Aristotle, Ethics and Business Organizations

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Abstract

I have developed a theoretical framework which I call 'an Aristotelian approach to business' to talk about corporations and organizations in general. Although Aristotle is famous largely as an enemy of business, he was the first economist and he might well be called the first business ethicist as well. We can no longer accept the amoral idea that 'business is business' (not really a tautology but an excuse for being socially irresponsible and personally insensitive). According to Aristotle, one has to think of oneself as a member of the larger community — the *Polis* for him, the corporation, the neighborhood, the city or the country (and the world) for us — and strive to excel, to bring out what is best in ourselves and our shared enterprise. What is best in us — our virtues — are in turn defined by that larger community, and there is therefore no ultimate split or antagonism between individual self-interest and the greater public good. The Aristotelian approach to business ethics, rather, begins with the two-pronged idea that it is individual virtue and integrity that count, and that good corporate and social policy encourage and nourish individual virtue and integrity.

Keywords: Aristotelian ethics, corporation as community, integrity, virtue

'Corporations are places where both individual human beings and human communities engage in caring activities which are aimed at mutual support and unparalleled human achievement.'

R. Edward Freeman and Jeanne Liedtka,
'Corporate Social Responsibility: A Critical Approach' (1991)

Aristotle on Business

I have developed a theoretical framework which I call 'an Aristotelian approach to business'. As Aristotle is famous largely as the enemy of business, some justification of this approach would seem to be in order. True, he was the first economist. He had much to say about the ethics of exchange and so might well be called the first (known) business ethicist as well. But Aristotle distinguished two different senses of what we call economics: *oeconomicus* or household trading, which he approved of and thought essential to the working of any even modestly complex society, and *chrematisike*, which is trade for profit. Aristotle declared the latter activity

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wholly devoid of virtue. Aristotle despised the financial community and, more generally, all of what we would call profit-seeking. He argued that goods should be exchanged for their ‘real value’ (their costs, including a ‘fair wage’ for those who produced them), but he then concluded, mistakenly, that any profit (that is, over and above costs) required some sort of theft (for where else would that ‘surplus value’ come from?). Consequently, he called those who engaged in commerce ‘parasites’ and had special disdain for money-lenders and the illicit, unproductive practice of usury, which until only a few centuries ago was still a crime. (‘Usury’ did not originally mean excessive interest; it referred to any charge over and above cost.) Only outsiders at the fringe of society, not respectable citizens, engaged in such practices. (Shakespeare’s Shylock, in *The Merchant of Venice*, was such an outsider and a usurer, though his idea of a forfeit was unusual.) All trade, Aristotle believed, was a kind of exploitation. Such was his view of what we call ‘business’. Aristotle’s greatest medieval disciple, St Thomas Aquinas, shared the disdain of ‘the Philosopher’ for commerce, even while he struggled to permit limited usury (never by that term, of course) among his business patrons. (A charge for ‘lost use’ of loaned funds was not the same as charging interest, he argued.) Even Martin Luther, at the door to modern times, insisted that usury was a sin and a profitable business was (at best) suspicious. Aristotle’s influence on business, it could be argued, has been long-lasting — and nothing less than disastrous.

In particular, it can be argued that Aristotle had too little sense of the importance of production and based his views wholly on the aristocratically proper urge for acquisition, thus introducing an unwarranted zero-sum thinking into his economics. And, of course, it can be charged that Aristotle, like his teacher Plato, was too much the spokesman for the aristocratic class and quite unfair to the commerce and livelihoods of foreigners and commoners. It is Aristotle who initiates so much of the history of business ethics as the wholesale attack on business and its practices. Aristotelian prejudices underlie much of business criticism and the contempt for finance that preoccupies so much of Christian ethics even to this day, avaricious evangelicals notwithstanding. Even defenders of business often end up presupposing Aristotelian prejudices in such Pyrrhonian arguments as ‘business is akin to poker and apart from the ethics of everyday life’ (Carr 1968) and ‘the [only] social responsibility of business is to increase its profits’ (Friedman 1971). But if it is just this schism between business and the rest of life that so infuriated Aristotle, for whom life was supposed to fit together in a coherent whole, it is the same holistic idea — that business people and corporations are first of all part of a larger community — that drives business ethics today.

We can no longer accept the amoral idea that ‘business is business’ (not really a tautology but an excuse for being socially irresponsible and personally insensitive). According to Aristotle, one has to think of oneself as a member of the larger community — the *Polis* for him, the corporation, the neighborhood, the city or the country (and the world) for us — and strive to excel, to bring out what is best in ourselves and our shared enterprise. What is best in us — our virtues — are in turn defined by that larger community, and there is therefore no ultimate split or antagonism between individual self-interest and the greater public good. Of course, there were no corporations in those days, but Aristotle would certainly know what I mean when I say that most people in business now identify themselves — if tenuously — in terms of their companies; corporate policies, much less corporate codes of ethics, are not by themselves enough to constitute an ethics. But corporations are not isolated city-states, not even the biggest and most powerful of the multinationals (contrast the image of 'the sovereign state of ITT'). They are part and parcel of a larger global community. The people who work for them are thus citizens of (at least) two communities at once, and one might think of business ethics as getting straight about that dual citizenship. What we need to cultivate is a certain way of thinking about ourselves in and out of the corporate context, and this is the aim of ethical theory in business, as I understand it. It is not, let me insist, anti-individualistic in any sense of 'individualism' that is worth defending. The Aristotelian approach to business ethics, rather, begins with the two-pronged idea that it is individual virtue and integrity that count, but good corporate and social policy encourage and nourish individual virtue and integrity. It is this picture of community, with reference to business and the corporation, that I want to explore here. One might speak of 'communitarianism' here, but it is not at all evident that one must give up, at the same time, a robust sense of individuality (as opposed to self-interested individualism). Community and virtue will form the core of the thesis I want to defend here.

To call the approach 'Aristotelian' is to emphasize the importance of community, the business community as such (I want to consider corporations as, first of all, communities) but also the larger community, even all of humanity and, perhaps, much of nature too. This emphasis on community, however, should not be taken to eclipse the importance of the individual and individual responsibility. In fact, the contrary is true: it is only within the context of community that individuality is developed and defined, and our all-important sense of individual integrity is dependent upon and not opposed to the community in which integrity gets both its meaning and its chance to prove itself.

One of the most important aspects of the 'Aristotelian' approach is the emphasis on the purposiveness (or 'teleology') that defines every human enterprise, including business. But that purposiveness transcends the realm of business and defines its place in the larger society, though the popular term 'social responsibility' makes this sound too much like an extraneous concern rather than the purpose of business as such. On both an individual and the corporate level, the importance of the concept of *excellence* is intricately tied to this overall teleology, for what counts as excellence is defined both by its superiority in practice and its role in serving larger social purposes. 'Aristotelian', too, is a strong emphasis on individual character and the virtues (where a 'virtue' is all-round personal excellence), embedded in and in service to the larger community. It is the role of the individual in the corporation (and of the corporation in society) that concerns me, not the individual alone, not the structure of the corporation abstracted from the individuals that are its members (and not the nature of 'capitalism', abstracted from the character of particular corporations and the communities they serve). That is why the idea of business as a practice is absolutely central to this approach: it views business as a human institution in service to humans and not as a marvelous machine or in terms of the mysterious 'magic' of the market.

