CROSSROADS

BUSINESS, ETHICS AND SOCIETY

CHARTING AN ETHICAL PATH OUT OF CRISIS

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In May, IESE hosted the 16th annual International Symposium on Ethics, Business and Society. The event brought together 130 experts from universities in 20 countries to debate ethical principles and how they should be adopted in distinct business sectors. Participants also addressed the question of how to integrate a human-centered view into business management. Among the participants were Rakesh Khurana of Harvard Business School, Paul H. Dembinski of the Università Fribourg and founder and director of Observatoire de la Finance in Geneva, Switzerland and Antonio Argandoña of IESE. The Symposium was chaired by Prof. Domènec Melé.

The conference was titled “Facing the Crisis: Towards a New Humanistic Synthesis.”

“Our purpose for the Symposium is not primarily to enter into the discussion of ethical issues and responsibilities of this crisis,” Melé said in his introduction. “Instead, our aim is to face up to the crisis. This is what we intend to do in this symposium: to confront the current crisis through thoughts, ideas and proposals or, if you prefer, the contribution that a humanistic and ethical perspective of economics and business can make in the face of the crisis, and what lies beyond.”

“It would appear that this crisis arose not only through insufficient and inadequate structures but also because of faulty human behavior and moral character,” Melé said. Greed, unfairness, imprudence and arrogance on the part of powerful people have all played a part in the crisis. But what about the role of virtues such as justice, practical wisdom, honesty, transparency, humility, moderation in the face of money and power, and consideration for others?

In the process of determining the topics of this symposium, the publication of the Encyclical-Letter Caritas in veritate by Pope Benedict XVI, on June 29, 2009, played an important role. The Encyclical sees the current crisis as an opportunity to rethink current concepts. A line from the document provided the definitive theme for the symposium:

“The different aspects of the crisis, its solutions, and any new development that the future may bring, are increasingly interconnected, they involve one another, they require new efforts of holistic understanding and a new humanistic synthesis.”

Introducing a holistic understanding of economics and business and, above all, developing a new humanistic synthesis for business is a real challenge, Melé said. It is still quite common to base arguments on the so-called “Separation Thesis,” which leads one to consider only economic facts and to leave aside the human and ethical dimension of business, or
at most to add ethical judgments as a mere constraint on business decision-making, but not as something at the core of a decision. A different perspective involves seeing ethics as an inherent dimension of human action and consequently, of economic activity; and considering the role of habits, good and bad, in decision-making and in the building of organizational cultures and structures.

On the second day of the symposium, Rakesh Khurana sketched out the history of business schools. After WWII in the United States, he said, when further education was free under the GI Bill, one in seven students opted for business studies. The result was a rapid and poorly regulated growth of schools with little common agreement about core content. Economics dominated, and continues to dominate, and schools have tended to produce students who see their role in business as representing the shareholders’ interests and nothing else. “The crisis has been met with a deafening silence from business leaders, which reflects on the sort of people they are,” he said.

Paul H. Dembinski said that an obsession with transactions had been pushed so far that it had undermined and fractured human relationships. He said there was “no room for ethics because there was no room for sense,” adding that it was not enough to address the “ethics issue” on the corporate level and that it has to be “embedded in everyday life and culture.”

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