I. Introduction

Pressure on corporations to behave in an ethically responsible manner, given recent accountability failures.

Result: crisis of investor confidence; stock markets declining by billions of dollars (Racelis, 2010; Walker, 2005).

If sustainable development is to mean “development that meets the needs of the present without sacrificing the right of future generations to fulfill their needs” (WCED, 1987: 43), then there is a critical need to continue debating the ethics and morality of sustainability (Garriga and Melé, 2004).

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I. Introduction

One cause of such accountability & governance failures = failure to practice:

- genuine corporate social responsibility,
- organizational ethics,
- corporate citizenship, and
- corporate sustainability.

AIM: a call for a re-thinking of the role of business in society, especially in the design and implementation of sustainability practices.

Business Ethics terminology:
- Responsible Investment (SRI)
- Corporate Social Performance (CSP),
II. Literature Review

(1) Governance and the rule of law:

- Corporate Governance = hot topic
- Poor “tone at the top”
- Corporate governance mechanisms:
  - Increasing ownership concentration,
  - Improving independence of board directors,
  - Refining explicit and implicit executive incentives,
  - Formulation of a Code of Ethics, etc.

(1) Governance and the rule of law:

- While Sarbanes-Oxley Act (sox) strengthened independence of auditors of firms, realization - intervention of regulatory agencies and lawmakers is necessary for development of governance mechanisms in private and state-owned firms (Echanis, Wong...)

II. Literature Review

(1) Governance and the rule of law:

- Philippines: although weaknesses in governance mechanisms have been partly addressed by regulations issued by government and other agencies and through laws recently enacted by lawmakers and regulatory agencies, the reforms have been rather wanting. (Echanis, Wong...)

(1) Governance and the rule of law:

- Enforceability of laws is weak;
- Monitoring system and protective ability of regulatory/supervisory bodies need strengthening;
- Judiciary system remains ineffective in protecting the rights of individuals and establishments; &
- Sanctions for non-compliance are lenient or non-existent (Echanis, Wong...)

II. Literature Review

- Neglected fundamental dimension of sustainability: ethical dimension (Vucetich and Nelson, 2010).
- Ethical reasoning → vital to the practice of business and finance (Walker, 2005).
2. Ethics and Morality:

- "goods that are truly good and services that truly serve" [JBE]
- Non-good products:
  - Harmful
  - Wasteful
  - Not respectful of human dignity

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2. Ethics and Morality:

- Ethics and an ethical culture have an impact on decision-making and relationships in organizations.
- Need to reflect on responsibility and stewardship → comprehensive view of sustainability (moral integrity) (Solomon, 2000; Gomez, 1992; Racelis, 2010; Marsh, 2009)

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Ethical sustainability

- ≠ giving in to the “populationism” [widespread use and dissemination of artificial contraceptives, which in reality eventually lead to more abortions, divorces, destruction of family life, etc.], → This can have serious economic consequences for the long-term and sustainable development of human societies, apart from not treating any medical condition (Villegas, 2011).

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Ethical sustainability

- = taking seriously the firm’s fiduciary and stewardship duties.
- Business ought to contribute to the common good by creating wealth, providing goods and services in an efficient and fair manner, at the same time respecting the dignity and the inalienable and fundamental rights of individual human beings (Garriga and Melé, 2004)
3. **Ethical poverty alleviation:**

- Authentic and sustainable development = working at the **real solutions** in order to eradicate or at least alleviate poverty.
- In agriculture-based economies (e.g. Philippines), the ultimate solutions are to be found in:
  - countryside and rural infrastructures;
  - quality basic education (for the children of the poor);
  - primary health services;
  - microcredit and microenterprise programs;
  - technical skills training for secondary school students;
  - social housing (Villegas, 2011).

3. **Ethical poverty alleviation:**

- Role of microcredit in the so-called “Bottom-of-the-Pyramid” (BOP) market
- More morally correct to:
  - Make BOP markets productive suppliers or employees;
  - Is it ethical for multinational companies (MNCs) to sell “luxury” goods to the extremely destitute [80% NI goes to basics]? When credit is extended: are those products a productive resource which can generate new income stream so they may get out of poverty?

3. **Ethical poverty alleviation:**

- Issue of FOREIGN AID:
  - **Ethical Concerns:**
    - “development assistance was a mistake!” (Easterly, 2007, p. 331)
    - increasingly large amounts of money poured into fertility control & population control.
    - RESULT: population control programs have hurt women’s health everywhere and have been detrimental to real economic growth and social and ecological improvement (Aguirre and Hadley, 2005).

