1. Rethinking business ethics in an age of crisis

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1.1 INTRODUCTION

The new millennium has been plagued by several crises, of which the financial and climate crises have gained most public attention. The financial crisis cast a vast number of people into unemployment while their lifetime savings evaporated and many lost their homes. The inequality between the poor and the rich significantly increased. During the last decades in the US, the top 1 percent managed to obtain a fifth of the national income; wealth became even more unequally distributed than before (Stiglitz 2012). Among the manifold consequences of this growing inequality are lower health and lower life expectancies in many countries. In this respect, the real price of the financial crisis is not first and foremost an economic problem, but rather a serious human one (e.g., Kentikelenis et al. 2011).

However, the financial crisis is perhaps only a symptom of even more profound problems in our time. We are facing an environmental crisis due to the consequences of an economy dependent on oil and coal, which pollutes the soil, water and air, and that ultimately threatens the climate by heating the atmosphere to an unprecedented level. Thereby, biodiversity and the life prospects of future generations on earth are threatened. Corporate recklessness has played a part in this picture. A prominent example of corporate environmental transgressions is Deepwater Horizon – the BP oil spill in the Mexican gulf in 2011. Also, we increasingly see controversial business cases related to novel practices like oil sands extraction and so-called fracking. Such cases further endanger the environment, lead to considerable clean-up operations for residents, and in many instances threaten communities by forcing people to move or by creating social instability.

There has been widespread hope that the political system could repair the economic system. However, the political system also seems to be failing. At the time of writing, vast numbers of youth in Southern Europe are unemployed, which has led to mass protest movements that have shaken European democratic institutions. The "Occupy Movement" has drawn attention to the deficiencies and dysfunctionalities of the capitalistic system. The economic system is criticized for not being efficient, since it has vast underutilized resources. Furthermore, it is criticized for not being fair, as the system does not meet even the basic needs of those at the bottom. In this age of crisis, protesters are asking for the right to decent work for decent pay, as well as for a more just economy and society. When the political system amplifies the voice of wealth, gives the wealthy better opportunities to design and administrate laws and regulations, and is unable to prevent large-scale corporate transgressions or protect those at the bottom, we see the interconnectedness of the failures in the economic and the political system. As Stiglitz (2012) maintains, "[r]ather than correcting the market's failures, the political system was reinforcing them". Similarly, economic forces are to an increasing extent colonizing parts of the culture and the life-worlds of citizens. In the US, the Supreme Court has approved corporate campaign financing, thus allowing corporations to exercise "free speech" in supporting candidates and causes much like individuals – only with vast financial powers at their disposal.

In affluent countries, there is talk of "affluenza" – the obsessive quest for material gains in an endless effort to "keep up with the Joneses" (de Graaf et al. 2005). On this hedonic treadmill (Eysenck 1990), many argue that we are confronted with a *moral and spiritual crisis*, wherein a materialistic value orientation becomes ever more dominant. One of the consequences of this orientation, Kasser (2011, p. 204) argues, may be lower personal well-being and more "manipulative, competitive, and ecologically degrading behaviors". Goodpaster (1991, p. 94) termed the strong emphasis on a limited purpose *teleopathy* – a kind of moral disorder that erodes integrity and leads to the disintegration of character. Finally, one of the implications of such crises is unstable social environments, which inevitably erode trust (Shiller 2008). An economy that leads to an erosion of trust may also lead to a loss of respect.

Crises are not only a contemporary phenomenon – rather, financial, environmental and sociocultural crises have occurred repeatedly throughout the centuries (e.g., Galbraith 1994; Lamb 1995). However, the present convergence of crises, "in money, energy, education, health, water, soil, climate, politics and the environment" is a "birth crisis, expelling us from the old world into a new" (Eisenstein 2011, p. xx).

