

Gabriel Flynn *Editor*

Leadership and Business Ethics

Second Edition

Issues in Business Ethics

Volume 60

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Gabriel Flynn

Editor

Leadership and Business Ethics

Second Edition



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Gabriel Flynn
Dublin City University
Dublin, Ireland

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*In memory of Ron Duska (1937–2018),
our esteemed colleague.*

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Chapter 1

A Framework for Leadership and Ethics in Business and Society



Gabriel Flynn and Patricia H. Werhane

Abstract This chapter provides an introduction to the second edition of *Leadership and Business Ethics*. It advocates an enduring relationship between ethics and business for human flourishing in commerce and society. Such a liaison depends directly on virtuous businesspeople and ethical business leaders. It necessitates the cultivation of conscience and discernment, virtue and character in the leader's psyche within a supportive societal / cultural environment, a process which takes time, patience, and humility as those engaged in business work to overcome inevitable setbacks and failures on the path to prosperity. The role of imagination and is also critical for effective ethical leadership. From the imagination springs hope and fortitude, virtues that enable individuals, organizations, and entire communities to transcend trauma and hardship. The chapter also presents a consideration of key developments in business ethics in the recent past by the *Harvard Business Review*, a leading professional journal of business, and provides helpful insights into past progress and present challenges. The chapter concludes with a brief introduction to the studies exhibited in this extended volume.

Keywords Imagination · Character · Leader's psyche · Fortitude · Unrestrained greed · Leadership-as-process model · *Amoris Laetitia* · Anglo Irish Bank · Golden era of global growth · Rana Foroohar

This book advocates an enduring relationship between ethics and business for human flourishing in commerce and society. Such a liaison depends directly on virtuous businesspeople and ethical business leaders. It necessitates the cultivation of conscience and discernment, virtue and character in the leader's psyche within a

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supportive societal / cultural environment, a process which takes time, patience, and humility as those engaged in business work to overcome inevitable setbacks and failures on the path to prosperity. The role of imagination is also critical for effective ethical leadership since from the imagination springs hope and fortitude, virtues that enable individuals, organizations, and entire communities to transcend trauma and hardship. In addition, bravery is required. The need for brave leaders at all levels of commerce and business, finance and banking, government and politics is more urgent than ever in view of the instantaneous global reach of information and communications technology networks and of the immense psychological and monetary cost of global financial crises.¹ Courageous leaders can also serve as a buffer against the perennial predisposition in people, corporations, and entire nations to act unethically, in myopic, short-term self-interest, and in a spirit of unrestrained greed. These inherently human flaws are major contributory factors in the generation of financial stress, crisis, and in ultimate societal disaster.²

Ron Carucci articulates a clear statement of what is required for building an ethical business. 'In an age of corporate mistrust, creating ethical workplaces takes more than compliance programs. It requires ongoing intensified effort to make the highest ethical standards the norm, and ruthless intolerance of anything less.'³ Carucci's uncompromising stance, however, begs a difficult question. Are the leaders of banking, commerce, business, and politics listening to and applying the prevailing ethical discourse or are they merely protecting themselves and their respective constituencies against fault and / or blame in the face of grave difficulties by tangential recourse to ethics? Confronted by such difficulties, we suggest that the ethical leadership-as-process model which recognizes a legitimate role for virtue, conscience, spirituality, and servant leadership should be given more careful consideration.⁴ In this regard, the contribution of Pope Francis to the role of conscience, discernment, and gradualness in Catholic family life, *Amoris Laetitia* 2015, has been shown to be directly relevant to business and business ethics. As Caleb Bernacchio of the IESE Business School has shown in an incisive essay as follows: '*Amoris Laetitia* provides a means of closing the gap between objective moral principles and business practice ... such that moral principles come to be an inherent

¹ See Matteo Duiella and Alessandro Turrini, 'Poverty developments in the EU after the crisis: a look at main drivers', European Commission / ECFIN *Economic Brief*, 31 May 2014, available at <https://ec.europa.eu/economy_finance/publications/economic_briefs/2014/pdf/eb31_en.pdf> Accessed 23 February 2020.

