

Editorial: An ethical enterprise – What is it?

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It is important to reflect on ethics and the common good both from the viewpoint of social equality and of the individual good. Business enterprises are an essential part of the society we live in. They are the basic units of economic activity, aimed at satisfying our needs – or at least that is what they should be. Yet today, they are unfortunately often mere “profit-making machines” striving to maximize profits to the shareholders.

But the idea of ethical entrepreneurship and ethical business is always worth speaking for.

Enterprises vary widely as to their character. First of all they differ in size, from micro-businesses to small and medium-size enterprises, large-scale companies and finally to gigantic conglomerates. They also vary as to the industry sectors they operate in. A forestry company requires a different business strategy from one operating in the health sector, for instance.

Do companies also differ as to their degree of ethicality? The requirement for business ethics must be the same for all. The same ethical standards must apply to world-wide Nokia as to any tiny neighbourhood shop. The very concept of ethics contains an idea of universality. The rules must be the same for all.

Ethics is not a question of reciprocity. It is not a matter of “you scratch my back and I’ll scratch yours”. Instead, it has an altruistic element: it implies sacrificing one’s own interest for another’s. Accordingly, an ethical enterprise seeks the human good. An ethical enterprise is not an instrument of profit maximization.

What, then, does it mean to be “ethical”?

Ethics means pursuing “the good life”. Business ethics can be defined as the pursuit of a good business life.

Nonetheless, what is good for someone may be bad for someone else. A person can be a terrorist for some whereas the same individual can be a champion of liberty for others. This is why it is so important to reflect on the criteria by which these judgements are made.

Ethical grounds for such reflection can be found, for example, in utilitarianism, the ethics of utility, and in deontology, the ethics of duty.

Utilitarian ethics claims that material utility and hedonistic pleasure are the only intrinsic values. The conception of humankind in economics is highly utilitarian. This might be regarded as the ideological basis upon which economies act nowadays.

Deontology, on the other hand, sees it as our duty as human beings to do good to ourselves and to others. Along the lines of Kantianism, the most prominent school of deontology, the duty of enterprises would be to improve things like the quality of life and equality, instead of concentrating on improving the standard of living in solely quantitative terms.

According to deontological thinking, an ethical enterprise is one which considers it as its duty to do good. The common good is an end in itself. Doing good is not a means for gaining something – like profit, for instance. The fact remains, however, that in order to survive in today’s market system, a business has to be profitable. This is a subject of continuous controversy: an ethical enterprise is under constant threat of either perishing or degenerating into an “ordinary” enterprise.

How does an ethical enterprise differ from an ordinary enterprise?

An ordinary enterprise that wishes to become ethical can start by basing its operations, its business idea, on some humane value. One example of this is Body Shop, whose beauty and skin care products are based on the idea of sustainable development.

An ordinary business can also try to pursue its corporate social responsibility in an honest and genuine manner. For a large-scale business, for example, this means implementing a broad social responsibility programme alongside its business strategy, while simultaneously fulfilling its responsibility as an employer. This latter obligation has left much to be hoped for in recent years

Finally, there is the not-so-ordinary business, the “alternative” enterprise, whose entire operations are rooted in some specific set of universal values.

To conclude, an ethical enterprise works for the common good, not for profit maximization.