That is, the comprehensiveness and interconnectedness of our current crises, and of their causes and potential solutions, are arguably unprecedented. The premise of this book is that we need new thinking in order to correct the deep failures of economics, business and politics that we are currently witnessing in our societies. The book presents novel ideas and concepts from the frontiers of business ethics, which illuminate a number of the problems we are facing and sketch solutions that are strongly needed. As such, the book attempts to provide a rethinking of business ethics in an age of crisis, as reflected in the book's subtitle. We believe the contributions in the anthology give genuine insights about the causes of the current crises as well as new directions and fruitful solutions that may contribute to our societies' ability to move in the direction of aligning business with the greater good.

1.2 BUSINESS AND THE GREATER GOOD

The anthology comprises chapters that in different ways deal with the problems discussed above. Taken together, they provide insight into the causes, nature, and potential solutions to major ethical problems in contemporary business. The contributions by the authors share some fundamental features that reflect a rethinking of central elements of business ethics in theory and practice. In the following, we outline three central dimensions that run through the chapters of this book, and that together constitute the message of change that is suggested by the contributors. The three parts suggest new directions both in mindset and in practice: (1) from inequality to equality, (2) from the technical–materialistic to the ecological–spiritual, and (3) from compliance and enforcement to autonomy and responsibility. In outlining these three dimensions, we also provide an overview of the contributions of each of the chapters.

1.2.1 Part I: From Inequality to Equality

The first stream of thought in the book deals with the problem of (in)equality. Increasing inequality is a widely discussed phenomenon in the contemporary economy, and it is arguably one of the most important drivers of social activism today. In at least three important ways, inequality is a central problem when it comes to business and its externalities. Since the chapters in this part of the book were developed, inequality has been subject to considerable academic and public debate, not at least following the publication of Thomas Piketty's (2013) *Capital* *in the Twenty-First Century*. The chapters presented here are in different ways relevant to this debate.

First, inequality in opportunities may create systematic difference in the degree to which different groups are able to participate in business activity and the workforce. In the current economic climate, a considerable number of workers are unable to get employment and, at the bottom of the pyramid, entrepreneurs struggle to get financing and other necessary infrastructure in order to create small businesses.

Second, inequality in exposure to risks and externalities of business may lead underprivileged and poor communities to carry a disproportionate weight of the social and environmental costs of business. Generally, the world's poor do not have power to protect themselves from significant externalities of businesses that increasingly migrate to low cost markets, and they are similarly more likely to be exploited by corporate transgressors than are people in countries with stronger background institutions (Yunus 2007). Similarly, the effects of financial crises are often most strongly detrimental to the poor (Baldacci et al. 2002).

Third, the net effect of the two former issues is increasing inequality in outcomes. There is both philosophical and empirical discussion about what is most important – *inequality of opportunity* on the one hand versus *inequality of outcomes* on the other hand (e.g., Sen 1992; Lefranc et al. 2008). Clearly, however, the current increase in unequal outcomes is a source of considerable social uproar and activism, and, as such, it constitutes an ethical as well as a political challenge across societies.

The chapters in the first part of the book address these issues of (in)equality. They discuss the sources and consequences of inequality, and in particular how the mental models and market institutions of the capitalist system have contributed to increasing inequality. The chapters discuss dominant perspectives like shareholder primacy and principal–agent theory as well as the institutions that embody these principles. They also problematize the nature and distribution of wealth. Finally, the chapters in this part of the book address the question of how mental models and market and governance institutions could – and perhaps should – be changed in order to move from inequality to equality.

Inequality itself is the theme of the book's chapter by *George G. Brenkert* (Georgetown University), who addresses the role played by business in creating inequality. The point of departure is that during the last decades more than 80 percent of total increase in Americans' income went to the top 1 percent. The "great divergence" that is the result damages the trust people have in others in society, and may result in a serious threat to a well-functioning economy. Brenkert considers the increased inequality of income and wealth in the US, with special regard to the responsibilities of business. Two different approaches – that inequality is a "natural" and a desirable result of markets and business transactions – are discussed and rejected. The libertarian bottom-up view and Hayek's top-down account are described.