² See, for example, Ron Carucci, 'Why Ethical People make Unethical Choices', *Harvard Business Review*, 16 December 2016, available at <<https://hbr.org/2016/12/why-ethical-people-make-unethical-choices>> Accessed 23 February 2020.

³ Ibid.

⁴ See Fahad Shakeel, Peter Mathieu Kruyen & Sandra Van Thiel 'Ethical Leadership as Process: A Conceptual Proposition', *Public Integrity*, 21:6, 2019, 613–24, available at <<https://www.tandfonline.com/doi/pdf/10.1080/10999922.2019.1606544?needAccess=true>> Accessed 23 February 2020.

part of an organization, and inform the discernment processes of ordinary businesspersons'.⁵

A successful coalescence of business and business ethics is also critical in view of current record levels of global debt that are set to continue on an upward trajectory. Analysts at the Institute of International Finance have shown that in 2019 global debt exceeded \$255 trillion, more than three times the size of the global economy, largely driven by China and the USA.⁶ This situation is further exacerbated by unresolved tensions in the banking and finance systems of some of the southern economies of the European Union (EU), issues that are a significant contributory factor in elevated rates of poverty in the region. It should be noted that determining levels of poverty and exclusion in the EU is complex due to the fact that individual member states use different markers in the compilation of statistics. The key indicator is the number of people at risk of poverty or exclusion. The 'Europe 2020 Strategy' set the target of 'lifting at least 20 million people out of the risk of poverty or social exclusion' by 2020 compared to the year 2008.⁷ The chances of meeting such goals are dependent on participation in education and employment both of which are further complicated by a major crisis in the provision of housing and the associated problem of homelessness in many EU countries. Housing inequality is, in fact, at the heart of a growing social division across Europe.⁸ Added to these complexities are the seemingly irresolvable global blackspots of Syria, Venezuela, Afghanistan and Iraq, to mention some of the most prominent and, at least in the short term, apparently irrecoverable flashpoints on the world stage.

Without sound business leadership of the sort that upholds the dignity and rights of employees and clients, as well as the interests of shareholders and of the widest spectrum of societal stakeholders, even the most meticulously prepared ethics statements are destined to founder, as evidenced at Enron, and Lehman Brothers in the USA, and at the now defunct Anglo Irish Bank, Dublin, and many other financial institutions elsewhere, in a seemingly unending series of financial crises. Over the past half century or so since business ethics became established as a discipline in its own right, much progress has been made in the ethical conduct of business.⁹ In short, businesspeople, like politicians, members of the medical profession, church authorities, and voluntary organizations have come to realize that it is impossible to

⁵Caleb Bernacchio, 'Pope Francis on Conscience, Gradualness, and Discernment: Adapting *Amoris Laetitia* for Business Ethics', *Business Ethics Quarterly*, 29 (2019) 437–60 (439).

⁶Institute of International Finance, 'Global Debt Monitor 2019', available at <<https://www.iif.com/Research/Capital-Flows-and-Debt/Global-Debt-Monitor>> Accessed 23 February 2020.

⁷See 'Europe 2020 Strategy: Poverty and Social Exclusion Indicators', August 2019, available at <<https://ec.europa.eu/eurostat/statistics-explained/pdfscache/29306.pdf>> Accessed 23 February 2020; also Patricia H. Werhane's 'Big Questions', an award-winning TV series on social justice and poverty alleviation, available at <<https://www.bqnow.com/>> Accessed 23 February 2020.

⁸For a country by country analysis of housing in the EU in 2019, see 'The State of Housing In the EU', available at <<http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>> Accessed 23 February 2020.

⁹See Gabriel Abend, 'The Origins of Business Ethics in American Universities, 1902–1936', *Business Ethics Quarterly*, 23 (2013), 171–205.

avoid involvement in ethics, for much of what businesspeople and financiers do and cannot do, is subject to ethical scrutiny. While the history of business ethics as currently practiced may be traced to the medieval and ancient periods, our principal concern here is with developments in the field in the recent past. A consideration of how the topic has been treated in the *Harvard Business Review*, a leading professional journal of business, provides helpful insights into past progress and present challenges.

