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ISBEE Newsletter [vol. 2; no. 4; February 2003]

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Item Type	Journal
Authors	ISBEE
Publisher	International Society of Business, Economics, and Ethics (ISBEE)
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Download date	2026-11-07 05:24:21
Link to Item	http://hdl.handle.net/20.500.12424/173883

ISBEE Newsletter

International Society of Business, Economics, and Ethics

Vol. 2, No. 4 • February 2003

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Living together in harmony

The drumbeat of war is sounding loudly. It may be that by the time you are reading this letter, we will already be engulfed in war. At times like these, students may find that business ethics seems like a relatively minor preoccupation compared with the possible death of so many lives, both innocent and not-so-innocent. Yet do not some of the most important contributions of business ethics go to the heart of many of the issues surrounding a potential war in Iraq? Stakeholders, dialogue, and hypernorms all could play a role in the Iraq conflict and its resolution.

One of the greatest contributions of the area of business ethics to management in particular and scholarship generally is the literature on stakeholders. Although this framework has not been successful in providing an *a priori* approach to evaluate ethical problems, it has been very useful in asking decision makers to think carefully about the groups that either influence or are influenced by a particular decision. Certainly the stakeholders in the conflict between Iraq and much of the West are many. George Bush, Tony Blair, and José Maria Aznar need to carefully consider all of the groups that will be affected by the decision to go to war.

One of the most important developments within and parallel to the stakeholder literature has been the developing interest in dialogue, which refers to the capacity of people in a given conflict to talk, listen, and reason together. For some, the capacity for dialogue has been exhausted as they view the other side through lenses of extreme mistrust. Yet dialogue still seems possible among the diverse factions in the West where a consensus regarding Iraq remains elusive. Only dialogue can build support for an appropriate solution that will be accepted as legitimate.

Hypernorms—those universally shared values identified by business ethics scholars and others—may serve as the only basis upon which to build bridges between the West and Middle East, between Jews, Christians, and Muslims. The Parliament of World Religions found that all of the major groups shared a belief in the intrinsic dignity of humankind, the equality and liberty of all human beings, and the necessary interdependence and solidarity, which should exist among all people. Somehow all sides need to refocus on what unites us, rather than what divides.

The basic tools and ideas that we teach our students are directly relevant to the resolution of the great problems of the day. Although we may not be able to affect current leaders, certainly we can influence future leaders. The setbacks the world is witnessing must only increase our resolve to work with our students to find better ways of living together in harmony.

Bryan Husted
Instituto Tecnológico y de Estudios Superiores de Monterrey (Mexico) and
Instituto de Empresa (Spain)

On the spot

PREPARING THE ISBEE CONGRESS 2004

(Source: Dr. M. Cecilia Arruda, Chair of the International Organization Committee)

The members of the three committees in charge of organizing the Third ISBEE World Congress, which will take place on July 14-17, 2004 at the University of Melbourne, have recently engaged in a very fruitful exchange of ideas.

Several proposals and perspectives were collected and discussed in the past months, and we finally developed a challenging Congress program. Considering the richness and the variety of ethical situations in all regions of the world, there were many issues and topics to be included. The Australian committees contributed a great deal to the accepted proposal, matching their local peculiarities with the world trends in Business Ethics.

We all agree that the success of the 2004 Congress depends very much on the effort of all regions to deeply and intensely prepare for it. Advertising the Call for Papers to as many academics and business people became an important task to all ISBEE members at this moment. The complete text of the Call may be found on the last pages of this Newsletter. There are also copies available for distribution. In addition, it can also be found at the ISBEE website [www.isbee.org]. Hard copies can be asked from the ISBEE Secretariat [isbee@nd.edu] or from the Presidents of the regional networks, as ALENE, BEN-Africa, EBEN etc.

A good way to have a better participation in the Third ISBEE World Congress is to engage now in one of the conferences organized in the regions to prepare it. Some of the initiatives in this regard will be mentioned below.