Brenkert's conclusion is that these mental frameworks are not acceptable, and until such mental models are rejected, the problem will continue. Brenkert sketches several reasons to ground the beliefs that business does have direct as well as indirect responsibilities for increased inequality. For example, business did not adequately inform or take the financial condition of customers of mortgages into consideration. Thereby, business increased the inequalities between different ethnic groups in the US. Based on the view that with great power comes great (moral) responsibility, Brenkert suggests that businesses should be more active in implementing various laws and regulations that will have an effect of increasing equality in society. Businesses could lobby for a higher minimum wage law, executives could do what they can within their own spheres, and they could seek to solve problems that can only be solved collectively. Referring to the general ethical guidelines discussed by De George, special attention could be given to developing fair background institutions that support greater equality, which ultimately might lead to higher trust.

Shareholder primacy and its role in creating inequality is the theme of the chapter by *Wesley Cragg* (York University). He discusses why management theories on which the profit maximization model is based are "fatally flawed". Cragg presents a history of the firm and emphasizes that there is a pressing need for reassessing the currently dominant management theories and practices. Business as investor-owned corporations has not always followed the dogma of profit maximization. Cragg argues that "incorporations" in their early modern phase were a kind of a formal social contract between the company and public interests. The potential for private enrichment should be balanced by the assumption of generating public benefits. Underlying this view was an expectation of reciprocal benefits for the public and the company that was given "the exclusive right to trade and commerce."

Cragg describes the rise of shareholder primacy theories, by referring to agency theory's implication that the purpose of the firm is to maximize shareholder value. One of the consequences was that stock-based compensation became seen as a way of aligning the interests of executives with those of the shareholders. Cragg discusses the normative implications of the profit maximization model, the moral hazard conundrum, and analyzes the issues in a societal perspective. Finally, Cragg discusses the theoretical and practical implications of the shareholder primacy approach for ethics and makes suggestions for how to rebuild the foundations of ethics and trust. Cragg's main critique is that profit maximization represents a dogma that undermines the ethical foundations of corporate behavior, and that may ultimately threaten our economic and social system. This will erode trust and result in a loss of respect. According to Cragg, we need a new understanding of the purpose of business, which is to provide goods and services ethically and profitably.

The nature of wealth and its implications for market institutions and economic actors is the theme of the chapter by *Georges Enderle* (University of Notre Dame). Enderle clarifies the notion of "the greater good", by placing business organizations into the broader systemic context. Business is part of the economic system but not the whole of it, since the purpose of the economic system is the creation of wealth in a comprehensive sense. Enderle emphasizes the fact that the economic system mediates between business and society, and that the market is often mistaken for the entire economy. He characterizes and evaluates economic systems as consisting of three basic components: ownership and decision-making, information and coordination, and motivation. Concerning the motivational structure, Enderle emphasizes that self-interest is insufficient in producing public goods. Other-regarding motivations are indispensable, together with entrepreneurial spirit. Defining wealth as a combination of private and public wealth, Enderle draws implications for the motivational structure, the role of markets and collective actors. One implication is the very fact that market institution is efficient in producing private goods, but fails in generating public goods.

One essential part of wealth creation is the innovative activity that constantly searches for improvement. By referring to Grameen Bank in Bangladesh and Medtronic in the US, Enderle shows that wealth creation includes both material and spiritual aspects. In sum, wealth consists of physical, financial, human and social capital. In this way, there is a mutual dependence of private and public wealth. Finally, Enderle stresses that corporations have a moral obligation to recognize business enterprises as responsible to respect human rights and to help "remedy human rights violations".

The theme of the chapter by *Eleanor O'Higgins* (University College Dublin) is whether there may be alternative economic models that to a lesser extent promote inequality and short-term horizons. O'Higgins investigates "gatekeepers" and intermediaries who brought on the global economic crisis, and thereby takes the system of capitalism and its theoretical underpinnings from economics as her point of departure. She discusses how principal–agent logic facilitated the production of perverse incentives and conflicts of interest throughout markets and value chains, and contends that this was an important factor leading to the global financial crisis. Specifically, O'Higgins argues that trust eroded in the financial markets as a consequence of the market-based relationships in the financial sector's investment value chains. Thus, the participation of both investors and savers may be threatened.