In 1929, just as business ethics was beginning to evolve in the modern context, Wallace B. Donham in 'Business Ethics – A General Survey' provides a precise definition of business ethics: 'We start here to-night a new foundation to deal with one of the greatest of topics – a subdivision of ethics; for business ethics with its own particular characteristics is, after all, a subdivision of general ethics.'¹⁰ Donham identifies the principal areas of concern for business ethics. First, 'the internal relations of the business group, how business men are to live with business men'; and, secondly, 'the external relations of the group, how business is to live with the community.'¹¹ Not surprisingly, he asserts that the latter contains the most significant and neglected areas of concern to the business community. The significance of Donham's essay lies in its recommendations concerning 'business and its responsibilities.' Fully cognisant of the 'basic instincts of our common humanity, such as fear and selfishness, as well as the desire to stand well with our peers,'¹² Donham points to the value of corporate social responsibility, albeit in embryonic form. As he remarks: 'Our new group of business men must develop and enforce a group conscience if the evolution of business ethics is to be speeded up; a group conscience which will hold not only the individual but the whole group to both personal and group responsibility for relations with the rest of the community.'¹³ While attributing limited value to law and codes of ethics in the regulation of business, Donham ultimately points to the power of the community and of public opinion for the establishment and maintenance of ethics in business, in which domain effective leadership is indispensable:

Just as the law is inadequate to solve business problems because it is slow to operate and static in its nature, so codes of ethics have their limitations and their dangers. [...] It is the thinking of the tribe which determines the character and type of tribal leadership. If the community expects much from its leaders it will get much. If it expects and honors cynical money-making and esteems such accomplishment, it will produce this type of leadership. [...] A discriminating public opinion, approving and rewarding socially sound business accomplishment, and ostracizing the socially unsound, will bring about a real contagion of health. For most of our ethical and social standards in all areas are made effective, in the last analysis, by the force of public opinion.¹⁴

¹⁰ Wallace B. Donham, 'Business Ethics – A general Survey', *Harvard Business Review* 7 (1929) 385–94 (385).

¹¹ *Ibid.*, 386.

¹² *Ibid.*, 389.

¹³ *Ibid.*, 390.

¹⁴ *Ibid.*, 393–94.

In a paper entitled 'Personal Decisions and Business Decisions' (1959), co-authored by Edmund P. Learned, Arch R. Dooley and Robert L. Katz, an important theme emerges, one that reflects the then growing concern among 'thoughtful businessmen' concerning the spiritual implications of business. As the authors remark: 'Symptoms of this concern are to be found everywhere. A tremendous number of speeches and articles on "religion and business" are receiving eager and enthusiastic response.'¹⁵ But the clearest evidence of the 'nature and strength of business's growing concern with spiritual values was evident in the Harvard Business Association's Fiftieth Anniversary Conference in September 1958, which had as its theme "Management Mission in a New Society." It is noteworthy that every major speaker stressed the importance of more attention to spiritual values.'¹⁶ The significance of spirituality for business was perhaps best encapsulated at that conference by the distinguished historian Arnold J. Toynbee. He pointed out that 'no society has ever flourished without a spiritual mission; the quest for material progress alone is insufficient to spur men on to the achievements which are required to create an enduring, dynamic, progressive nation. [...] It is significant that the great concern for more spirituality in business comes at a time when our material progress has achieved extraordinary heights.'¹⁷ The article furnishes a helpful definition of spirituality which, in view of persistent serious misunderstandings of the term, may be quoted in full:

There is nothing mysterious about the word spirituality. Spirituality in business, as we see it, is the process of seeking to discover, however imperfectly, God's law in each everyday work situation, and of trying to behave in each situation as nearly in accord with that law as we are able to. [...] Spirituality means making a continuing, conscious effort to rise above these inevitable human limitations – a maximum endeavor to comprehend the ultimate values, the truth and the reality of the orderliness of the universe – and to live in accordance with this reality.¹⁸

