

Fairness, Responsibility and Respect

What is a virtuous enterprise?

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1. Fairness vs Self-Interest

Can we separate self-regarding and other-regarding Preferences?

Evidence in neuroeconomics and moral psychology suggest 'No'

- *Self-interest (body) embedded in morally objective language (mind)*

Basic Insight:

- *Feeling prior to thinking*
- *Unconscious prior to conscious*

- ***Everything starts with critical analysis***

e.g. Framing competition as «bad» (greed) and cooperation (fairness) as «good» may disguise fear of being left behind



2. What is virtue and why bother?

Ethics in general and business ethics in particular must be based on a proper understanding of **human nature**

Spinoza regards the pursuit of self-interest (conatus) as the essence of human nature (focus on bodily responses to stimuli in the environment)

Insight from experience: **virtue** is the greatest good in life > **moral biography based on trial and error**

Virtue > **non-rival good**: its pursuit does not harm anyone > improves individuals, enterprises and society



3. The virtuous enterprise

Life as an Individual Enterprise:

Duty to realise potential in life: identify and improve skills that **serve** others > self-respect > respect for others

Self-indulgence means **to be served** (passive attitude)
> heteronomy > resentment/disrespect

A virtuous enterprise: finding a balance between «**commercial morality**» > accountability to shareholders, business partners; playing by the rules; commitment to reliability, innovation and improvement) and «**guardian morality**» (enforcing regulations, standards, awarding loyalty; commitment to shared values)



Jane Jacobs

Commerce and Christianity: Paulus

Paulus as a virtuous entrepreneur:

- Driven by the vision to create a universal religion.
- Creating and managing network of congregations based shared beliefs and inclusive values
- Serving the needs of the «business class» (tentmaker) > Funding of the Christian Platform in return from enjoying its (non-) material benefits (better endowment than other cults)
- Religious/non-exclusive bonds still play a role in commerce (trust reduces transaction costs)



Responsibility is more than compliance

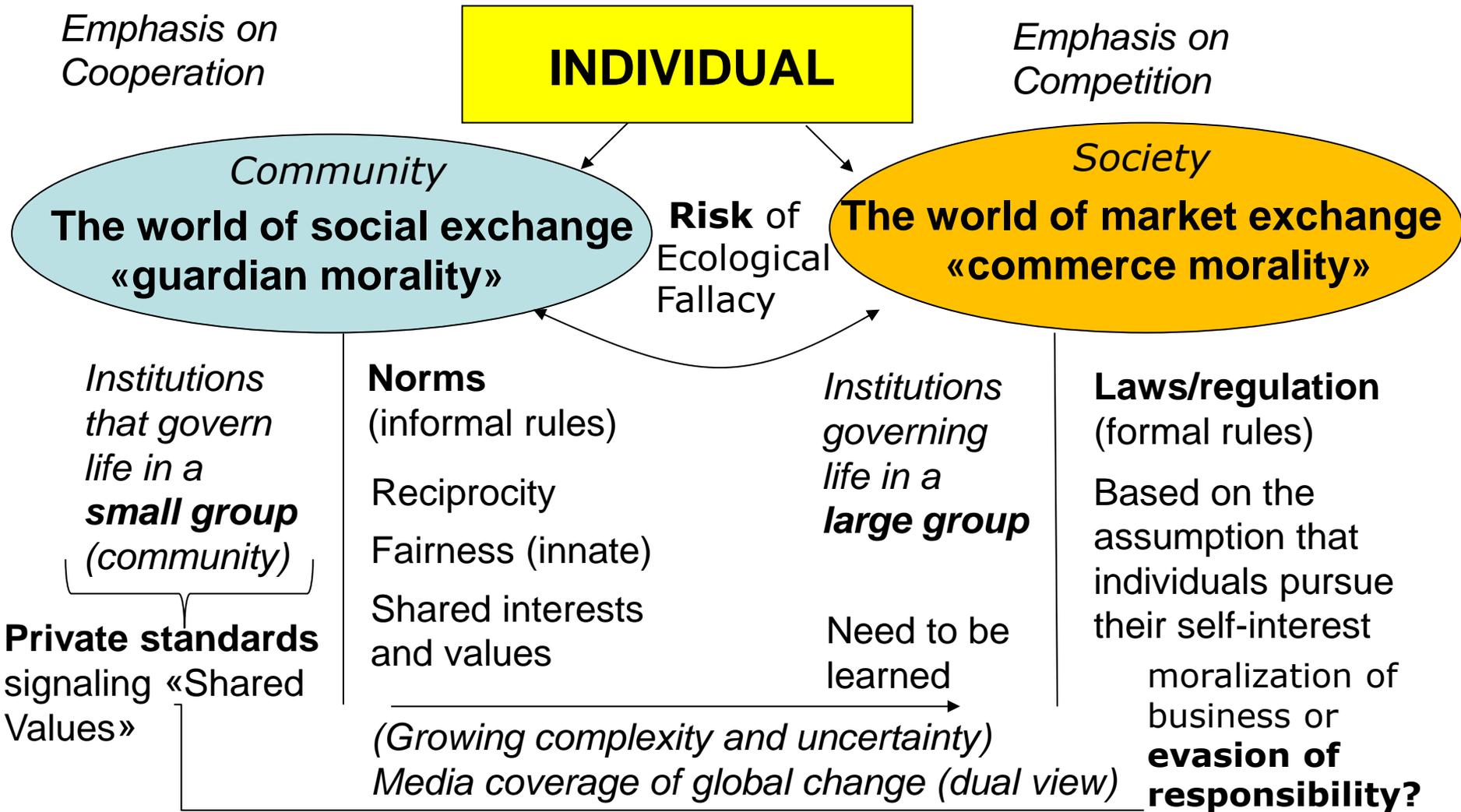
Adriano Olivetti (1901-1960):

Building up a truly global high-tech company while remaining committed to sharing the benefits with workers and the local communities in Italy (corporate responsibility as a vocation)

Regarding the innovative and well-run company as a cultural contribution – constantly **minding the pitfalls of large bureaucracies** resulting from growth > endangering freedom and the ability to strive toward virtue and act as a **responsible citizen (Simone Weil)**



5. Learning to life in two worlds



6. Concluding Remarks

- **Remembering Humanism** in which the pursuit of self-interest was not opposed to ethics
- **Remembering that commercial morality (merchant law)** and not guardian morality created the idea of equal **human rights** and obligations
- **Two worlds need different rules**..otherwise moral failure and social disaster
- A virtuous company can only flourish in an **institutional setting** that protects economic and political freedom and ensures that the pursuit of self-interest creates positive externalities for society at large, e.g. through innovation (not just compliance to minimize negative externalities)