On the basis of this understanding of the problem, O'Higgins maintains that a new model of business and capitalism is needed. O'Higgins argues that its purpose should be to create value for all, in a context of social solidarity. This implies placing strong emphasis on developing investment value chains in a manner that promotes the trust between actors in the value chain. According to O'Higgins, the professional ethics of actors in the value chain plays an important role in achieving this end. O'Higgins suggests that such a reconfiguration of the investment value chain is necessary in order to ensure a long-term view that enhances value creation. Thereby, argues O'Higgins, a new movement in fund management – that of "slow finance" would be enabled to flourish.

The four chapters in Part I together constitute an argument that the current mental models, market and governance institutions, and corporate behavior promote inequality rather than equality, and that this is detrimental from economic, social and environmental points of view. The authors of these chapters argue for laws and regulations that promote fairness, a broader purpose for corporations, market and governance institutions that provide incentives for generating public wealth, and market mechanisms that stimulate longer-term thinking promoting equality in business and society.

1.2.2 Part II: From the Technical–Materialistic to the Ecological–Spiritual

The second stream of thought in the book deals with the values and beliefs that are embedded in the current approaches to business in general and business ethics in particular. Any understanding of a problem is based on a set of beliefs and a corresponding set of values, since a problem reflects our understanding of the gap between the current and the desired state (Eierman and Philip 2003). In this respect, the values we strive to realize or to protect are central to how we act as individuals and organizations, and to how we design organizations, markets and governance mechanisms.

The chapters in Part II of this book address the role of values and beliefs in business ethics along several dimensions. First, values are central to the way in which individuals and thereby organizations conceive of and approach problems (Mitroff 1998; Ims and Zsolnai

2006). Thus, values in large part determine the choices and behavior of individuals and firms, whether this relates to consumer behavior, investor behavior or managerial choice (cf. Van Lange 1999). Therefore, the value orientations of individuals and organizations are significant both from an economic and ethical point of view, since they influence the economic, social and environmental outcomes of economic behavior.

Second, the boundaries we set for what is considered relevant types of value in decision contexts matter for decision-making purposes. Broadening the set of values considered in the decision-making process is arguably likely to increase the set of stakeholders considered and the breadth of norms taken into account (e.g., Zsolnai 2011). The value set considered, then, has an impact on the outcomes of decisions along several value dimensions, which implies that value plurality increases the adequateness of decision-making.

The chapters in the second part of the book address issues related to different value dimensions and beliefs in business. They discuss the values that are embedded in current management models and theories, and the implications they have for economic decision-making and behavior. In doing so, they contrast materialistic and non-materialistic – and in particular spiritual – value orientations. The chapters further address how beliefs about reality relate to our conceptions of what is ethical. In this respect, issues of consciousness, man's place in the world, the notion of time and our different worldviews are all addressed. Finally, the chapters address the metaphysics of business and the metaphysics of the environment, and how our understandings thereof may stand in the way of our ability to design organizations that promote socially and ecologically viable business. In this way, the chapters in the second part of the book are interconnected in their emphasis that for business to be sustainable, there is a need for a shift from technical–materialistic perspectives to ecological–spiritual perspectives.

The theme of the chapter by *Laszlo Zsolnai* (Corvinus University of Budapest) is the value orientation of decision makers. Zsolnai argues that the dominant management model of today's business is based on a materialistic conception of man in which greed and an "enrich yourself" mentality play a key role. The economic and financial crisis has given insight into the problems of mainstream business that is based on this model. With this point of departure, Zsolnai criticizes the notion of profit as the sole measure of economic success. One of the problems with profit as a success criterion is that the value of natural assets and important human and social values cannot adequately be expressed in monetary terms. Another problem is created when money is used as the main motivational source for economic activities. By using the "crowding" theory, Zsolnai emphasizes that strong profit motivation may be counterproductive, because it decreases the intrinsic motivation of economic actors, which may lead to manipulation of others and oneself via mechanisms of moral disengagement.