To the authors of this auspicious essay 'neither the proposition that business and spiritual considerations are separable nor the view that good ethics is good business is a fully adequate or satisfying guide for action.'¹⁹ Both of the aforementioned options are rejected as inadequate because neither recognizes the inevitability of conflict or the complexities involved in making business decisions. It is only by acknowledging that every business decision brings the businessperson into a conflicting set of forces in which he / she is obliged to choose between personal values and ultimate loyalties that business leaders can hope to rise to the difficult challenge of making the necessary discriminating business judgements. The importance of the contribution of Learned, Dooley and Katz lies in their advocacy for participation in

¹⁵ Edmund P. Learned, Arch R. Dooley, and Robert L. Katz, 'Personal Values and Business Decisions,' *Harvard Business Review* 37 (1959) 100–10 (111).

¹⁶ *Ibid.*, 112.

¹⁷ *Ibid.*, 113.

¹⁸ *Ibid.*

¹⁹ *Ibid.*, 117.

a process of discernment which implicitly recognizes that ‘there is a spiritual significance to every phase of man’s work, be it in business or any other calling.’²⁰

The question of conflict of interest involved in business decisions, referred to above, emerges again in a 1977 essay by Steven N. Brenner and Earl A. Molander, entitled ‘Is the Ethics of Business Changing?’ As part of a lengthy survey on business ethics and social responsibility completed by 1,227 *Harvard Business Review* readers, the editors attempt to establish how U.S. readers think compared with 1961 when the Jesuit scholar Raymond C. Baumhart, conducted a survey on business ethics. The authors concluded that ‘today’s executive often faces ethical dilemmas and observes generally accepted practices that he or she feels are unethical.’²¹ The responses to the 1976 survey also indicate that ethical codes can be most helpful in situations where there is general agreement that certain unethical practices are widespread and undesirable. However, codes are considered to be of only limited use to executives for either controlling outside influences on business ethics or resolving fundamental ethical dilemmas. The survey’s authors, in a clear reference to the enforcement problems inherent in ethical codes, conclude that codes ‘are no panacea for unethical business conduct.’²²

Perhaps the most interesting result of the 1976 *Harvard Business Review* survey is a new view of social responsibility. ‘The current revival of interest in business ethics coincides with a renewed focus on corporate social responsibility’.²³ While the survey disproves the caricature of the American business executive as a power-hungry, profit-bound individualist, it also identifies two barriers to social responsibility. First, corporations still resist measures when trying to put social responsibility into practice. A second major barrier is ‘uncertainty – uncertainty as to what “social responsibility” means. Almost half (46%) of our respondents agree with the assertion that the a “meaning of social responsibility is so vague as to render it essentially unworkable as a guide to corporate policy and decisions.”’²⁴ In response to the important question, ‘What do the results mean for managers and students of business ethics?’ the 1977 survey shows that respondents favour changes in managerial outlook and actions. These changes are summed up as follows: ‘It seems to us our respondents are saying that managers facing ethical dilemmas should refer to the familiar maxim, “Would I want my family, friends and employees to see this decision and its consequences on television?” If the answer is yes, then go ahead. If the answer is no, then additional thought should be given to finding a more satisfactory solution.’²⁵ Regardless of the preferences or choices of business leaders in the matter of business ethics and / or social responsibility, the survey’s authors argue

²⁰ *Ibid.*, 119.

²¹ Steven N. Brenner and Earl A. Molander entitled ‘Is the Ethics of Business Changing?’ *Harvard Business Review* 55 (1977) 57–71 (64).

²² *Ibid.*, 68.

²³ *Ibid.*

²⁴ *Ibid.*, 69.

