Responsible Management Education
Judith W. Spain (Manhattanville College)

Design Thinking as an Approach to Integrating Business Practice and Virtue: Some Thoughts for Catholic Business Schools
Stephanie Ann Puen (Ateneo de Manila University)

12:30pm - 1:45pm **Luncheon, Keynote Speaker, & Best Paper Awards**

3rd Floor Grand Ballroom
Keynote Speaker: Scott Moritz, *Managing Director, Global Lead Investigations & Fraud Risk Management, Protiviti Inc.*

1:45pm **Break**

2:00pm-3:20pm **PARALLEL SESSIONS D**

Cross-cultural Ethics
Room: Trader

Facilitator: Kenneth Goodpaster, University of St. Thomas

Moral Reasoning across National Contexts: A Qualitative Study of British and Chinese Managers
Jun Zhang (University of Gloucestershire) & David Dawson (University of Gloucestershire)

Culture and Justice: Does it Affect How We View Business Ethics?
Vincent Shea (St. John's University), Kevin Dow (University of Nottingham, Ningbo), Marcia Weidenmier Watson (Mississippi State University) & Bradley Trinkle (Mississippi State University)

Ethically Questionable Negotiation Tactics: An Examination of the Role of Culture among Greek and Turkish Employees
Abraham Stefanidis (St. John's University), Moshe Banai (Baruch College, CUNY), Ursula Schinzel (United Business Institutes) & Ahmet Erkus (Bahcesehir University)

Ethics and Finance

Room: Ellis

Facilitator: Victoria Shoaf, St. John's University

Lessons from the Ongoing Greek Financial Crisis

C. Joseph Coate (St. Bonaventure University), Mark C. Mitschow (SUNY College at Geneseo) & Michael Schinski (SUNY College at Geneseo)

Ethical Issues in Romanian Banking Services: Aggressive Selling and Customer Misinformation

Calin Gurau (Montpellier Business School) & Magalie Marais (Montpellier Business School)

Why did Ireland Have to Pay? The Irish Banking Crisis: 2008 to the Present

Gabriel Flynn (Dublin City University)

On Eternal Equity in the Fin-de-millénaire

Julia Puaschunder (The New School for Social Research)

Governance and Ethical Stewardship

Room: Treasury

Facilitator: Mark Schwartz, York University

Through a Glass Darkly: Transparency, Regulation, and Near Death Experiences in the Financial Services Industry

Judith W. Spain (Manhattanville College), John C. Thompson (Northern Kentucky University) & Allen D. Engle Sr. (Eastern Kentucky University)

What's in a Name? CEOs' Names, Compensation, and Firm Performance

Yun Zhu (St. John's University) & Sue Moon (Long Island University)

Shari'ah Scholars' Board Composition and its Effects on Performance: Evidence from Islamic Equity Indices

Federica Miglietta (University of Bari Aldo Moro), Josanco Floreani (University of Udine) & Andrea Paltrinieri (University of Udine)

UN PRME

Room: Empire

Facilitator: Linda M. Sama, St. John's University

Actualizing PRME Through The Open-Ended Case Method
Angelo Carlo Carrascoso (University of Redlands)

The Implementation of PRME in a Business School: Do We Really Need to Change Anything?
Glyn Littlewood (York St John University) & Tina Harness (Leeds Beckett University)

A Model of Teaching as Practice: The Adaptive Curriculum Challenge of PRME
Lindsay J. Thompson (Johns Hopkins Carey Business School) & Richard Milter (Johns Hopkins Carey Business School)

UNGC
Room: Seaport

Facilitator: Patricia Werhane, DePaul University

The UN Global Compact and Firms' Corporate Code of Ethics
Joseph Trainor (St. John's University) & Maria Pirrone (St. John's University)

The UN Global Compact in the Midwest: The Effects of UNGC Participation on Business Practices in Midwest Firms
Elizabeth Collier (Dominican University), Kathleen Odell (Dominican University) & Al Rosenbloom (Dominican University)

The Moral Status of Labor in Human Resource Management and in the United Nations Global Compact
Miguel Alzola (Fordham University)

3:20pm	**Break**
3:30pm-4:50pm	**PARALLEL SESSIONS E**

Cross-cultural Ethics
Room: Empire
Facilitator: Rosa Chun, University College Dublin

Constitutive Factors and Cultural Determinants of the Ethical Climate for Business
Calin Gurau (Montpellier Business School) & Magalie Marais (Montpellier Business School)

Antecedents of Ethical Behaviour: A Study of Senior Female Officers in the UK Police Force
Janet Astley (Leeds Beckett University) & Tina Harness (Leeds Beckett University)
Integrating Strategic CSR into Local Responsiveness: A Cross-Cultural Perspective
Nini Yang (San Francisco State University)

Behavioral Ethics

Room: Ellis

Facilitator: Maria Pirrone, St. John's University

Behavioral Ethics in Organizations: Insights from Psychiatry
Mary Mobley (Hull College of Business), Michael Mobley (Georgia Regents University) & Richard Easley (Baylor University)