Future Preparation Conferences

ALENE – Latin American Business Ethics Network – VI Latin American Conference on Business, Economics, and Ethics will take place on July 16-18, 2003 at the FGV-EAESP, in Sao Paulo, Brazil. The central topic will be: *Ethics in Corporate Governance.* Most sessions will be oriented to scholars, aiming to discuss research and case topics of interest to the Third ISBEE World Congress. Executives will be invited to all of them, to help identifying themes and key aspects of their daily reality in business in Latin America. One day will be especially oriented to a large number of business and government leaders, actually involved with Corporate Governance, to broaden their view with the ethical perspectives. Information: [cene@fgvsp.br]. Papers and cases should have no more than 3500 words, in Word o RTF format, and can be submitted by April 15, 2003, to Dr. M. Cecilia Arruda, CENE-FGV-EAESP, E-mail: carruda@fgvsp.br

EBEN – European Business Ethics Network - EBEN Research Conference will take place on June 20-23, 2003 at the Norwegian School of Management, in Oslo, Norway. The central topic will be: *Walking the Talk: Closing the gap between corporate principles and CSR reporting.* The aim of this EBEN Research Conference is to invite researchers to present their findings and works-in progress dealing exclusively with the chosen theme. The underlying research objective is to discover, describe and evaluate how companies translate notions of CSR (Corporate Social Responsibility, Corporate Citizenship) into their corporate strategy, and how (and to what extent) these are linked to corporate principles or ethical values. Information on the EBEN webpage: www.eben.org

News from the Regions

Book: ***Ethics in the Economy: Handbook of Business Ethics***
(edited by Laszlo Zsolnai, Oxford, Bern & Berlin, 2002: Peter Lang Publishers)

The book is a joint product of the business ethics professors of the *Community of European Management Schools* (CEMS). It represents a *non-instrumental approach* to business ethics arguing that we have a chance to improve the general quality of our economic activities only if our motivation is *genuinely ethical*; that is, only if we want to realize ethical conduct for its own sake.

The authors of the present book represent 10 European countries. They include Zsolt *Boda* (Budapest University of Economic Sciences, Hungary), *Martin Büscher* (Institute of Church and Society, Iserlohn, Germany and University of St. Gallen, Switzerland) *Hans De Geer* (Stockholm School of Economics, Sweden), *Muel Kaptein* (KPMG Holland and Erasmus University Rotterdam), *Josep Lozano* (ESADE Barcelona, Spain), *Mette Morsing* (Copenhagen Business School, Denmark), *Eleanor O'Higgins* (University College Dublin, Ireland), *Peter Pruzan* (Copenhagen Business School, Denmark), *Aloy Soppe* (Erasmus University Rotterdam, The Netherlands), *Antonio Tencati* (Bocconi University Milan, Italy), *Peter Ulrich* (University of St. Gallen, Switzerland), *Johan Wempe* (KPMG Holland and Erasmus University Rotterdam), and *Laszlo Zsolnai* (Budapest University of Economic Sciences, Hungary).

Topics covered include *Ethics and Economics*, *The Moral Economic Man*, *Business and Society*, *Ethical Theory of the Firm*, *The Stakeholder Corporation*, *Ethical Dilemmas of Corporate Functioning*, *Corporate Transgressions*, *Organizational Ethics*, *Ethics of the Market*, *International Ethics & Globalization*, *Managing Sustainability*, *Values-Based Leadership*, and *Future of Capitalism*.

Chapters in the book follow the same structure. Each chapter begins with a short summary of the topic and a glossary of the most important terms. Part 1 describes the central issue. Part 2 gives a state of the art of current theories and practices. Part 3 introduces new approaches and solutions. Part 4 analyzes real world examples. Part 5 provides conclusions. The Bibliography at the end of each chapter contains both references and suggested additional titles in business ethics. To get closer to real life a variety of cases and other empirical materials are included in the text. Numerous figures and tables make the ideas presented more comprehensible.

The book attempts to provide a *European perspective* without falling prey to Eurocentrism. For us, the European approach is about *respect* for *otherness* and a dialogical attitude toward *non-European values* and *cultures*. In this spirit the authors invite everyone interested in and dedicated to developing ethics in the economy to an *open dialogue* of equal parties. Ethics is one of the oldest projects of humanity and there can be no end to *rethinking ethics* in our economic affairs.
Additional information about the book can be found at http://www.peterlang.net

Ethics officers in Brazil – A group of professionals dedicated to Corporate Ethics was created by the CENE- FGV-EAESP, in São Paulo, Brazil. The first workshop took place on Feb.12, 2003 and was very successful. The objective of the group is to meet once a month to discuss ethical issues and initiatives, difficulties and experiences, strengthening the business ethics dimension in the corporations.