²⁵ *Ibid.*, 71.

convincingly that the manager ‘has to realise that he must continue to bear the criticism of the larger society in both the business ethics and corporate social responsibility areas.’²⁶

We will now consider three essays which address an important topic of direct relevance to the present project, namely, business ethics and the role of the business schools. In 1993, Andrew Stark in an incisive article entitled ‘What’s the Matter with Business Ethics?’ notes that ‘far too many business ethicists have occupied a rarified moral high ground, removed from the real concerns and real world problems of the majority of managers.’²⁷ As a result, managers though they know they cannot safely dismiss the enterprise of business ethics, do find business ethics off-putting in practice. Stark observes that a number of prominent business ethicists have called for fundamental changes in business ethics as part of an attempt to offer new approaches of value to both business ethicists and professional managers. But even those business ethicists who have gone beyond the question ‘Why be moral?’ as part of an effort to address some of the hard ethical questions faced by managers, are dogged by the charge of failing to engage with the world of practice. As Stark comments ‘Even when business ethicists try to be practical, however, much of what they recommend is not particularly useful to managers.’²⁸ In response to the ‘crisis of legitimacy’ affecting business ethics, some business ethicists have begun to engage with ‘the messy world of mixed motives.’²⁹ Robert Solomon’s *Ethics and Excellence*,³⁰ provides a very useful contribution to a new business ethics by advocating an Aristotelian view of virtue that is moderate, practical, and useful to managers. Ultimately business and ethics must speak the language of profit as well as of virtue. As Stark remarks:

Moderation, pragmatism, minimalism: these are new words for business ethicists. In each of these new approaches what is important is not so much the practical analyses offered [as the authors acknowledge, much remains to be worked out] but the commitment to converse with real managers in a language relevant to the world they inhabit and the problems they face. That is an understanding of business ethics worthy of managers’ attention.³¹

In an essay entitled ‘How Business Schools Lost Their Way’ (2005), Warren G. Bennis and James O’Toole articulate a trenchant critique of schools that are deemed to be out of touch with the real world of business and management. ‘Too focused on “scientific” research, business schools are hiring professors with limited real-world experience and graduating students who are ill-equipped to wrangle with

²⁶ Ibid.

²⁷ Andrew Stark, ‘What’s the Matter with Business Ethics?’ *Harvard Business Review* 71 (1993) 38–48 (38).

²⁸ Ibid., 44.

²⁹ Ibid., 46.

³⁰ Robert C. Solomon, *Ethics and Excellence: Cooperation and Integrity in Business* (New York: Oxford University Press, 1993).

³¹ Andrew Stark, ‘What’s the Matter with Business Ethics?’ 48.

complex, unquantifiable issues – in other words, the stuff of management.’³² In summary, many business schools have adopted a *scientific model* which treats business like an academic discipline, and gauges success according to the excellence of research and the volume of publications in top academic journals rather than on the basis of business practice. As the business schools became focused on professorial research which though it helped to eliminate the ‘vocational stigma that business school professors once bore,’ also resulted in deleterious consequences for graduate business education, deemed to be ‘increasingly circumscribed and less and less relevant to practitioners.’³³ According to Bennis and O’Toole, the ‘new emphasis on scientific research in business schools remains, for the most part, unspoken. Indeed most deans publicly deny it exists, claiming that their schools remain focused on practice.’³⁴ The bitter complaint against the business schools and universities is, in the words of the columnist David Brooks, that they ‘operate too much like a guild system, throwing plenty of people with dissertations at students, not enough with practical knowledge...who teach students to be generalists, to see the great connections.’³⁵ In order to regain relevance and ‘to balance the goals of faculty members with the needs of other constituencies,’ Bennis and O’Toole urge the business schools to ‘look to their sister professional schools in medicine, dentistry and law for guidance.’³⁶ The most innovative law schools offer the best model for business because ‘they tend to award excellence in teaching and in pragmatic writing. Research is an important component of legal practice and education, but most of it is applied research, and its vitality is not equated with the presence of a scientific patina.’³⁷ Ultimately, it is a matter of balance, as Bennis and O’Toole acknowledge in pointing to a few top-tier business schools such as Harvard and IESE where ‘continued emphasis on case studies makes practitioners an integral part of the educational process.’³⁸ As part of an urgent curricular reform in the business schools, what is proposed is that ‘the entire MBA curriculum must be infused with multidisciplinary, practical, and ethical questions and analyses reflecting the complex challenges business leaders face. [...] Other professional schools have carved out standards that are appropriate for their various professions; now business schools must have the courage to do the same.’³⁹