Provoking Empathy and Insight: The Case Method in Business Ethics
Jay Halfond (Boston University)

Moral Foundations Theory: An Exploratory Study of Politics and Decision-Making
Jill Zuber (North Dakota State University), Margaret Andersen (North Dakota State University) & Brent Hill (North Dakota State University)

Ethical Dilemmas

Room: Seaport

Facilitator: David Harness, University of Hull, UK

The Doctor's Dilemma: Special Ethical Problems Encountered by Managers of Hospital Emergency Departments and the Broader Implications of these Problems
James E. Roper (Michigan State University) & Daniel M. Roper (St. Mary's Hospital, MI)

Uber: Riding on Injustice and Uncompunctive Responsibility
Biswanath Swain (Indian Institute of Management Indore)

Ethics of Driving in the Future
Martin Mullins (University of Limerick)

Ethics in Managing Organizations

Room: Treasury

Facilitator: Yun Zhu, St. John's University

A Conceptual Model for Enhancing Understanding of the Responsibility Attribution Process
Siew H. Chan (Nova Southeastern University) & Qian Song (Rochester Institute of Technology)

Affectivity or Capability? A Comparative Approach
Ghislain Deslandes (ESCP Europe)

Revitalizing the Ethics in HRM: A Three Level Framework for Empirical Analysis
David Dawson (University of Gloucestershire)

7:00pm   **UN PRME North American Chapter Dinner (by invitation only) - Treasury**

Saturday, October 24, 2015 – All sessions on the 2nd and 3rd floors

7:30am – 8:30am   **Continental Breakfast, 3rd Floor Grand Ballroom**

8:30am - 9:50am   **PARALLEL SESSIONS F**

Ethics and Accounting

Room: Trader

Facilitator: Lerong He, State University of New York at Brockport

*Accountants' Perceptions of Relationships among Organizational Culture, Ethics, and Fraud Risk
Philip Beaulieu (University of Calgary) & Alan Reinstein (Wayne State University)

Insight into the Underlying Mechanisms Influencing Tax Reporting Behavior
Siew H. Chan (Nova Southeastern University) & Qian Song (Rochester Institute of Technology)

Ethics and Finance

Room: Ellis

Facilitator: Aleksandr V. Gevorkyan, St. John's University

When Kamay Met Hill: Organization Ethics in Practice
Jonathan Batten (Monash University), Igor Loncarski (University of Ljubljana) & Peter Szilagyi (Central European University, University of Cambridge)

*A Simulated Financial Dealing Room That Integrates Ethics into the Curriculum
Kevin Tant (Monash University), John Watson (Monash University) & Kym Brown (Monash University)

Ethics and Work

Room: Treasury

Facilitator: A.J. Stagliano, Saint Joseph's University

Work Ethic: Don't Just Tell Me, Tell Me Why
Judith W. Spain (Manhattanville College) & Marcel M. Robles (Eastern Kentucky University)

Corporate Image, Corporate Responsibility and Honesty: Understanding how the Capabilities Approach Is Significant for Business Ethics
Alexander Bertland (Niagara University)

Work: Decent or Just? Work and Theories of Social Justice at the Beginning of the 21st Century. Challenges for Management and Business Ethics.
Matthieu de Nanteuil (Université Catholique de Louvain)

Rights, Duties and Virtue Ethics
Room: Seaport

Facilitator: David Wernick, Florida International University

Ameliorating Gun Violence While Protecting Constitutional Rights: Boycotting/buycotting, Divesting, Investing, Lobbying and Using the Media
Wm. Marty Martin (DePaul University) & Helen LaVan (DePaul University)

Measuring the Impact of Individual Virtue
David Dawson (University of Gloucestershire)

Respecting Rights: Adjudicating Perceived Conflicts between Rights to Religious Freedom in the Workplace and LGBTQ Rights
Mary Lyn Stoll (University of Southern Indiana)

Teaching Ethics
Room: Empire

Facilitator: Cathy Driscoll, Saint Mary's University

Student Meets World and Brings Joy to It - How Business Students at De La Salle University Learn about Business Ethics through Experience
Frances Jeanne L. Sarmiento (De La Salle University)

Emerging Approach to Teaching Business Ethics
Edgar Bellow (NEOMA Business School – France) & Huai-Yuan Han (NEOMA Business School – France)

Pipelines, Pandering, Politics and Protests: Conducting a Live Stakeholder Challenge with your Business Ethics Students
Lynne Andersson (Temple University)

9:50am　　　　　**Break**

10:00am– 11:20am　**PARALLEL SESSIONS G**

Cross-cultural Ethics
Room: Trader

Facilitator: Elizabeth Collier, Dominican University

Mainstreaming Integrity Practices in Philippine Businesses
Andrea Santiago (De La Salle University) & Fernando Roxas (Asian Institute of Management)

Do Foreign Analysts React More Strongly to Financial Fraud in China?
Lerong He (SUNY at Brockport) & Yuanlong He (SUNY at Brockport)