In opposition to the dominant value orientation, Zsolnai suggests a spiritual value orientation characterized by interconnectedness and transcendence. A spiritual person – a *homo spiritualis* – is "genuinely aware of the interconnectedness of all living beings", experiencing love and compassion toward others. Zsolnai points out that this kind of behavior can be seen in spiritual-based leadership, which is a holistic approach that provides a framework for an organization's values, ethics and responsibility. The non-materialistic management model assumes that a human being has materialistic and non-materialistic motivation. Zsolnai further discusses examples of non-materialistic management – the Grameen Bank in Bangladesh and Triodos Bank in the Netherlands – which demonstrate that spiritually driven, non-materialistic management models are based on intrinsic motivation and measure success in a multidimensional way. In this manner, argues Zsolnai, organizations are able to serve the common good.

The sources of ethical competency in an Eastern perspective is the theme of the chapter by *Peter Pruzan* (Copenhagen Business School). His chapter concerns what it means to be ethical, how it can be realized, and its relevance for organizational leaders. Pruzan's intention is to present a chapter that is "both academically acceptable and yet is based upon personal mystical experiences as well as on a metaphysical starting point". Accordingly, he seeks to integrate spirituality as an overall framework for understanding central leadership concepts.

A crucial question for Pruzan is the following: "What is the source of our competence to behave virtuously and wisely so as to transcend the limitations of our ego-minds?" Pruzan supplements the modern Western approaches to ethics with wisdom and spontaneous knowing. The Buddhist and Hindu teachings provide a non-dual perspective on reality where we are simply one with an underlying total reality. It follows that ethical behavior does not just concern the relationship between humans, but also between humans and all of reality, including future generations. The goal of life is to identify one's self with the Self, to *be* the unity in all the diversity. Pruzan sketches the relevance of the concept of ethical competency to the field of business ethics. He asserts that the world of business can provide a fertile context for spiritual development, and the ability to integrate and balance rational actions with one's inner source of ethics. Spirituality can inspire business leaders to re-consider how they and their organization formulate the core-meaning of their existence.

In his chapter, *Kevin T. Jackson* (Fordham University) takes an existential approach to exploring philosophical and practical aspects of *time*. Jackson draws together issues of time as they relate to *aesthetics* (temporal relationships between economic value and moral values), *human rights* (time's impact on our capacity for well-being), and *economic life* (comprehending business as a temporal art). Jackson argues that living with time-balance is a vital existential need – a prerequisite for flourishing in a state of physical and mental health. He further draws on the relationship between music and business, in order to grasp how business (like music itself) is a complex, pulsating temporal art that engages our whole being in multiple layers of time cycles. Both music and business happens *in time* and have specific rhythms. Moreover, they may both have aesthetic, economic, and spiritual value. As such, they are central to our well-being. However, time is also associated with specific problems, and Jackson introduces the notion of *chronopathy*, which is a state of temporal dysfunction that afflicts not only individuals but also organizations. It can be manifested in individuals as busy-ness, and can be seen as a species of "invisible" human rights deprivation.

Jackson further argues that because they are linked to markets, and because markets are in flux over time, the objects to which we assign economic value undergo changes in valuation in a continuous temporal flow. According to Jackson, it is important to recognize that there is some overlap between economic and aesthetic value. Accordingly, he proposes that one of the important characteristics of the moral value of human rights is that it remains constant over time. It is not subject to "market swings." Therefore, argues Jackson, human rights have a special *axiological atemporality*, even though they may well undergo change over time.

The theme of the chapter by *Ove Jakobsen* (Bodø Graduate School of Business) is ecological economics. Jakobsen argues that the negative side effects of the modern industrial society are largely unintended consequences of the dominating mechanistic worldview. The ecological losses put a strain on both economic and social systems. Jakobsen points to the fact that degraded ecosystems increase the risk that these systems will be pushed over the edge. The problems are to a large extent due to shallow approaches aimed at the symptoms of the problems. Jakobsen argues that solving such serious challenges by one-sided treatment of the most visible symptoms could lead to a number of paradoxical outcomes. For example, an attempt to solve the financial crisis by stimulating economic growth will increase the current environmental problems. Growth in production and consumption in rich countries often leads to reduced resource efficiency, the life cycle of products becomes shorter, the distance between production and consumption increases, and the amounts of waste grow dramatically. According to Jakobsen, the tendency to overexploit resources is currently reinforced by powerful technologies, as well as by cultural norms, particularly those associated with today's globally dominant economic growth paradigm. Jakobsen argues that we are consequently in need of a paradigm shift.