To conclude, there are two further contributions to the *Harvard Business Review* that address the twin themes of leadership and business ethics that are at the heart of the present volume. The first by Nicholas Epley and Amit Kumar is entitled ‘How to Design an Ethical Organization’ (2019) in which the authors seek to put ethical design into practice. ‘Real people are not purely good or purely evil but are capable

³² Warren G. Bennis and James O’Toole, ‘How Business Schools Lost Their Way,’ *Harvard Business Review* 83 (2005) 96–104 (96).

³³ *Ibid.*, 98.

³⁴ *Ibid.*, 100.

³⁵ *Ibid.*, 101.

³⁶ *Ibid.*, 103.

³⁷ *Ibid.*

³⁸ *Ibid.*, 104.

³⁹ *Ibid.*

of doing both good and evil. Organizations should aim to design a system that makes being good as easy as possible. ... Doing so will never turn an organization full of humans into a host of angels, but it can help them to be as ethical as they are capable of being.’⁴⁰ Their articulation of the pillars of ethical culture is apposite and includes the following:

- *Explicit Values*: aimed at keeping ‘an organization’s values crystal clear in employees’ minds’;
- *Thoughts During Judgment*: aimed at keeping ethical considerations to the forefront when making decisions;
- *Incentives*: ‘aligning rewards with ethical outcomes is an obvious solution to many ethical problems’;
- *Cultural Norms*: aimed at creating ethical norms by focusing on ‘ethical beacons’ in the organization ‘who are putting the mission statement into practice or behaving in an exemplary fashion’.⁴¹

‘Ethics, by Design’ attempts to make being good as easy as possible which entails ‘attending carefully to the contexts people are actually in, making ethical principles foundational in strategies and policies, keeping ethics top of mind, rewarding ethical behavior through a variety of incentives, and encouraging ethical norms in day-to-day practices.’⁴² But without the right leaders possessed of appropriate skills, knowledge, and virtues, the best designed ethical organization can falter, as recent global financial history clearly demonstrates.

In an essay entitled ‘The Future of Leadership Development’ (2019), Mihnea Moldoveanu and Das Narayandas, present the rise of the personal learning cloud (PLC) as a good-news story for the present time. By providing highly successful learning in leadership that is personalized, socialized, contextualized, and authenticated, they argue that this is just the beginning as ‘PLC is proving to be an effective answer to the skills transfer gap that makes it so difficult to acquire communicative and relational proficiencies in traditional executive education settings.’⁴³ Education is important and business leaders must be equipped with the latest and best learning which PLC aims to provide while simultaneously posing significant challenges to the business schools. For all that, PLC is only one element, albeit a critically important one, in the complex panacea for business leadership. Even when an organization has a charismatic leader, one who sets the right tone at the top, providing an effective leadership model for the creation of an ethical organization, the task is extremely difficult due to the inherent imperfection of human nature. Thus, linking ethics and leadership will not result in the creation of the perfect ethical organization but it will, as the contributors to this volume demonstrate in myriad different

⁴⁰ Nicholas Epley and Amit Kumar, ‘How to Design an Ethical Organization’, *Harvard Business Review* 97 (2019) 144–50 (150).

⁴¹ *Ibid.*, 147–49.

⁴² *Ibid.*, 150.

⁴³ Mihnea Moldoveanu and Das Narayandas, ‘The Future of Leadership Development’, *Harvard Business Review* (2019) 40–48 (46).

ways, help significantly in the realization of this goal. The present volume seeks, therefore, to contribute to a more adequate coalescence of ethics and business, for the mutual enhancement of business and society.