Finally, it may be theoretically least interesting but it is polemically, perhaps, most important: I prefer the name 'Aristotelian' because it makes no pretensions of presenting something very new, the latest 'cutting-edge' theory or technique of management, but instead reminds us of something very, very old, a perspective and a debate that go all the way back to ancient times. What Aristotle gives us, I want to suggest, is a set of doctrines that both conforms to and goes beyond historicism, namely, the incessant appeal of ethics (including business ethics) to the standards of a particular community, and at the same time the standards of community *as such*, that is, the very possibility of human beings living and working together. What the Aristotelian approach promises is not something novel and scientific, but something very staid and above all very human. The idea is not to infuse corporate life with one more excuse for brutal changes, a new wave of experts and seminars and yet another downsizing bloodbath. It is to emphasize the enduring importance of continuity and stability, clarity of vision and constancy of purpose, corporate loyalty and individual integrity for both financial success and (more important) a decent life.

Aristotle, Happiness and Virtue

Aristotle's central ethical concept, accordingly, is a unified, all-embracing notion of 'happiness' (or more accurately *eudaimonia*, perhaps better translated as 'flourishing' or 'doing well'). The point is to view one's life as a whole and not separate the personal and the public or professional, or duty and pleasure. The point is that doing what one ought to do, doing one's duty, fulfilling one's responsibilities and obligations is not counter but conducive to the good life, to becoming the sort of person one wants to become. Conversely, becoming the sort of person one wants to become — which presumably includes to a very large extent what one does 'for a living' — is what happiness is all about. Happiness is 'flourishing', and this means fitting into a world of other people and sharing the good life, including 'a good job', with them. A good job, accordingly, is not just one that pays well or is relatively easy but one that means something, one that has (more or less) tangible and clearly beneficial results, one that (despite inevitable periods of frustration) one enjoys doing. Happiness (for us as well as for Aristotle) is an all-inclusive, holistic concept. It is ultimately one's character, one's integrity, that determines happiness, not the bottom line. And this is just as true, I want to insist, of giant corporations as it is of the individuals who work for them.

There is no room in this picture for the false antagonism between 'selfishness' on the one hand and what is called 'altruism' on the other. For the properly constituted social self, the distinction between self-interest and social-mindedness is all but unintelligible and what we call selfishness is guaranteed to be self-destructive as well. And 'altruism' is too easily turned into self-sacrifice, for instance by that self-appointed champion of selfishness Ayn Rand. But altruism isn't self-sacrifice; it's just a more reasonable conception of self, as tied up intimately with community, with friends and family who may, indeed, count (even to us) more than we do. What the Aristotelian approach to business ethics demands isn't self-sacrifice or submerging oneself in the interests of the corporation, much less voluntary unhappiness. What it does say is that the distinctions and oppositions between self and society that give rise to these wrong-headed conceptions are themselves the problem, and the cause of so much unhappiness and dissatisfaction. So, too, the most serious single problem in business ethics is the false antagonism between profits and social responsibility. There is an academic prejudice, for example, against clever profit-making solutions — the obviously optimal solution to 'social responsibility'-type problems. It is as if moralists have a vested interest in the nobility of self-sacrifice (that is, self-sacrifice by others). (The same problem, philosophy students will recognize, was once raised by the theory of egoism in ethics, e.g. in the famous exchange between Thomas Hobbes and Bishop Butler.) According to such views, either an action is selfish or it is selfless, and the Aristotelian synthesis of self-interested, noble behavior is eliminated from view. Once one introduces such artificial oppositions between self-interest and shared interest, between profits and social responsibility, the debate becomes a 'lose–lose' proposition, either wealth and irresponsibility or integrity and failure. Yet I do not want to say that the Aristotelian approach offers us a 'win–win' proposition, since that popular formulation already assumes a self-interested (albeit mutual self-interest) game theoretical situation. The truth is closer to this: by working together *we* are better off (and woe to the corporation or society that too long keeps all of the rewards at the top of the pyramid and allows only a 'trickle-down' of benefits to most of those in the 'we'.

What is worth defending in business is the sense of virtue that stresses cooperative joint effort and concern for consumers and colleagues alike. Aristotelian ethics is an ethics of virtue, an ethics in which personal and (corporate) integrity occupy the place of central concern and focus. But virtue and integrity are not to be found in a vacuum. They do not appear miraculously in the atomistic individual, they cannot be contracted or commissioned, nor are they the special province of saints. They are not (except cynically) the result of a cost–benefit calculation of utility, and they cannot be dictated according to abstract rules or principles (thus the nagging vacuity of such principles as 'be courageous!' or 'be generous!'). A virtue has a place in a social context, in a human practice, and accordingly it is essentially part of a fabric that goes beyond the individual and binds him or her to a larger human network. Integrity — literally 'wholeness' — also has to be understood (in part) in the context of a community, and in business life the corporation. It consists not just of individual autonomy and 'togetherness' but of such company virtues as loyalty and congeniality, cooperation and trustworthiness. Of course, this also means that the corporation itself must be viewed as a morally and socially responsible agent, a view which does not, however, compromise the ultimate importance of the responsibility and integrity of the individuals who work within it.[1] Nothing is more damaging to business ethics (or to ethics in business) than the glib dismissal of corporations as agents because they are 'legal fictions' or the equally fatuous if familiar insistence that the sole purpose of corporations (and, therefore, the sole responsibility of their managers) is to turn a profit and fulfill their 'fiduciary obligation to the stockholders' (Friedman 1971). The pursuit of integrity is undermined from the start, I have argued, by such dangerous myths and metaphors about business, corporations and the people who work for them. Corporations are neither legal fictions nor financial juggernauts but communities, people working together for common goals. That seemingly simple realization, which so much of corporate life has seemingly rejected in recent years, is the first principle of Aristotelian business ethics. And with that emphasis on integrity and community comes not only the fulfillment of obligations to stockholders (not all of them 'fiduciary') but the production of quality and the earning of pride in one's products, providing good jobs and well-deserved rewards for employees and the enrichment of a whole community and not just a select group of (possibly short-term) contracted 'owners' (MacLeod 1993).[2]

So, too, Aristotelian ethics presupposes an ideal, an ultimate purpose, but the ideal of business in general is not, as my undergraduates so smartly insist, 'to make money'. It is to serve society's demands and the public good and be rewarded for doing so. This ideal in turn defines the mission of the corporation, and provides the criteria according to which corporations and everyone in business can be praised or criticized. 'Better living through chemistry', 'Quality at a good price', 'Productivity through people', 'Progress is our most important product' — these are not mere advertising slogans but reasons for working and for living. Without a mission, a company is just a bunch of people organized to make money while making up something to do (e.g. 'beating the competition'). Such activities may, unintentionally, contribute to the public good, but Adam Smith's 'invisible hand' (a metaphor he used exactly once in the whole of *Wealth of Nations* and once prior in his *Theory of the Moral Sentiments*) never was a very reliable social strategy, and the difference between intending to do good and doing good unintentionally is not just the special sense of satisfaction that comes from the former. Contrary to the utterly irresponsible and obviously implausible argument that those ('do-gooders') who try to do good in fact do more harm than good, the simple, self-evident truth is that most of the good in this world comes about through good intentions. Meaningful human activity is that which intends the good rather than stumbling over it on the way to merely competitive or selfish goals.

