Review:

Business Ethics: Australian Problems and Cases

by *Damian Grace and Stephen Cohen*, 1995 (Oxford University Press, Melbourne), A$29.95, paperback, pp. viii + 229.

Established professions all acknowledge a domain of ethical judgement beyond, but arising from, the power created by their practitioner' arts. Doctors, lawyers, accountants, architects defer to this obvious fact through specific professional codes. If these codes seem often to be honoured only at a rhetorical or casuistic level, this nevertheless lingers as the residual homage of vice to virtue.

In such an atmosphere, the professionalisation of business might be expected to involve a parallel development—and the credentialling of practitioners also involve attention to the associated skills. Perhaps due to the problematic character of management as a profession or perhaps to the problematic character of ethical discourse, it seems few of Australia's 35 management schools yet offer such courses. Interest in business ethics has expanded in recent years—but this has mainly been through research centres associated with the churches, with at best limited links to academic institutions and management programmes. The authors own graduate program at the University of New South Wales is an honourable exception.

If one reason for this gap has been the absence of materials that addressed the particular circumstances and needs of Australian managers, that has now been remedied. This text, by Damian Grace and Stephen Cohen, provides a systematic overview of ethics issues as they have arisen for Australian managers and as framed by Australia's distinctive political, legal and institutional environment.

Theirs is the first systematic enumeration of the range of ethical questions that might arise in business. It is grounded in a strong empirical base—since recent years have been a fertile source of contentious decisions and actions. These serve an immediate pedagogical purpose—and indirectly, they accumulate to a powerful case for more academic attention to such matters. Their book is structured in ten chapters, three of which explore styles of ethical reasoning and the issues of public and private morality. Here they generally argue the non-Machiavellian, non-Friedmanite proposition that good ethics is good business. They do this admirably clear prose.

The remaining seven chapters take a particular aspect or activity of business. Each chapter explores the kind of questions that can arise and the contribution that different traditions of ethical reasoning might make to clarifying decisions and action. Each chapter is illustrated with a variety of case studies—and with student exercises. The particular subjects covered are stakeholders, dealings with rivals and potential partners, marketing and advertising, equal opportunity and affirmative action, the environment, whistleblowing, and the role of codes.

The discussion is clear and jargon free. The use of case studies lifts argument from abstract principles—such as those implied in utilitarian or consequentalist reasoning by contrast, for example, with deontological reasoning—and shows how these different modes of deliberation can be applied to particular cases.

The variety and number of the case studies is perhaps evidence of the impoverished quality of ethical reasoning displayed by many managers (and trade union leaders if the examples from the construction industry are any guide), at least in the 1980s. And this book barely touches the issues that arose in financial

markets—where the 'heros' of the 80s like John Elliott, Christopher Skase, Alan Bond, the late Laurie Connell, John Spalvins and others are now seen in a somewhat different light. The authors do not directly discuss Macchiavelli's dictum that greatness originates in great crimes, or Marx's contention that history is only written by and for winners. But their affirmation of the value of ethical approaches is an implicit rejection.

Two ethical positions explored in this book might be especially mentioned—relativism, according to which moral reasoning is context specific; and a second view which the authors term 'virtue ethics'. As Australian managers increasingly engage in international operations, the issues associated with relativism become salient.

For its part, 'virtue ethics' comes in two forms. In one version, formal reasoning without attention to complementary processes of engagement, commitment and 'ownership' is seen to be a waste of time. This accords with much contemporary theory on the management of change. In another version, it is a claim that character makes virtue: 'virtue is a virtue does'. This approach has a distinguished lineage and many permutations. Perhaps it would be a ground, if not for limiting courses in ethical reasoning, at least for limiting expectations of their positive effects. If it is not a ground for pessimism about the mutability of the species, it would at least suggest associating the quest for ethical behaviour with a 'strong' structural and normative matrix. This is the approach championed by, for example, John Braithwaite and Ian Ayres (1992) in their advocacy of 'republican regulation'.

This book testifies to the expansion of the ethical challenges in business decision making in recent years—a function of the increasingly complex normative context in which business operates. Once the pursuit of commercial successes was a sufficient end, providing general norms of probity were observed. Now however internationalisation introduces questions of differences in national codes. Domestic political and other changes invite managers to decide what to do about such issues as the environment, gender, aboriginal and ethnic rights, handicapped people, people with the HIV virus and other communicable diseases, as well as to attend to the rights of consumers. As a consequence codes of practice have been developed in a number of areas (advertising, media) and a number of major companies have produced statements of corporate responsibility.

Australian business is perhaps less open to explicit ethical discussion, at least by comparison with the approach of US business and business schools. Whether Australian managers are more or less moral, and whether the presence of more discussion or training would influence this outcome, is naturally contested. Whether their relative lack of attention is due to cynicism (which would implicitly affirm that virtue is character) or a pervasive utilitarianism, or both, or some other reason, is also unclear. However the complexities of managerial environments, the proliferation of quasi-judicial tribunals and business internationalisation all combine to ensure that more complex ethical issues will arise more frequently for manager.

How, and if, these considerations are to be successfully translated into programmes that attract students is another matter. Or perhaps management schools have a duty to 'create' legitimacy—they can predispose their students to recognise 'relevance' by introducing ethics as they would statistics, or accounting—in a core curriculum. If one reason for not doing so hitherto has been the absence of a suitable text, that is now remedied. May this excellent introductory study find the wide student audience it deserves.

Ian Marsh
Australian Graduate School of Management

References

Ayres, Ian & Braithwaite, John, 1992, *Responsive Regulation: Transcending the Deregulation Debate*, Oxford University Press, New York.

Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). Â Business Ethics: Australian Problems and Cases. Oxford University Press. ISBN 0195507940.