According to Jakobsen, most developed countries are currently in a period of uneconomic growth, in which further growth in economic activity actually reduces well-being. He argues that addressing the climate crisis suggests additional measures that are difficult to implement without changing from a growth to a de-growth economy. Jakobsen proposes new solutions based on a change from a competitive to a cooperative economy, based on an ongoing dialogue between all concerned stakeholders. He distinguishes between different interpretations of economic growth along the variables "green economy" and "ecological economics" versus "short term" and "long term" action plans. Jakobsen concludes that the failure to address metaphysical questions has led to many of the central errors of conventional economics.

The four chapters in Part II together constitute an argument that the beliefs and values embedded in current management theories as well as in the behavior of managers, employees and customers are largely based on a materialistic worldview and a corresponding technical mindset. The authors argue that there are detrimental side effects of this orientation, and that a much broader value orientation and mindset is needed. The authors argue that an emphasis of the spiritual sources of ethics in business as well as on the aesthetical values that may inform business activity has the potential to broaden the horizon and deepen the thinking of decision makers. Furthermore, the authors argue that a longer-term orientation that emphasizes the ecological dimension of business is necessary in order to arrive at more sustainable business practices.

1.2.3 Part III: From Compliance and Enforcement to Autonomy and Responsibility

The third and final stream of thought in the book deals with the question of whether mandated or voluntary approaches to business ethics are more effective. At a deeper level, this relates to the question of how ethical behavior is motivated, facilitated, and sustained. Increasingly, governments, professional bodies, and other actors argue that mandatory practices related to business ethics and corporate responsibility are necessary in order to enforce responsible practices and ensure compliance with desired standards. For instance, there is an expectation that social and environmental reporting (or integrated reporting) will become mandatory in the coming years (Ioannou and Serafeim 2011). The development of institutions like UN Global Compact, Global Reporting Initiative, and the ISO26000 standard has also moved reporting practice in the direction of standardization and thereby created more emphasis on compliance.

On the other hand, many scholars and practitioners argue that voluntary approaches to business ethics and corporate responsibility are more appropriate for motivating and fostering ethical practices. First, it is possible that mandating responsible practices will lead firms to do only what is mandated and abstain from doing more (cf. Pogge 1992). Second, there is a risk that enforcing responsible practices may crowd out any genuine moral commitment on the part of the actor, and thus reduce the act to pure compliance or opportunism (Ims et al. 2013). This may transform the vibrant nature of ethical reflection and dialogue into a more narrow "quasi-legalistic" system of rules and requirements. Finally, a heavy reliance on mandatory standards requires a comprehensive system to follow-up and develop such rules and regulations in order to sustain ethical practices over time.

The chapters in the third part of the book address issues related to how ethical and responsible behavior can be fostered and sustained. They address the question of what constitutes responsible behavior and how personal values determine choices of personal responsibility. The chapters further discuss the individual's autonomy and power to act in line with one's convictions. Furthermore, they analyze how voluntary versus mandatory regimes stimulate firms to act in accordance with societal expectations. The authors also address the importance of legitimacy in driving behavior. Finally, the chapters stress the importance of free and open dialogues for stimulating ethical reflection and action. In this way, the chapters in Part III together emphasize the importance of autonomous and responsible choice, which stimulates moral commitment and accountability, rather than compliance and enforcement regimes that may undermine such commitment.

The phenomenon of personal responsibility in organizational life is the theme of the chapter by *Knut J. Ims* and *Lars Jacob Tynes Pedersen* (NHH Norwegian School of Economics). Ims and Pedersen aim to explore how individuals in organizations arrive at heroic acts of taking personal responsibility despite inflicting considerable costs on themselves (and potentially on others). The chapter investigates a particular type of personally responsible behavior – acts that are characterized by autonomous, value-driven choice in business settings. In doing so, Ims and Pedersen shed light on the relationship of personal responsibility and the greater good, as well as on how the individual's moral sensitivity is translated into action.