The Corporation as Community

The Aristotelian approach begins with the idea that we are, first of all, members of organized groups, with shared histories and established practices governing everything from eating and working to worshipping. We are not, as our favorite folklore would have it, first of all *individuals*, that is, autonomous, self-sustaining, self-defining creatures who, ideally, think entirely for ourselves and determine what we are. The ‘self-made man’ (or woman) is a social creature, and he or she ‘makes it’ by being an essential part of society, however innovative or eccentric he or she may be. To say that we are communal creatures is to say that we have shared interests, that even in the most competitive community our self-interests are parasitic on and largely defined in terms of our mutual interests. To think of the corporation as a community is to insist that it cannot be, no matter how vicious its internal politics, a mere collection of self-interested individuals. To see business as a social activity is to see it as a practice that both thrives on competition and presupposes a coherent community of mutually concerned as well as self-interested citizens.

To be sure, communities in the contemporary ‘western’ world are anything but homogeneous or harmonious, but the claim I am making here is more metaphysical than nostalgic, and the claim is that what we call ‘the individual’ is socially constituted and socially situated. ‘The individual’ today is the product of a particularly mobile and entrepreneurial society in which natural groups (notably the ‘extended’ family or tribe) have been replaced by artificial organizations such as schools and corporations. Movement between them is not only possible (as it is usually not between tribes and families) but encouraged, even required. Human beings are not, as such, individuals. They are separated by the boundaries of their epidermises, to be sure, and there is some (rather philosophically confusing) sense in which each one ‘has’ his or her own thoughts and emotions, even if these are prompted by, learned from and the same as the thoughts and emotions of other people. ‘The individual’ was an invention of the 11th and 12th centuries in Europe, when families were separated by war and the tightly arranged structures of feudalism were breaking apart. ‘The individual’ became increasingly important with the advent of capitalist and consumer society, but (as so often in the overly materialist history of economics) he or she became important first because of changing religious conceptions, with increased emphasis on personal faith and individual salvation. But ‘the individual’ was always a relative, context-dependent designation. An individual in one society would be a sociopath in another. (‘The nail that sticks out is the one that gets hammered’, goes a traditional Japanese proverb.)

What we call ‘the individual’ is, from even the slightest outside perspective, very much a social, even a conformist conception. To show one’s individuality in the financial world, for example, it may be imperative to wear the same tie as everyone else, usually of a color (red, yellow, pink) or a pattern (paisley) that only a true eccentric would have chosen on his own. To further emphasize individuality (which connotes creativity, even genius), one might sport a moustache or a beard (though the range of styles is very strictly circumscribed). But getting beyond trivial appearances, even our thoughts and feelings are, it is obvious, for the most part defined and delineated by our society, in our conversations and confrontations with other people. Princeton anthropologist Clifford Geertz once wrote that a human being all alone in nature would not be a noble, autonomous being but a pathetic, quivering creature with no identity and few defenses or means of support. Our heroic conception of 'the individual' — often exemplified by the lone (usually male) hero — is a bit of bad but self-serving anthropology. There are exceptional individuals, to be sure, but they are social creations and become exceptional just because they serve the needs of their society, more often than not by exemplifying precisely those forms of excellence most essential to that society.[3]

We find our identities and our meanings only within communities, and for most of us that means at work, in a company or an institution. However we might prefer to think of ourselves, however important we (rightly) insist on the importance of family and friends, however much we might complain about our particular jobs or professional paths, we define ourselves largely in terms of them, even if, in desperation, in opposition to them. Whether a person likes or hates his or her job will almost always turn on relationships with the people he or she works for and works with, whether there is mutual respect or animosity and callousness or indifference. Even the lone entrepreneur — the sidewalk jeweler or the financial wizard — will succeed only if he or she has social skills, and enjoys (or seems to) interacting with his or her customers or clients.

The philosophical myth that has grown almost cancerous in many business circles, the neo-Hobbesian view that business is 'every man[sic] for himself' and the Darwinian view that 'it's a jungle out there' are direct denials of the Aristotelian view that we are first of all members of a community and our self-interest is for the most part identical to the larger interests of the group. Competition presumes, it does not replace, an underlying assumption of mutual interest and cooperation. Whether we do well, whether we like ourselves, whether we lead happy productive lives, depends to a large extent on the companies we choose. As the Greeks used to say, 'to live the good life one must live in a great city'. To my business students today, who are all too prone to choose a job on the basis of salary and start-up bonus alone, I always say, 'to live a decent life choose the right company'. In business ethics the corporation becomes one's immediate community and, for better or worse, the institution that defines the values (and the conflicts of values) within which one lives much of one's life. A corporation that encourages mutual cooperation and encourages individual excellence as an essential part of teamwork is a very different place to work and live than a corporation that incites 'either/or' competition, antagonism and continuous jostling for status and recognition. There is nothing more 'natural' about the latter, which is at least as much the structuring of an organization (whether intended or not) as the cooperative ambiance of the former.

The first principle of business ethics, in my book, is that the corporation is itself a citizen, a member of the larger community and inconceivable without it. This is the idea that has been argued over the past few decades as the principle of 'social responsibility', but the often attenuated and distorted arguments surrounding that concept have been more than enough to convince me that the same idea needed a different foundation. The notion of 'responsibility' (a version of which will, nevertheless, be central to my argument here too) is very much a part of the atomistic individualism that I am attacking as inadequate, and the classic arguments for 'the social responsibilities of business' all too readily fall into the trap of *beginning* with the assumption of the corporation as an autonomous, independent entity, which *then* needs to consider its obligations to the surrounding community. But corporations like 'individuals' are part and parcel of the communites that created them, and the responsibilities that they bear are not the products of argument or implicit contracts but intrinsic to their very existence as social entities. There are important and sometimes delicate questions, of course, about what the social responsibilities of business or of a particular corporation might be, but the question whether they have such responsibilities is a non-starter, a bit of covert nonsense. Friedman's now infamous idea that 'the social responsibility of business is to increase its profits' betrays a willful misunderstanding of the very nature of both social responsibility and business. (Not surprisingly, the author of that doctrine has elsewhere protested, alienating his friends along with his critics, that he is 'not pro-business but pro-free enterprise.')