Ethics and Education
Room: Empire

Facilitator: Marilynn Fleckenstein, Niagara University

Graduate Attributes for Responsibility and Sustainability: A Multinational Study of Employer Preferences
Meredith Storey (University of Limerick), Sheila Killian (University of Limerick) & Philip O'Regan (University of Limerick)

Moving Toward a Common Core: Recent Models for Business Ethics Education
Daniel E. Palmer (Kent State University at Trumbull)

Promoting Critical and Innovative Approaches to Teaching Fair Play – In Sport Management and Beyond
Emese Ivan (St. John's University) & Carla Vidoni (University of Louisville - DHSS)

Ethics and Law
Room: Seaport

Facilitator: Summer Brown, DePaul University

Who Gets Sued? Understanding the Corporate Targeting Decisions of Stakeholder Groups
David Wernick (Florida International University)

Combatting Corruption and Respecting Human Rights: Bridging the Gap
David Hess (University of Michigan)

Law and Organizational Ethics: Teaching "Corporate Compliance"
Gwendolyn Yvonne Alexis (Monmouth University)

Ethical Implications Raised By Attorneys' LinkedIn Profiles
Laura Lee Mannino (St. John's University)

Governance and Ethical Stewardship
Room: Ellis

Facilitator: Kathleen Odell, Dominican University

Measuring Corporate Governance Effectiveness at the Individual Director Level
John Neill (Abilene Christian University), Curtis Clements (Abilene Christian University), Ryan Jessup (Abilene Christian University) & Paul Wertheim (Abilene Christian University)

Stakeholder CSR Orientation Congruence, EO, and Environmental Strengths and Concerns of Chinese SMEs
Zhi Tang (Rochester Institute of Technology) & Jintong Tang (Saint Louis University)

Ethics and Economics
Room: Treasury

Facilitator: Kym Brown, Monash University

The Clash of Ideals – Restoration of Moral Basis for Capitalism in Polish Transition to Market Economy
Mikolaj Klimczak (Wroclaw University of Economics, Poland)

Humanizing Capitalism: Dynamics of a Post-crisis Ethical Business and Social Contract
Aleksandr V. Gevorkyan (St. John's University)

11:20am **Break**

11:30am– 12:50pm **PARALLEL SESSIONS H**

Ethics and Accounting
Room: Trader

Facilitator: Philip Beaulieu, University of Calgary

How Effective is the Internal Revenue Code as a Tool for Economic and Social Justice?
Biagio Pilato (St. John's University)

The Good and the Fair in Accounting Education: Moral Clues and Moral Awareness in Teaching Professional Ethics
Marcelo Cunha de Souza (University of Sao Paulo), Antonio Gualberto Pereira (University of Sao Paulo) & Silvia Pereira Casa Nova (University of Minnesota)

Ethics and Communication
Room: Ellis

Facilitator: Mitch Casselman, St. John's University

Language Barriers and Unequal Language Proficiency in Business Ethics and Their Functions: Suggestion of an Agenda for a Dialogue
Beate Lindemann (UiT the Arctic University of Norway) & Johannes Brinkmann (BI Norwegian Business School)

Culture, Economics, and Business Ethics As a Core Course: A Synthesis from a Historical Materialist Perspective
Flora Keshishian (St. John's University)

Business Ethics – A Sociological Approach
Johannes Brinkmann (BI Norwegian Business School)

Ethics and Society

Room: Empire

Facilitator: Linda M. Sama, St. John's University

A Set of Criteria to Delimit the Political Role of Corporations
Geert Demuijnck (EDHEC Business School, France)

The Quantification of Social Action in U.S. Corporations
Brenda Masseti (St. John's University), John Angelidis (St. John's University) & Mariellen Murphy-Holahan (St. Thomas Aquinas College)

Sustainable Economies, Communities and Ecologies: Change as Re-Embedding Social Values in Food Systems
Stephanie Welcomer (University of Maine), Mark Haggerty (University of Maine) & John Jemison Jr. (University of Maine)

Sustainability

Room: Seaport

Facilitator: Frances Jeanne Sarmiento, De La Salle University

Climate Change Financial Disclosures: Transparency and Responsible Management in a Global Environment
A.J. Stagliano (Saint Joseph's University)

The United Nations and Pope Francis in Dialogue about the Environment: Implications for Business
Angela Senander (University of St. Thomas)

Care to Sustainability: Why Evoking Empathy is the First Step to Creating Ethical Concern and Sustainability
Brenda Bowyer (WNIT Public Television)

Ethical Service

Room: Treasury

Facilitator: Judith W. Spain, Manhattanville College

The "Learning Service" of Service-Learning: An Exploratory Study in a Business Ethics Course Context
Cathy Driscoll (Saint Mary's University) & Margaret McKee (Saint Mary's University)

*The Value of Spiritual Engagement in a Volunteering Context
Jodie Conduit (University of Adelaide, Australia) & Ingo Karpen (RMIT University, Australia)

1:00pm – 2:00pm   Lunch and Closing Remarks, 3rd Floor Grand Ballroom

* Primeaux Best Paper Award IVBEC 2015 Nominee