It is noteworthy that a clear similarity emerges between some of the key concerns expressed in our review of the treatment of business ethics in the *Harvard Business Review*, leadership, spirituality, corporate responsibility, ethics by design, personal learning cloud, the relationship between theory and practice, and contributions to the present volume. Some remarks on the question of spirituality and business are germane. In all parts of the work, questions of spirituality are raised. If at times, terms other than spirituality are used, including ‘wholeness’ and ‘integration’, a careful reading of the texts indicates that the intended meaning is, in many cases, neither vague nor soft. At the individual level, spirituality issues are often discussed under the heading of leadership (Benefiel, Dorr, Verstraeten, Power and McBrierty). It is also possible to think in terms of the ‘soul of the organization’ (Duska and Ragatz) and even to analyse the role of the organization within society. The treatment of the theme of spirituality and business constitutes a broadening of the field that is in some ways innovative; it requires ethicists and businesspeople to think holistically.

In a co-authored chapter, Gabriel Flynn, David Smith, and Mary Kirwan present a response to the coronavirus pandemic under three headings. Part one considers how the vision of ‘servant leadership’ articulated by Robert K. Greenleaf may assist leaders of business and state in the face of this global crisis. Part two addresses the large range of ethical issues which healthcare professionals, hospital management, and members of the pharmaceutical industry have to address in the wake of COVID-19. These include the allocation of scarce resources, the care of frontline healthcare workers, and the sensitive and complex ethical dilemmas confronting medics, scientists, and pharmaceutical experts engaged in the search for a vaccine to counteract the coronavirus disease. Part three presents a critical analysis of the use of law in the context of the COVID-19 pandemic and articulates ways in which core values can be protected in emergency law.

Domènec Melé’s contribution entitled ‘Business Ethics: Europe versus America,’ traces the development in business ethics and such related fields as Corporate Social Responsibility (CSR) starting with North America and Europe. ‘In this review, several factors related to business ethics will be considered, comparing Europe and the USA, namely, cultural environment, business activities, public authority, civil society and the academy.’ Melé concludes ‘by discussing how interdependence of the above-mentioned factors, as well as the cultural and political legacies in Europe and America can give a reasonable explanation of the differences.’ The remaining contributions to the volume are divided into three parts.

Part I examines the role of business ethics at the level of individual managers. It opens with Edwin M. Hartman’s chapter entitled ‘Socratic Questions and Aristotelian Answers: A Virtue-based Approach to Business Ethics’. He poses important questions: How do we decide what businesspeople ought to do? What is right and what is wrong in business? He argues that an Aristotelian approach to business ethics shows how we can answer these questions. Hartman’s salutary advice for the

leaders of business is that ‘ethics is neither arcane nor certain. Being ethical is primarily a matter of being a person of good character, with virtues, emotions, values, and practical intelligence to match.’

Gabriel Flynn contributes to a vision for leadership in business based on a recovery of virtue. His essay draws principally on the writings of the classical philosopher Aristotle and of the contemporary philosopher Josef Pieper. Flynn poses a key question. ‘Why is it problematic to live a virtuous life?’ His suggestion that Pieper’s *Leisure: The Basis of Culture* (1952) provides the most effective antidote to the compulsive busyness of modern western business-dominated, materialist culture, if acted upon by leaders of business, could help transform work and family by recourse to beauty and contemplation. Flynn concludes that virtue provides a message of hope and attempts to find plain language to articulate its value to those engaged in business or concerned with the formulation of government policy. Flynn’s recently published paper ‘The Irish Banking Crisis (2008–2016): An Ethical Analysis’, is a corollary to his chapter here.⁴⁴

James G. Murphy, in a revised chapter entitled ‘People in Business: Context and Character’ asks a pertinent question ‘what have business and ethics to do with each other?’ He asserts that ‘the differences may be of a complementary kind,’ and more importantly, ‘that business is far more grounded in ethics than is often realized.’ Murphy argues that the ‘marginal status of business ethics, even while accompanied by lip-service for public consumption, may in part be due to misunderstanding ethics. [...] The executive who secretly thinks business ethics a wasteful irrelevance (except for emergencies) has forgotten what makes a company successful.’ This essay shows that virtue ethics is a first step in the direction of a more adequate response to the leadership issue. Murphy concludes that ethics should be about character formation and not a dilemma-solving exercise.