These claims are closely akin to the ideas captured in the pun-like notion of a *stakeholder*, that broadening conception of the corporate constituency which includes a variety of affected (and effective) groups and all sorts of different obligations and responsibilities.[4] The term has become something of a cover-all, and so what considerable advantages it has provided in terms of breadth are to some extent now compromised by the uncritical over-use of the word. For example, the notion of stakeholder suggests discrete groups or entities, whereas the primary source of dilemmas in business ethics is the fact that virtually all of us wear (at least) 'two hats', e.g. as employees and as members of the larger community, as consumers and as stockholders, as managers and as a friends, and these roles can come into conflict with one another. As a program for ethical analysis in business, the standard list of stakeholders is notoriously incomplete where it concerns one's competitors rather than one's constituents. In an obvious sense, no one is more affected by one's actions (and, sometimes, no one is more effective in determining one's actions) than one's competitors. 'Good sportsmanship' and fair play are essential obligations in business ethics. And yet it seems odd to say that the competition 'has a stake' in the company. The idea of community thus goes beyond the idea of particular responsibilities and obligations although it embraces the same impetus toward larger thinking and citizenship endorsed by stakeholder analysis.

If we consider corporations as first of all communities — not legal fictions, not monolithic entities, not faceless bureaucracies, not matrices of price/earnings ratios, net assets and liabilities — then the activities and the ethics of business become much more comprehensible and much more human. Shareholders are, of course, part of the community, but most of them only marginally rather than, as in some now-classic arguments, the sole recipients of managerial fiduciary obligations. The concept of community also shifts our conception of what makes a corporation ‘work’ or not. What makes a corporation efficient or inefficient is not a series of ‘well-oiled’ mechanical operations but the working interrelationships, the coordination and rivalries, team spirit and morale of the many people who work there and are in turn shaped and defined by the corporation. So, too, what drives a corporation is not some mysterious abstraction called ‘the profit motive’ (which is highly implausible even as a personal motive, but utter nonsense when applied to a fictitious legal entity or a bureaucracy). It is the collective will and ambitions of its employees, few of whom (even in profit-sharing plans or in employee-owned companies) work ‘for a profit’ in any obvious sense. What the employees of a corporation do, they do to ‘fit in’, to do their jobs and earn the respect of others, and self-respect as well. They want to prove their value in their jobs, they try to show their independence or their resentment, they try to please (or intentionally aggravate) their superiors, they want to impress (or intimidate) their subordinates, they want to feel good about themselves or they try to make the best of a bad situation. And, of course, they want to bring home a paycheck. To understand how corporations work (and don’t work) is to understand the social psychology and sociology of communities, not the logic of a ‘flowchart’ or the ‘organizational’ workings of a cumbersome machine.

What is a corporate community? To begin with, it is a heterogeneous conglomerate that is bound to be riddled with personality clashes, competing aims and methodologies, cliques and rivalries and criss-crossed loyalties. The very fact that a corporation requires specialization and the division of labor makes inevitable such heterogenity. Two young men working in a garage, pooling their resources and their knowledge to produce a successful commodity may, in the throes and thrills of development and struggle, experience an uninterrupted sense of one-ness that would impress even a Buddhist. But once the product is launched and marketing people and managers are brought in to do the job, that primeval corporate unity is shattered and one or both of the founders of the company may find themselves displaced or even fired by the assistants they brought in to help them. There is an intrinsic antagonism — to be explained in terms of social class rather than economics and in terms of our mythologies of work rather than the nature of the work itself — between the shopfloor and the managerial office, just as there is an obvious opposition (not entirely financial) between those divisions of the corporation that always need to spend more money (advertising and research and development teams, for example) and those whose job it is to save it. Add to this the many different characters and personalities who populate even the most seemingly homogeneous company (although these differences, too, are already pre-established in the social types and classes who tend to one or the other position or profession) and one can appreciate the foolishness in our popular treatment of corporations as monolithic entities with a single mind and a single motive.

And yet there is an emergent phenomenon that does often speak with a single voice and deserves to be treated (and not just by the law) as a singular entity: ‘the corporation’. Groups have personalities just as individuals do, and heterogeneous, even fragmented groups can nevertheless have a singular character just as conflict-ridden people do. What this means, in terms of collective responsibility, for example, is that it is a mistake to speak of corporations as only collections of individuals, both because the 'individuals' in question are themselves the creatures of the corporation and because the corporation is one of those sums that is greater than its many constituent parts. Aristotelian ethics takes both the corporation and the individual seriously without pretending that either is an autonomous entity. Corporations are made up of people, and the people in corporations are defined by the corporation. Business ethics thus becomes a matter of corporate ethics, emphatically *not* in the sense that what counts is the ethics of the corporation, considered as an autonomous, autocratic agent, ruling over its employees (perhaps exemplified by its 'corporate code'), nor in the more innocent but naive sense that the ethics of the corporation is nothing but the product of the collective morality of its employees. The morals of the executives, particularly the exemplary morals of those who are most visible in the corporation, are an important influence on corporate morality, but it is the nature and power of institutions — particularly those in which a person spends half of his or her adult waking life — to shape and sanction the morals of the individual. There may well be (and often is) a gap or dichotomy between a person's sense of ethics on the job and his or her sense of right and wrong with friends and family. There may well be real ethical differences within a company, particularly between its various departments and divisions. But even in diversity and conflict the ethics of a corporation becomes clearly and often soon visible to those most closely attached to, affiliated with or affected by it. Corporations can (and often do) get 'a bad rap', an institutional black eye caused by a tiny percentage of their employees. (Hertz Rent-a-Car was caught up in a monumental scandal a year or so ago, which turned out to involve some 20 dealers out of 20,000. Nevertheless, it was the name 'Hertz' that took the brunt of the abuse, and numbers were simply not the issue.) Such apparent injustices throw a revealing light on a company and its ethical standards, however, and give the best corporations a chance to show their moral mettle. Communities are essential units of morality, and corporations are ultimately judged not by the numbers but by the coherence and cooperation both within their walls and with the larger communities in which they play such an essential social as well as economic role.

An Aristotelian Metaphor: Corporate Culture

It is a sign of considerable progress that one of the dominant models of today's corporate thinking is the idea of a 'corporate culture'. As with any analogy or metaphor, there are, of course, dis-analogies, and the concept of corporations as cultures too quickly attained the status of a 'fad' — thus marking it for easy ridicule and imminent obsolescence. (Pastin 1986).[5] But some fads nevertheless contain important insights, and while those who insist on keeping up with the latest fashion may soon have moved on, the virtues of this recent change in thinking may not yet have been fully appreciated.