UNU – The United Nations University promoted a workshop on Jan. 24-25, 2003 at FGV-EAESP, in Sao Paulo, Brazil. Among the workshop participants there were several ISBEE members, as Robert Allinson (Hong Kong), M. Cecilia Arruda (Brazil), Ogbonna Ike (Nigeria), Florence Oloo (Kenya) and Gedeon Rossouw (South Africa), who offered great contributions to the *UNU-PRIO project on the Double Effect.*



Interview

*with **Iwao Taka***

Institute of Moralogy, Japan
Member of ISBEE Executive Committee

ISBEE - How did you start to deal with the Business Ethics and Compliance project? Did the companies accept it?

In 1999, the Business Ethics and Compliance Research Center at Reitaku University (R-BEC) issued a business ethics management systems' standard, which is called the ECS2000 (Ethics Compliance Management Systems Standard 2000). I took the initiative of developing the standard. Since then, more than a hundred Japanese corporations have been using the ECS2000 as a tool to establish and maintain their business ethics programs.

In the year 2001, R-BEC also issued a business ethics-oriented SRI screening framework, which is called R-BEC001. Assuming that just asking business corporations to establish their ethical and legal compliance programs is not reasonable enough, R-BEC decided to make a brand new SRI device, which would turn business ethics into a competitive edge in a much clearer manner. In this initiative, I also took a leadership role of formulating R-BEC001. One rating company, which was established in 2001, began to evaluate all the listed Japanese corporations in terms of R-BEC001.

ISBEE - Seeing and appreciating those activities, the Japanese government has invited you to involve in various initiatives. How did this happen?

In 2001, the Japanese Cabinet Office inaugurated a national council, whose purpose was to make the guidelines for codes of conduct, and to encourage corporations to adopt and publish their own versions. The final report of codes of conduct was published in late 2002. At the same time, the national council has been stipulating a whistleblower protection act. It would be something like the UK's public interest disclosure act.

ISBEE – How did you become involved with the protection of corporate intellectual property and the internal control management?

In the year 2002, the Ministry of Economy, Trade and Industry (METI) initiated a national council for the purpose of protecting corporate intellectual property. Because most Japanese corporations do not have internal management systems designed to protect their corporate property in an effective manner, the METI asked me to join the council and to formulate intellectual property protection manuals, based upon the ECS2000. In the same year, in the wake of Enron and WorldCom scandals, the METI also established a task force, aiming at writing the guidelines for internal control management systems, which would apply to all Japanese corporations. Here again, the METI tries to utilize the main ideas and framework of the ECS2000. In relation to this issue, early this year the METI set up another national council to revise the Japanese version of the Foreign Corrupt Practices Act. I have been working for those councils, both of which have strong interests in the ECS2000.

ISBEE – Was it only a government centered initiative?

No. In 2002, the METI formed another national council for the purpose of listening to various stakeholders' opinions on Corporate Social Responsibility and clarifying the Japanese position on this matter. Last year, as a chairman of this council, I attended the ISO COPOLCO annual meeting, and introduced Japanese experiences based upon the ECS2000. This year, as a Japanese delegate, I have been working at the High Level Advisory Group for the ISO TMB on ISO CSR standard (with other 21 members from all over the world).

ISBEE – Were there specific governmental areas applying the standard?

Also in 2002, drastically revising the Japanese Medicare System, the Ministry of Health, Labor and Welfare (MHLW) launched a project to clarify and recommend what kind of ethical and legal compliance system each pharmaceutical company is expected to establish. This project has been exploring possibilities of making the medical version of the ECS2000. After seeing the results of this research, the MHLW would probably start a more comprehensive project in this field.

ISBEE – In addition to these governmental initiatives, were you able to work with private companies?

Since last September, I have been working for the Nippon Meat Packers (with 27,000 employees), the biggest company in this industry, for the purpose of changing its corporate culture.

ISBEE – Was there a specific ethical issue involved in this project?

In the year 2002, the Ministry of Agriculture, Forestry and Fisheries (MAFF) found that a number of Japanese food processing companies had mislabeled beef and other processed products. The Nippon Meat Packers was one of them. In the wake of this scandal, the MAFF ordered the company to suspend its business for a certain time period. In order to get permission to restart business from the MAFF, the Nippon Meat Pacers established the Business Ethics Committee in September 2002. This implied that the company put itself under supervision of the Committee. But anyhow, the MAFF appreciated this self-reforming plan, and let it restart its business.