Ims and Pedersen investigate the case of Inge Wallage, who used an *exit strategy* in order to take personal responsibility. Wallage left her former position as vice president of communications in the Norwegian oil company Statoil, and chose to work as communications director of Greenpeace. The authors discuss the nature and scope of personal responsibility, and shed light on how acting personally responsibly is related to promoting and protecting the common good.

The theme of the chapter by *S. Prakash Sethi* and *Donald H. Schepers* (Baruch College, CUNY) is the codes of conduct in multinational firms. Sethi and Schepers investigate numerous non-state regulatory regimes (e.g., UN Global Compact and the Equator Principles) that have been developed to promote responsible business practices. Their point of departure is the manifold critique directed at these initiatives. A fundamental distinction is made between input and output legitimacy of codes of ethics, where the former refers to the degree to which the code has been developed in a manner that ensures (for example) stakeholder representation and voice, while the latter refers to the real world impact of the code.

The framework proposed by Sethi and Schepers involves an evaluation that combines an emphasis on measures in the code itself weighed against the cohesiveness of the member group that governs the code. These two criteria are indicators of the effectiveness of the code. Based on this framework, Sethi and Schepers identify eight pre-conditions for identifying strengths, weaknesses, and pitfalls related to different types of codes. In a systematic way, Sethi and Schepers analyze and evaluate four different codes of conduct – all of which are industry-wide codes. By means of their analysis, the authors highlight key differences between codes, and how their strengths and weaknesses relate both to issues of internal and external legitimacy.

The theme of the chapter by *Johannes Brinkmann* (Norwegian Business School) is how individuals learn to develop business ethics competence. Brinkmann explores the methodology of Socratic dialogue in the tradition of the German philosophers Leonard Nelson and Gustav Heckmann. The Nelson–Heckmann tradition is a small-group conversation process inspired by Plato's classical dialogues of Socrates. According to Brinkmann, the Socratic dialogue may promote the individual's understanding of how to "walk the talk", by offering the dialogue participants a learning-by-doing experience of what an ideal moral conversation looks like.

Brinkmann outlines four indispensable features of the Socratic dialogue methodology: (1) starting with the concrete and remaining in contact with concrete experience, (2) full understanding between participants, (3) adherence to a subsidiary question until it is answered, and (4) striving for consensus. That is, the methodology takes as point of departure the concrete experiences of the individual. Brinkmann uses three examples of actual Socratic dialogues in order to illuminate how such processes may be carried out, and which features promote their success. Brinkmann concludes that we may successfully employ Socratic dialogues in order to reach well-justified consensus about a variety of ethical issues, and thereby we may get closer to reducing the theory–practice divide.

The three chapters in Part III together constitute an argument that an important challenge for business ethics is to stimulate ethical reflection, judgment, motivation and commitment over time, and that this challenge requires autonomous choice and personal accountability. The authors thus argue that individuals sometimes need to be able to make heroic moral choices in organizational life. They further argue that firms should be given considerable degrees of freedom to design and implement appropriate ethical institutions that stimulate commitment and competence in the face of difficult issues related to business ethics and corporate responsibility. Finally, the authors argue that open, but structured ethical dialogues can stimulate reflection and commitment to foster genuine and sustained ethical behavior.

As a forward-looking epilogue to the three main themes outlined above, the book culminates in all the contributing authors' perspectives on what ought to be the future of business ethics. The final chapter gives an account of the structured dialogue that concluded the TABEC conference in Bergen, in which the conference participants had a roundtable discussion about the future of business ethics. The dialogue thus dealt with the question of how business ethics ought to develop in order to be suited for the challenges of the future of business. The anthology's concluding chapter summarizes the viewpoints of the conference participants, and thereby points towards the horizon in discussing how business ethics needs to be developed in order to regain trust and purpose in the post-crisis era, as well as to foster the ability of business to contribute to and to protect the greater good of humanity.

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