The concept of a corporate culture, first and foremost, is distinctively and irreducibly *social*. It presupposes the existence of an established community and it explicitly rejects atomistic individualism. Individuals are part of a culture only insofar as they play a part in that culture, participate in its development and fit into its structure. Cultures are by their very nature (more or less) harmonious, that is, they are not possible unless people cooperate and share some minimal outlook on life. (There could not be a completely competitive culture, only a Hobbesian jungle of mutually disagreeable animals.[6]) Cultures have rules and rituals, particular modes of dress and address; and most important of all (for our purposes), every culture has an ethics, including those basic rules which hold the society together and protect it from itself. Which of these are essential and which are 'mere custom', of course, is sometimes more easily determined by an outsider than by a member of the culture itself. The various 'taboos' of every culture, including our own (and most corporate cultures), may indeed protect the integrity of the community, blocking out some dreadful secret or preventing some now-unpredictable disaster. But they may be only 'the way we do things around here' and of significance only because they are part of the values that are accepted by and thus help define the membership of the culture. The difference here may become extremely important in the midst of corporate upheaval and cultural change, but for day-to-day purposes it is a difference that makes very little practical difference. The important point is that cultures presuppose shared knowledge, experience and values and they are thus cooperative enterprises. A corporate culture is an essentially cooperative enterprise with public as well as private purposes. It cannot be reduced to a legal 'fiction', or an economic mechanism, or the numbers in the annual report, or anything else that is not first and foremost an established group of people working together.

Needless to say, there are makeshift corporations that are neither cultures nor communities, just as there are nations by fiat (usually of other nations, e.g. the amalgamation of Czechoslovakia and Yugoslavia in Europe and the carving up of Africa across and in violation of tribal lines by European colonialists) and 'organizations' put together just for the sake of some external benefit (e.g. the 'travel clubs' that were organized in the 1970s in order to charter airline passage to Europe). The problem arises when theorists take these deviant examples and elevate them to the status of paradigms, as if the existence of such merely formal organizations proves that what constitutes an organization, after all, is not its people or its shared values but the legal charter that defines and limits its purpose and activities. To the contrary, what I want to insist on here is just that such purely formal arrangements are both deviant and exceptional, and that corporations (and most other human organizations) are defined first of all by their communal and cultural status and only secondarily (and not essentially) by a formal or legal process.

It is important to appreciate the significance of the 'culture' metaphor against the backdrop of the more vulgar, sometimes brutal and either atomistic or mechanical metaphors we have been discussing. Just as business (in general) has been saddled (and has saddled itself) with unflattering and destructive images, thus misunderstanding itself, corporations — both in general and as individual entities — have too often tended to present themselves (despite all of their public relations work and advertising to the contrary) as giant juggernauts, mechanical monsters as faceless as the glass and steel buildings that typically form their headquarters. Consumers are so many numbers and employees are only so many replaceable parts. Even top management is only part of the mechanism. It is no wonder that most Americans who do not work for corporations think of them as inhuman and as inhumane places to work, and those millions who do work in and for corporations find themselves at a serious conceptual disadvantage. What kind of a life is this, being a replaceable part in a giant machine, for whom the only virtue is mere efficiency?

The conception of a corporate culture, though relatively recent, has its origins in the more familiar model of the *bureaucracy*, developed during the French revolution and the Napoleonic era as a correction to inherited privilege and incompetence (but with its roots back in Rome, in the labyrinthine organization of the medieval Catholic Church and, long before that, in the ancient civilization of the Middle East). The concept of the bureaucracy was extensively promoted and popularized (though with considerable misgivings) by the great German sociologist Max Weber at the turn of the last century. The imagery of the bureaucracy provided something of a compromise between the juggernaut and machine imagery of the 18th-century Enlightenment on the one hand, and the Renaissance and Romantic demands for 'humanization' on the other. (Indeed, the whole of the western Enlightenment was something of an odd mix of machine metaphors and humanism, but that is another story; for example, see Toulmin (1989). But 'bureaucracy' has become something of a 'dirty word' for us, suggesting inefficiency instead of the model of efficiency it was once intended to be. It calls up images of Soviet ineffectiveness and Kafkaesque catacombs. And yet, modern corporations are in large part bureaucracies, and this is not necessarily to say something against them. But what is important and progressive about bureaucracies is not just their traditional and now largely discredited emphasis on efficiency, or even their still essential emphasis on meritocracy. It is rather the humanization of the bureaucracy as 'culture' and the all-important shift of emphasis from machine-like efficiency to interpersonal cooperation and human productivity.

Bureaucracies, like cultures and unlike machines, are made up of people, not parts. Bureaucracies have purposes. Bureaucracies involve people in making judgments, employing their skills, working together in an organized way to produce results. Those results may be the maintenance of the status quo, no easy trick in modern societies. For all of the obsessive talk about 'innovation' and 'competition', the essential function of most corporate bureaucracies — that is, the larger part of the corporation by far — is just this maintenance of the status quo. One can understand and sympathize with the fear and uncertainty about the future that is part of most markets without joining the myth-making chorus of 'future shocks' and 'megatrends'. To be sure, change these days is both very real and very fast. Maintaining the status quo in a fast-changing society requires being adaptive and organically tuned to the times, but it also requires a durable structure and a stable organization. Over-emphasis on change and the sacrifice of stability — as evidenced in so many corporate 'shake-ups' and 'restructurings' today — weakens the corporation and makes it a far less efficient competitor. However 'leaner' (and often 'meaner') it may be, this 'new' corporation is likely to be far more embroiled in internal politics and the personnel problems of coping with insecurity and anxiety than facing the competition or improving its products. What maintains the stability within a corporation, however, is precisely that much-despised locus of inefficiency — the bureaucracy. Or, now in more enlightened terms, this essential continuity is provided by what we recognize as the corporate culture, an enduring security founded on interpersonal cooperation and mutual respect.

The idea of a corporate culture is an improvement over the more staid image and impersonality of the bureaucracy in several respects, but one in particular. A 'culture' is first of all a structured community of individuals and their interrelationships. Bureaucracies, on the other hand, remain subtly individualistic as well as mechanistic. People may work together in their various capacities, but this 'togetherness' is a function of the organization and not a relationship between them. They may not be cogs in a machine but they are functionaries who are readily replaced by anyone else with the same skills and knowledge. Our image of the bureaucracy, accordingly, is lots of people isolated in little offices (or 'bureaus') doing their jobs and, if they are conscientious and efficient, not stopping to talk to one another or chit-chat over the coffee machine. Our image of a culture, by way of contrast, essentially involves people talking with one another (probably dancing, cooking and worshipping together as well). Thus the image of the bureaucracy carries over the machine image of facelessness and an attitude of indifference toward individuals. In a culture, by contrast, individuals are essential, not just as impersonal parts but as members with personalities as well as functional roles.

In a corporate culture, people, not functions or mere functionaries, work together for their shared and not merely mutual benefit. People, unlike functions and mere functionaries, have personalities, personal ambitions and 'outside' interests. They make friends (and enemies). They need a moment to unwind, catch their breath, relieve themselves, express themselves, daily renew their personal contacts around the office. (How quickly an office can be disrupted when a manager just fails to say 'hello' to everyone that morning.) Anal compulsive types may see this (wrongly) as inefficient, and such interpersonal behavior as gossip and 'chit-chat' as a distraction, but this betrays a fatal misunderstanding of both people and organizations. That is why I have insisted, with such seeming innocence, that corporations are first of all communities. They are social groups with a shared purpose (or rather purposes). A person's position is not just a function defined by duties but a role in the community, a role which comes to have as its attributes (whether by design or evolution) such strictly interpersonal virtues as charm, attractiveness and a good sense of humor as well as this or that job to be done.