ISBEE – What has been accomplished with such a Committee?

This Committee is composed of six members, all of who are from outside of the company (only one member is a representative of the company's labor union). The Committee was also empowered to ask the CEO or the relevant sections to rectify any irresponsible practices. As a chairman of this Committee, I have been (following the ECS2000 requirements) mobilizing and supporting the younger generations to take a leadership role of changing corporate culture, structure, governance, etc. Fortunately, they have taken business ethics very seriously, and in fact have changed a lot so far. Under the slogan of turning itself into a company of integrity, this corporation has been experiencing drastic changes.

The International Society of Business, Economics, and Ethics (ISBEE)
announces

The Third ISBEE World Congress

July 14-17, 2004

University of Melbourne, Australia

CALL FOR PAPERS

FREEDOMS AND RESPONSIBILITIES IN BUSINESS

Ethics, Leadership and Corporate Governance in a Global Economy

Centre For Applied Philosophy And Public Ethics (CAPPE)

International Society of Business, Economics, and Ethics (ISBEE)

The mission of ISBEE is to provide a forum for the exchange of experiences and ideas with regard to ethics in international business and economics; to enhance cooperation and cross-cultural projects; and to discuss the ethical dimensions of economic, social and environmental issues which affect companies nationally and internationally.

Centre for Applied Philosophy and Public Ethics (CAPPE)

CAPPE is an Australian Research Council funded Special Research Centre based at the University of Melbourne and Charles Sturt University. One of its principal Research Programs is in Business Ethics.

Information

For further information and programme details see: www.isbee.org and the University of Melbourne site.

Who should attend?

The Congress is designed to invite all those with an interest in political economy and business ethics, particularly business practitioners in large and small companies, legal and accounting professionals, regulators, representatives of non-government organisations, and academics in management, law, finance, philosophy, politics and economics.

Patrons of the Congress

Mrs. Janet Holmes a Court, Sir William Deane, Dame Elisabeth Murdoch, Sir Ninian Stephen.

International Organising Committee

M. Cecilia Arruda (Brazil) Chair, Tony Coady (Australia), Richard De George (USA), Tom Dunfee (USA), Georges Enderle (USA), Heidi Hoivik (Norway), Bryan Husted (Mexico), Peter Koslowski (Germany), John Milton-Smith (Australia), Deon Rossouw (South Africa), Vasanthi Srinivasan (India), Iwao Taka (Japan), Xiaohe Lu (China).

Australasia Regional Advisory Committee

John Milton-Smith (Perth) Chair, Tunku Abdul Aziz (Malaysia), Tanri Abeng (Indonesia-Malaysia Business Council), Larissa Berendt (Sydney), Sharan Burrow (Australian Council of Trades Unions), Greg Bourne (Business Council of Australia), Henry Bosch (Transparency International Australia), Fred Chaney (National Native Title Tribunal), Nobby Clark (Melbourne), Rev Tim Costello (Baptist Union), Ms Rita Law (Hong Kong), Simon Longstaff (St James Ethics Centre), Alison Mackinnon (Adelaide), Conchita Manabat (Philippines), Terry Moran (Premier's Department, Victoria), Charles Sampford (Brisbane).

Melbourne Organising Committee

Tom Campbell (CAPPE) Congress Convenor, Dr Andrew Alexandra (CAPPE), Anona Armstrong (Victoria University), David Birch (Deakin University), Irena Blonder (CAPPE), Chris Burnup, Tony Coady (CAPPE), Garry Fowler (Ernst & Young), Ronald Francis (Victoria University), David Kimber (Royal Melbourne Institute of Technology), David Kinley (Monash University), Linda Hancock (Deakin University), John Weckert (CAPPE), Moya Mills (CRANLANA), Michael Segon (Royal Melbourne Institute of Technology).

FREEDOMS AND RESPONSIBILITIES IN BUSINESS

Ethics, Leadership and Corporate Governance in a Global Economy

The World Congress will address issues of ethics, justice and human rights in the context of the realities of business practice. We will examine the roles of business, government and civil society in promoting the efficient production and fair distribution of goods. We will explore the types of leadership and forms of corporate governance required to meet the economic, social and environmental demands placed on corporations operating in a global economy. The reputation of business heavily depends on how it responds to global inequality. The challenge to business leadership is how to combine economic effectiveness with the responsibilities of business towards the communities they serve. Corporate governance must provide a framework in which ethical issues are adequately addressed, prioritised, audited and resolved within business enterprises. The Congress is a forum for informed debate on the ethical controversies and practical dilemmas that arise in seeking to combine freedom and responsibility in a global economy.