3. **Ethical poverty alleviation:**

- Issue of FOREIGN AID:
  - Foreign aid directed at population control = counter-productive over the long run, given demographic crisis in Singapore, Japan, Russia, others (Villegas, 2011).
  - Augmenting human capital by expanding education, improving health conditions, and creating an economic environment have greater returns that can be generated by the world’s human resources (Villegas, 2011).

3. **Ethical poverty alleviation:**

- “Worries about population growth reflect a patronizing view that the poor are incapable of making sensible choices about having children” (Lord Peter Bauer, 2002).
4. Collaborative efforts
- Public-private partnerships = a solution to many societal and business problems.
- Successful when, e.g., public-private partnership development efforts are focused on specified geographic regions based on unique regional strengths (Foley, et al., 2011).

4. Collaborative efforts
- "Social Engineering" (Social Enterprise / Innovation) = Corporations + local government units (LGUs) + government agencies + benefactors (coordinated by partnership management groups).

4. Collaborative efforts
- "Technology business incubators" (TBI) = bring together universities (especially their scientific research centers), venture capitalists, inventors, and physical facilities to "incubate" or nurture technology start-ups.

5. Training and education
- Ethical challenge to the manager: achieve his true end → *eudaimonia* in Aristotelian Ethics (=happiness or human flourishing through moral excellence) (Dobson, 1997).
- Requires training in moral philosophy (to understand *sustainability* as: human needs, socially just, respectful of ecosystem health, human dignity, common good, etc.)

The leader as servant
- Among the few existing explicitly normative concepts of leadership, the idea of servant leadership has arguably been the most influential, aside from Burns’ concept of transforming leadership (1978).
Russell & Stone (2002) identified the following servant leader attributes:
1) vision,
2) honesty,
3) integrity,
4) trust,
5) service,
6) modeling,
7) pioneering,
8) appreciation of others,
9) empowerment.

Cerff (2004) and Hale (2004) both addressed the connection of servant leadership in the African continent.
Cerff engaged the concepts of Ubuntu and the African Renaissance...

UBUNTU – an African ethic or humanist philosophy focusing on people’s allegiances & relations with each other.

= conviction of heart that constantly manifests whenever there is a legitimate need to serve in the absence of extenuating personal benefits

SUSTAINABILITY ☺

1. Governance and the rule of law:
- Usual corporate governance mechanisms do not totally resolve problems. = not fool-proof!
- Even in the "most perfect" of cases, none of these corporate governance mechanisms are cure-alls for bad corporate decisions.
- In other words, there is no guarantee that Rules, Codes... even Manuals... can elicit morally upright behavior from organizational members.

III. Research Agenda

1. Corporate and state governance, and the rule of law;
2. Ethics and morality,
3. Genuine poverty alleviation,
4. Collaborative efforts, and
5. Training and education.

Research the following:

(1) Extent to which companies and countries are implementing governance principles;
(2) Extent to which corporations / professions have codes of ethics;
(3) continued assessment of firms’ corporate governance performance vis-à-vis their own manual / code of CG;
(4) comprehensive listing of the "social and moral responsibilities of business".
2. Ethical sustainability

- "Triple bottom line" → "quadruple bottom line", to include ability of businesses to:
  - contribute to economic growth in their respective countries;
  - minimize environmental degradation and decline;
  - alleviate or eradicate poverty, disease, and social injustice;

3. Ethical poverty alleviation:

- Bottom-of-the-Pyramid [BOP] markets
- Authentic and sustainable development = working at the real solutions in order to eradicate or at least alleviate poverty.
  - Education
  - Jobs/Employment/Income
  - Health
    (e.g., investigate Lant Pritchett’s findings in Phils. & rest of Asia)

4. Collaborative efforts

- Untiring efforts have to go to research and development (R&D) and innovation [research, education and investments in science and technology have been shown to be correlated with rapid economic advancement (Posadas, 2009)].
- Coordinate work among corporations, local government units (LGUs), government agencies, and benefactors in order to achieve the much desired social innovation in the developing world.

5. Moral Training and Education

(1) Theoretical and practical research in moral philosophy is a must,
(2) Research on the “servant leadership” concept —its relationship fruitful teamwork & sustainability— can be expanded.
(3) “Virtue Ethics” — how can ‘sustainability’ be achieved in such a way as to achieve eudaimonia [‘human flourishing’]?

THANK YOU!

Questions?

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