But 'community' is a very general term for interconnected and mutually interested individuals, and it contains no commitment or even a suggestion of development or internal structure. A community may be just a particular bunch of people gathered together for some period of time to enjoy themselves and each other. Indeed, it is not altogether clear whether the same community exists over time, as individual members enter and leave the group. Thus the importance of the additional concept of a culture, a corporate culture. Corporate cultures are not only distinctively and irreducibly social and opposed to atomistic individualism. Cultures have a history and a structure, and thus a culture can remain 'the same' over a substantial period of time despite the coming and going of any or even all individuals in the culture. And among those essential structures are the various demands of ethics. It is, above all, shared values that hold a culture together. And these values concern not only the 'internal' cohesion and coherence of the culture. They also concern the sense of mission that the corporation embodies, its various stakeholder obligations and its sense of social responsibility and social (not just corporate) values.

We should always remember that the free market economy and the prominence of business and business thinking is an ongoing experiment, not an indelible aspect of society or a writ of God. We might not have the best way of doing it. We could even be wrong. A colleague of mine at an international conference in Bucharest recently heard a West German businessman, after listening to a number of suggestions concerning the exportation of American management skills to Eastern Europe, argue that American management was too rigid, mechanical and hierarchical to work well even in America, much less in the more humanistic cultures of Europe. The Americans, of course, were shocked. Not only was their paradigm of a corporate culture being thrown back in their faces as inhuman; it was also declared to be dysfunctional. If no philosophical or humanitarian concerns are sufficient to prompt a new way of thinking about business, the new American situation in the world market should be ample motivation. One more management fad or marketing miracle is not going to do it, and the continuing denial of our own humanity and sociability is only going to leave us more isolated and more desperate, when what we really need is a renewed sense of solidarity and shared cultural significance.

Trust and the Dynamics of Community

Trust, it is now widely acknowledged, is the 'glue', the basic 'medium' of a successful businesss enterprise — or a successful business society. But, until very recently, the business ethics literature was almost silent on the topic of trust. There were the necessary nods to trust, for example in discussions of management–employee relations and agency relationships but the nature of trust went unanalyzed, as if no analysis were needed.(e.g. Sejersted 1996; Kurland 1996). So, too, Francis Fukuyama's *Trust: The Social Virtues and the Creation of Prosperity* and John Whitney's *The Economics of Trust* both attracted considerable attention in the business world (Fukuyama 1996; Whitney 1994). Each has its virtues, and their central theme — that trust is essential for prosperity and business — is undebatable. But what they fail to do is to say anything much about trust itself, and they assiduously avoid the red-flag term 'ethics'. It is as if the point of trust is mere efficiency, the elimination of wasteful 'transaction costs', with no moral or ethical implications. Whitney, for example, starts and essentially ends his analysis with the *Random House Dictionary* definition of trust — as if that 'official' definition of the word were sufficient to grasp the complexities and nuances of the phenomenon. Fukuyama dubiously re-describes trust as 'spontaneous sociability' which is found in some cultures but not in others. Perhaps the single most important feature of his book is the subordination of economics to culture (which is why, I hypothesize, most economists have abandoned Fukuyama). But then Fukuyama turns (against his own insight) to an overly economic analysis of the consequences of trust and distrust, narrowly confined to large corporations instead of (as in China) broad networks of communal ties and business arrangements. My own contribution is *Building Trust* (with Senator Fernando Flores, 2001).

In this essay, I only want to introduce the notion of trust as a *dynamic process*, a function of communal practices and relationships rather than a static cultural 'medium' or 'ingredient', even 'glue'.[7] These metaphors reflect, I think, the fact that business people usually feel uncomfortable talking about trust, except, perhaps, in the most abstract terms of approbation. When the topic of trust comes up, they heartily nod their approval, but then they nervously turn to other topics. Executives are talking a great deal about trust these days, perhaps because they rightly suspect that trust in many corporations seems to be at an all-time low. One of our associates, who also consults for major corporations, recently gave a lecture on the importance of trusting your employees to several hundred executives of one of America's largest corporations. There was an appreciative but stunned silence, and then one of them — asking for all of them — queried: 'But how do we control them?' It is a telling question that indicates that they did not understand the main point of the lecture, that trust is the very opposite of control. Or, perhaps, they understood well enough, but suffered a lack of nerve when it came time to think through its implications. Like the first-time sky-diver who had eagerly read all of the promotional literature about the thrills of the sport and had listened carefully to instructions, they asked, incredulously, 'But now you want us to *jump out of the plane!?*' We all know the importance of trust, the advantages of trust, and we all know how terrible life can be without it. But when it comes time to put that knowledge into practice, we are all like the novice sky-diver. Creating trust is taking a risk. Trust entails lack of control, in that some power is transferred or given up to the person who is trusted. It is leaping from the dark, claustrophobic fuselage of our ordinary cynicism into what seems like the unsupported free-fall of dependency. And yet, unlike sky-diving, nothing is more necessary.

Today, there is a danger that trust is being over-sold. There is such a thing as too much trust, and then there is 'blind trust', trust without warrant, foolish trust. Trust alone will not, as some of our pundits promise, solve the problems that our society now faces. Thus we think there is good reason to listen to doubters like Daryl Koehn, who asks: 'Should we trust trust?' (Koehn 1997). But the urgency remains, we believe, on the side of encouraging and understanding trust. There is a lot of encouraging going on today. What is lacking, we want to suggest, is understanding. The problem is not just lack of an adequate analysis — like St Augustine's puzzlement about time (he understood it perfectly well when he didn't think about it, but understood nothing at all when he did). The problem is an aggressive *mis*understanding of trust that pervades most of our discussions. The problem, if we can summarize it in a metaphor or two, is that trust is treated as if it were a 'medium' in which human transactions take place; alternatively, as 'ground', as 'atmosphere' or, even more vaguely, as 'climate'. Benjamin Barber, for instance, who was one of the early writers on trust and is often appealed to by current commentators, says that trust is 'the basic stuff or ingredient of social interaction' (Barber 1974). But as 'stuff' or 'ingredient', as a 'resource' (Fukuyama 1996), as 'medium', 'ground', 'atmosphere' or 'climate', trust all too easily seems inert, simply 'there' or 'not there', rather than a dynamic aspect of human interaction and human relationships.