Brian Leavy’s revised chapter ‘Inspirational Leadership in Business and Other Domains,’ proposes a contextual perspective on leadership which he claims ‘has important implications for the kind of education that should serve top leaders best in their ongoing development.’ Leavy argues that ‘deeper insight can be gained into the nature of inspirational leadership at the institutional level by viewing it as a dynamic process, the outcome of which is shaped by three main elements, context, conviction and credibility.’ His most important questions are posed in a rather implicit way: In today’s changed society, characterized by a dearth of ethical leadership, are the leaders of business also the leaders of society? Given the contextual character of strategic leadership: Is an inspirational leader an ethical leader, someone who changes society? The chapter concludes by identifying a number of developmental priorities for individuals aspiring to be institutional leaders that are linked to this perspective.

Johan Verstraeten, in a chapter entitled ‘Responsible Leadership beyond Managerial Rationality: The Necessity of Reconnecting Ethics and Spirituality’, proposes a view of leadership that is not only transactional but also transformative.

⁴⁴ See Gabriel Flynn, ‘The Irish Banking Crisis (2008–2016): An Ethical Analysis’, *Business and Professional Ethics Journal* 38 (3): 297–319 (2019) available at <<https://philpapers.org/rec/FLYTIB>> Accessed 23 February 2020.

Such leadership requires the capability to motivate people to ‘transform their own self-interest into the interest of the group through concern for a broader goal.’ According to Verstraeten, ‘it has never been more difficult to develop authentic leadership as a consequence of the fact that our late-modern culture hinders or sometimes even blocks the development of leadership qualities.’ The main reason for this, in his view, ‘is the artificial separation between ethics and spirituality.’ Verstraeten seeks to ‘clarify some of these cultural obstacles and describe how spirituality can generate the basic conditions for the moral responsibility of leaders.’

Margaret Benefiel seeks to remedy flawed decision-making processes used by senior business managers by linking discernment and leadership. While recognizing that leadership is fraught with danger, not least because half of decisions made in organizations fail, Benefiel argues persuasively that spiritual discernment helps to keep a leader operating to full potential. The chapter explores the practice of spiritual discernment and how it can help a leader to make more ethical and effective business decisions.

Paul T. Harper responds to a critical question of Richard Rorty “Is Philosophy Relevant to Applied Ethics?” By analysing Rorty’s ideas, Harper provides his own answer to this question. His approach differs from Rorty’s by specifying the contributions of specific philosophies and philosophers rather than stressing the interdisciplinary nature of good theoretical inquiry. Unhappy with the interdisciplinary approach to moral theory, Rorty ultimately advocates the approach of the philosopher Michel Foucault. Through a consideration of Foucault’s characterization of the uses of the critical method and the critical outlook, Harper demonstrates that critique allows for a broader and clearer pedagogical platform for moral development and leadership cultivation. Fully aware of the responsibility of ethicists to provide intellectual resources that help businesspeople to identify and then work through the moral challenges of today’s commercial environment, Harper concludes his revised chapter by offering one kind of pedagogy that he believes would serve to reinvigorate business ethics and make ethical discourse more of a reflection of contemporary concerns.

Part II, in a broadening of the field, considers how business ethics operates at the organizational level in companies and corporations. Daryl Koehn, the Wicklander Chair in Professional Ethics at DePaul University, Chicago in a chapter entitled ‘Ethical and Leadership Challenges by Organizational Culture Type’ asserts that few researchers have investigated in a systematic way corporate or organizational culture types and their relationship to ethics and leadership. She seeks to fill this critical gap in current research by drawing upon one well-known systematic approach to culture assessment with a view to identifying the different ethical and leadership challenges faced by leaders within corporations characterized by various types of culture. By recourse to the Organizational Culture Assessment Instrument (OCAI-Online 2019) that has been widely used by corporations and consultants to identify four dominant organizational culture types. Koehn concludes that OCAI ‘can also be productively used (with some limitations and caveats) to identify ethical strengths and weaknesses and challenges and opportunities leaders may face in each of the four dominant cultures. Having identified these elements, leaders and