Preliminary Programme

Wednesday 14 July

The opening day will set the scene for and exchange of ideas that will generate greater awareness of the ethical dimensions of business practice and the need to enhance the reputation of business as economically, environmentally and socially responsible.

Opening Ceremony

- **Reputation: Restoring Confidence in Business**

Reception

Thursday 15 July - Ethics and Global Challenges

This day focuses on the role of business in the creation and distribution of wealth, the role of international organisations and problems that arise in establishing common ethical standards in a culturally diverse world.

- **Producing and Sharing Global Prosperity**
- **The Caux Principles and Initiative**
- **Fairness in International Trade**
- **Ethics of International Finance and Investment**
- **Indigenous Participation in Business**
- **UN Global Compact**
- **The Global Reporting Initiative**
- **Concurrent Sessions**

Congress Dinner

Friday 16 July – Ethics and Corporate Governance

This day focuses on global developments in corporate governance and the challenges that these developments imply for business leaders. It involves sharing information about how corporate governance systems are evolving in various parts of the world.

- **Enron and other Ethical Catastrophes**
- **The Structure of Corporate Governance**
- **Ethical Leadership and Business Culture**
- **Reporting, Auditing and Transparency**
- ***Regional Perspectives on Corporate Governance*** (Africa, Asia, Australia, Europe, Latin America, North America, Japan)
- **Consumer Rights**
- **Responsibilities of NGOs**
- **Regulatory Role of Government**
- **Concurrent Sessions**

Cultural Event

Saturday 17 July – Ethics and Information Technology

On Ethics and Information Technology day the most prominent business ethical issues and challenges will be explored.

- **Ethics and Information Technology**
- **Technology and Development**
- **Ethics, Privacy and e-Business**
- **Ethics and Intellectual Property**
- **Regulating the Media**
- **Trust and Technology**
- **Concurrent Sessions**

Closing Ceremony

Sunday 18 July - Post Congress Day

The morning will be available for additional sessions and events. Half and full day tours will be arranged.

- **Special Sessions**
- **Post Congress Tours**

Submission of Papers and Abstracts

We invite you to present a paper or case study at the Concurrent Sessions on the topics indicated above or other topics such as:

- Developing ethical corporate cultures
- Global competition and responsibilities of small and medium-sized companies
- Serving the poor profitability
- Corruption, bribery and gift giving
- Business and human rights
- Corporate social responsibilities
- Corporate environmental responsibilities
- Workplace ethics
- Moral courage and whistle-blowing
- Voluntary codes and mandatory standards

You may provide a full paper **or** an abstract in advance of the congress. Full papers should contain no more than 4200 words (plus a 100-150 word abstract) and must be submitted by **January 5, 2004. Notification of acceptance for presentation (30 minutes) will be given by March 15, 2004.** Abstracts (250-300 words) of papers may be submitted by **March 1st, 2004**. **Notification of acceptance for brief presentation (15 minutes) will be given by March 30, 2004.**

With the permission of the authors, the accepted papers will be available on the Congress website two months ahead of the meeting.

Full papers and abstracts should be accompanied by brief biographical details (50 words) and full mailing and e-mail addresses. The Congress language is English.
Papers and abstracts must be written in Word, Word Perfect or RTF format and should be submitted by mail or e-mail to:

ISBEE Secretariat
Mendoza College of Business 393B
University of Notre Dame
Notre Dame, IN 46556, USA
E-mail: isbee@nd.edu

ISBEE Announcement

Bibliography with Search Program on the ISBEE Website

ISBEE offers on its website at www.isbee.org **an extensive bibliography with 2,555 titles** of all business ethics articles published from 1992 to October 2002 in six major journals:

- Business Ethics: A European Review (since1992)
- Business Ethics Quarterly (since 1991)
- Business and Society (since 1994)
- Business and Society Review (since 1999)
- Journal of Business Ethics (since 1992)
- Teaching Business Ethics (since 1997)

With the search program**, you can easily find the relevant articles.**

ISBEE Newsletter is published three times a year by the International Society of Business, Economics, and Ethics.
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