This misunderstanding of trust provides a dangerous rationalization. Trust(ing) presupposes trustworthiness. Either the other person is trustworthy or he or she is not. So trusting takes the form of a kind of knowledge, the recognition (which may, of course, be fallible) that this person is trustworthy. So, if one trusts, so the rationalization goes, then nothing need be said, and it is much better that nothing be said. That is the core of our problem. Trust is rendered inarticulate, unpresentable. According to this view, to even raise the question 'Do you trust me?' or 'Can I trust you?' is to instigate, not only indicate, distrust. (Blaze Starr's mother warns her, 'Never trust a man who says, "Trust me".'[8]). If one does not trust, then nothing much is accomplished by saying so, except, perhaps, as an insult, a way of escalating an already existing conflict or, perhaps, as a confirming test ('If you tell me that I should trust you, then you are doubly a liar.') When a politician or a business leader says 'trust me', he or she takes a considerable risk. Supporters may well wonder why that needs to be said, and become suspicious. For those who are already suspicious, such an intrusive imperative confirms their suspicions. On the other hand, when someone says 'I trust you' there is always the possibility of some sense of manipulation, even the unwanted imposition of a psychological burden, one of whose consequences may be guilt. In his speech to the Czech people in 1990, Vaclav Havel said 'we must trust one another'. He does not say 'trust me' or 'I trust you'. The circumstances in which a politician (or anyone else) would or should say such a thing are worth analyzing, but here we will only say that the primary reason for talking about trust is not to 'understand' the concept philosophically but to put the issue of trust 'on the table' in order to be able to talk it through in concrete, practical situations. By talking through trust, trust can be created, distrust mitigated. Not talking about trust, on the other hand, can result in continuing distrust.

Economic approaches to trust, while well intended and pointing us in the right direction, are dangerously incomplete and misleading. Trust in business is not merely a tool for efficiency, although it does, as Nicholas Luhmann argues at length, have important implications for dealing with complexity and therefore efficiency (Luhmann 1980). Moreover, it would hardly be honest to guarantee (as many authors do these days) that more trust will make business more efficient and improve the bottom line. Usually, of course, trust has this effect, but there is no necessary connection between trust and efficiency, and this is neither the aim nor the intention of trust. Indeed, trust as a mere efficiency-booster may be a paradigm of *inauthentic* or phony trust, trust that is merely a manipulative tool, a facade of trust that, over the long run, increases *dis*trust, and for good reason. Employees can usually tell when the ‘empowerment’ they receive like a gift is actually a noose with which to hang themselves, a set-up for blame for situations which they cannot really control. Managers know what it is like when they are awarded more responsibility (‘I trust you to take care of that’) without the requisite authority. Like many virtues, trust is most virtuous when it is pursued for its own sake, even if there is benefit or advantage in view. (Generosity and courage both have their pay-offs, but to act generously or courageously *merely* in order obtain the pay-offs is of dubious virtue.) To think of trust as a business tool, as a mere means, as a lubricant to make an operation more efficient, is to not understand trust at all. Trust is, first of all, a central concept of ethics. And because of that, it turns out to be a valuable tool in business as well.

Philosophers, too, have only recently begun to talk about trust.[9] Trust is not just another abstraction but a rich, ‘thick’ social and ethical phenomenon. Not surprisingly, philosophers all too often interpret trust as a phenomenon of belief, and thus in terms of one more question about justification, but trust is not primarily about belief (although clearly it may involve any number of beliefs), nor does it readily invite anything like the usual evidential grounds for justification (which is not to say that trustworthiness, which is usually the basis for trust, does not require evidence). Trust, I would argue, is first of all an attitude, a feeling, an emotion, an affect, topics which make many philosophers uncomfortable. In one of the most prestigious philosophy journals, *Ethics*, three distinguished ethicists — Karen Jones, Russell Hardin, and Lawrence C. Becker — have addressed the phenomenon of trust head on and attempted to remedy some of these shortcomings, but perhaps nothing they say is as important as the very existence of the symposium itself, which signifies the emergence of trust as a full-blooded philosophical topic (Jones et al. 1996).

It is particularly important to clarify the distinction and the relationship between trust and trustworthiness, both of which are usually subsumed under the heading of ‘trust’. These form an obvious complementary pair. In the ideal case, one trusts someone because they are trustworthy, and one’s trustworthiness inspires trust. But ‘trust as a virtue’ is usually understood in terms of trustworthiness as a virtue (e.g. Hardin in Jones et al. 1996). To be sure, trustworthiness is a virtue — the compound virtue of being dependable, capable, responsive and responsible — but trust(ing) is a virtue of a different sort, and one not limited to cases of trustworthiness. One can and sometimes must or should trust someone who is untrustworthy or untried. (There are numerous points in parenting at which the parent must trust a child to do something he or she has never done before.) Trust(ing) is a virtue both because it is often useful and necessary (and thus utilitarian), and because it opens up possibilities in a relationship (and for each of its members) which would be impossible without it. Inability to trust, in a situation in which trust is appropriate or necessary, is a moral defect.[10] Inability or refusal to trust does not violate any ethical principle, although one can argue that the consequences of not trusting, in general, are devastating (Bok 1978). Nevertheless, trust, that is, trust*ing*, is a neglected human virtue, indeed, a 'non-relative' virtue, one that is essential to all forms of society regardless (more or less) of the particular culture. Thus Fukuyama distinguishes between 'high trust' and 'low trust'' societies as a matter of degree, not kind. Without some degree of trust, there would be no society at all.[11]

Trustworthiness is a virtue for all of the usual utilitarian, social stability and predictability, sorts of reasons. But trust(ing), too, is a basic human virtue, indeed, a basic human need, and its absence is not only lamentable but disastrous. I would also suggest that it may be blameworthy. A person incapable of trust is a person who is something less than fully human, less than fully socialized, less than fully a member of society.

In business ethics, the specificity of trust and the asymmetry of trust and trustworthiness are more obvious than in many less well-defined relationships. It is a mistake, however, to move immediately into talk about implicit contracts and agreements. Business relationships may well follow trusting or partially trusting relationships, and, in rare cases, they may replace trusting relationships, but we should not reduce trusting relationships to contractual relationships, no matter how loosely or 'implicitly' we understand the nature of contracts. In business, it is pretty obvious that trust is always specified: we trust a person or a corporation to do X at or by time T. But, again, all such specificities imply a more general trust. A shop owner trusts a sales assistant to take care of customers, watch the cash register and conduct sales transactions, but virtually no list (and no employment contract) could include all of the possibilities such trust encompasses. (In return, the employee trusts the shop owner to pay him or her on time, to not 'set him or her up', to not expect more than is reasonable, and so on.) One can list any number of possible actions encompassed by the trust (including such small probabilities as acting sensibly in case of an armed robbery or protecting fragile goods near-at-hand in an earthquake), and, no doubt, one could manufacture any number of 'principles' which apply, most of them either impossibly broad and vague or casuistic and ad hoc. But what is really going on is *a certain kind of relationship* between the shop owner and the assistant, and its viability depends on the character of both of them. The shop owner must be trusting, if not in general (and who can or should be trusting in general, these days?) then in the specific context of the business and the employee. Inability to trust, in addition to being inefficient and time-consuming (enforcement costs, keeping a watchful eye, re-doing what one has already paid another to do, not to mention thereby provoking resentment and possibly rebellion, even sabotage) thus suggests a managerial as well as a moral defect.

Conclusion: A Different Kind of Conception of Business?

Any defense of the 'caring corporation' should expect to be greeted with patronizing smiles and scowls of skepticism. After all, we have all been raised to believe that 'business is business', and even if it isn't 'dog-eat-dog' it is pretty rough stuff and no place for the kinder, gentler sentiments. But although the corporate world has its share of brutality (as does academia, I might add), the difference between the old images and the new are far more matters of perception than practice, and what I find so odd is the extent to which the undeniably humane aspects of corporate life are ignored or denied while the more brutal features are highlighted and even celebrated. But between word and deed, attention and policy there is easy slippage, and as executives talk in Darwinian terms, their thinking becomes Darwinian as well. But when we think in terms of care and compassion, and of corporations of communities in which we all share, the slippage is called 'humanity', and the 'dog-eat-dog' world of business becomes — as relationships between real dogs make obvious — a warm and mutually rewarding experience.

It takes no leap of faith to move from the actual cultures of most corporations to the recognition that these are cooperative communities, not military installations or mere legal fictions, and that mutual respect, caring and compassion are what we all in fact expect and demand in our various jobs and positions. To be sure, it is unfortunate that so many managers and employees and even executives do not get that respect, and do not care or show compassion as they should, in part because of the brutally competitive and chauvinist images in which they conceive of what they do. But once we start insisting that the ethics of business is not simply confined to 'business' and begin to examine the very nature of the good life and living well in a business society, those conceptions are bound to change.

Notes

Earlier versions of this essay were presented at the Fifth Society for Ethics and Economics (SEEP) Conference on Economic Ethics and Philosophy at Universiteit Hannover Germany, 2–4 November 1997 and the University of Navarre in Barcelona, 6–8 November 2000. Portions of this essay have been adapted from my book, *Ethics and Excellence*, Oxford University Press, 1991, to whom thanks are due.

1 This two-level view of the individual and the corporation, integrity and virtue *in* and *of* the corporation, has its classic analog in the imagery of Plato's *Republic*, and many of my themes will echo, where they do not repeat, Plato's insistence on the importance of harmony and proper perspective in both the good society and the healthy individual soul. It is this presumption of essential participation and cooperation that is the heart of the Aristotelian perspective as well. Despite the cheerleading emphasis on 'team work' in the modern corporation, however, it is just this sense of harmony and cooperation that gets systematically undermined.

2 Alastair M. MacLeod (1993: 224) on the importance of institutional arrangements: 'once institutions are seen, not as relatively un-malleable, quasi-organic structures which it would be perilous to try to modify, but as elaborate human artifacts serving a wide range of human purposes, the question whether they ought to be preserved in something like their present form or changed in some way — radically transformed, even, if they no longer secure the interests, private or public, which provided their raison d'etre is bound to win an important place on the moral theorist's agenda.'

3 There is always the *Star Trek* myth, of course, the benign 'outsider' who brings to a civilization some virtue that is sorely missing but wholly lacking (e.g. Kirk's courage, Spock's rationality), and the more generic Joseph Campbell myth of the hero who leaves his society and wanders off on his own, later returning with new virtues to save the society. But the fact that these are *myths* should already tell us something about their sociological status. The virtues supposedly imported are already celebrated as such.

4 The term 'stakeholder' began floating around the Business Roundtable about two or three decades ago, but it gained currency in Evan and Freeman, *A Stakeholder Theory of the Modern Corporation*, reprinted in Beauchamp and Bowie (1983).

5 For example, see 'Why corporations should have weak cultures and strong ethics' in Pastin (1986). But one is tempted to speculate whether Pastin, who learned ethics under the tutelage of Roderick ('ideal observer theory') Firth at Harvard, might not have too little respect for the shared mores that come of participation in cultural life and too little concern for the dispassionate negotiations of the social contract (p. 129): 'The lesson is clear. Forget culture and think about fair agreements', arguing that cultures are intrinsically 'conservative' and strong cultures 'put basic beliefs, attitudes and ways of doing things beyond question' (p. 144). Cultures are hard to change, but this, I want to argue, is precisely their strength. Sometimes, ignoring the culture works best, but only *within* the confines of the culture. Talking about Cadbury-Schweppes, Pastin suggests that it has 'few corporate symbols, none of the bells and whistles characteristic of strong-culture companies, and no need to do things "the Cadbury way". The corporate environment is fee from ceremony' (p. 140). But Sir Adrian Cadbury himself, quoted on the same page, says 'the one thing I'm sure about ... is that the way it's done must be related to the culture'.

6 The most famous modern counter-example, the infamous Ik tribe of the mountain ranges of Africa, has often been abused for this purpose. Colin Turnbull's careful description of the comparative callousness and competitiveness of the Ik shows quite clearly that beneath their selfishness there is a cultural method, a sense of coherence even in the face of a hostile and alienating environment. Within the context of a culture, the Ik do indeed strike us as shockingly indifferent to one another's well-being (even to the welfare of their own children), but nevertheless the culture itself displays the requisite structure of mutual attention, shared goals and minimally harmonious cohesion, if not exactly cooperation (Turnbull 1974).

7 These metaphors come from Benjamin Barber (1974), Sisela Bok (1978), Francis Fukuyama (1996) and Kenneth Arrow (1974), respectively.

8 Blaze Starr was the long-time mistress of Louisana governor Earl Long. The line occurs in the film *Blaze* (1989), starring Paul Newman and Lolita Davidovich.

9 The most notable exception is Annette Baier, who wrote a series of provocative articles in the mid-1980s, and credited her own interest to David Hume. Baier's recent work on Hume and on trust can be found in her *A Progress of Sentiments: Reflections on Hume's Treatise* (1990) and in *Moral Prejudices* (1994), esp. 'Trust and antitrust', pp. 95–129. Hume's views on ethics are too often restricted to his (in)famous discussion of reason versus the passions (perhaps the weakest of his views) and the problems he raises about moral motivation. Hume's work on sentiments has only recently come back into view, for example at the conclusion of Stephen Darwall's *The British Moralists and the Internal 'Ought' 1640–1740* (1995), but Hume's theory of the sentiments is also brought up only to take something of a pounding, for instance in Alasdair MacIntyre's *Whose Justice? Which Rationality?* (1988).

10 Hardin, in particular, occasionally goes on the warpath against any attempt to 'moralize' trust in his 'Trustworthiness' (in the *Ethics* symposium, Jones et al. 1996), pp. 28, 42. If 'moralizing trust' means that one always ought to trust, then, of course, this is nonsense. But if 'moralizing trust' means only some version of holding that 'trust is a (morally) good thing', then it is hard to imagine someone not doing so.

11 Thus Hobbes (1651/1926) explicitly invokes trust, along with justice, as features of society that result from the social compact rather than precede it. *Leviathan* XX.

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