Ethical Infrastructure

Ethical Infrastructure:

The Road to Moral Management

By

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Jana-To my family: for supporting me always.

Dana-To my wonderful sons Črt and Aljaž.

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INTRODUCTION

This book deals with the field of organisation management and builds on scientific discoveries of business ethics, introducing concepts into organisation research that traditionally did not find a place in managerial theories. These concepts include the issue of organisation ethics, ethics management, the development and implementation of ethical infrastructures within organisations, and analysis of the impact of all of these on the moral behaviour of managers and other organisational members. By studying the presence and development of ethical infrastructures in organisations, the relationship between individual elements of existing ethical infrastructures and, in particular, their effect on the moral behaviour of managers in companies, the volume strives to both help develop the scientific basis of business ethics and organisational theories as well as offer clear guidelines to support ethics and encourage the moral behaviour of organisational members. The book is based on the premise of the situational character of ethics and, having studied a wide spectrum of interdisciplinary works, we are able to confirm the view that offering a typological model of ethics and moral behaviour in organisations is in and of itself no answer to the presented dilemma.

Due to the distinct interdisciplinarity of the subject matter, much of the first chapter of this book is concerned with analysing the theoretical bases of the so-called disciplinary and organisational framework for studying ethical infrastructures and their influence on the moral behaviour of managers. The contribution deals with the business ethics field and organisational theories that help explain the basic concepts of stakeholders, the related corporate social responsibility, and organisational sustainability. The latter enable us to comprehend and evaluate the organisational context of ethics, while understanding of the concept of ethics and morality is assisted by a presentation of five crucial philosophical perspectives which define and explain ethics and morality from the standpoint of various elements (decision-making, performance, interests, etc.). In the first theoretical chapter, these findings are further reinforced by researching the concepts of organisational theories that are used to more precisely address the wider and more specific role of morality in business practices within organisations. In the following we discuss the role of a manager in an organization through the perspective of structure and action to be able to better understand how the role of a manager facilitate or encourage the

action of a manager. Presented in the following organisational framework are individual factors normally found and extensively studied in relation to business and the organisational environment. These are elements such as learning and knowledge in an organisational environment, the altered conditions of psychological contracts between superiors and subordinates in organisations, the issue of trust and emotional behaviour within organisations, etc. These elements were recognised as those that directly or indirectly add to the formation of organisational ethics.

Chapter two of the book continues to study morality and management, especially in terms of their role which can be identified in six modern approaches to the discussion on leadership and management; this provides the basis for a consideration of the book's central concept of the moral behaviour of management as materialised in the moral management concept. This concept, arising from the classic work of Treviño, Pincus Hartman and Brown (2000) on business ethics, differentiates the so-called personal and professional functional dimensions of a moral manager, while the book also explores the connotations for what constitutes a good, successful and ideal manager frequently attached to this concept. This research leads us to the next discovery that is crucial: the encouragement of the moral behaviour of managers is largely influenced by the organisational context, organisational culture and communicational processes and systems. The following chapter focuses on analysing different aspects of managing ethics, models, strategies and the tools in use and identifying the institutional encouragement for ethics management in organisations. On this basis, we continue by identifying and defining the different elements of ethical infrastructure.

The fourth and final theoretical chapter presents individual elements of ethical infrastructures seen as formal and informal levers for encouraging and developing ethics and moral behaviour in an organisation. We presuppose this constitutes an important element of ethics management which, in the long term, leads to the institutionalisation of ethics. Building on analysis of secondary sources and our own findings and experiences of working in organisations, we present our own theoretical model of ethical infrastructure, based on the definition by Tenbrunsel, Smith-Crowe and Umphress (2003) but which, at the same time, includes an important change in the dynamics of the relations between individual elements of ethical infrastructure. In the presented theoretical model of ethical infrastructure, we presume the equal position of all elements of ethical infrastructure otherwise traditionally treated in a mutually subordinate position. Thus, we highlight the assumption that individual elements of ethical infrastructure represent different types of encouragement for the

moral behaviour of managers which, however, does not necessarily mean a different intensity of the influence. This is confirmed in the following empirical part.

The book's empirical section builds on the presented theoretical bases. The study begins with three main goals: (1) to form basic perceptions on the development of ethical infrastructures in organisations and their influence on the moral behaviour of managers; (2) to contribute to understanding the concept of ethical infrastructures by exploring the relations between their elements; and (3) to help establish a typological model for encouraging the ethical behaviour of managers. An Internet survey completed by 375 people was carried out between May and August 2016. The survey was used to analyse the development of the ethical infrastructures of organisations, the relationships between individual elements of ethical infrastructures, and their influence on moral management.

It was established that the ethical infrastructures in the organisations in our sample are poorly developed, not only in the sense of developing processes and systems that constitute ethical infrastructures but also in the sense of ethical content, which influences the organisation's tendency for ethics management and its formation of ethical infrastructures. In the ethical infrastructures of the organisations included in the research, the prevalence of informal systems may be seen. This impacts both the motivational levers and the systems of social control over the moral or immoral behaviour of organisational members. At the same time, the formal systems in ethical infrastructures observed in organisations are moving closer to the emphasised formalisation of regulations, rules and structures within an organisation, explaining the increasingly large gap between the directions taken by formal and informal systems.

Next, the research examines how the individual elements of ethical infrastructures relate to each other which, apart from formal and informal systems, include an ethical work environment. The research points to the weak link between the formal and informal systems on one hand and the so-called instrumental, egoistical ethical work environment on the other, whereas the formal and informal systems in the ethical infrastructure positively correlate with other prevailing types of ethical work environments in the organisations in our sample. The instrumental ethical work environment is relatively weakly represented in the organisations in our sample. Equally poorly represented is the so-called »friendship«-type of ethical working environment that stresses a concern for ensuring a balance of interests in the organisation. Much more present are two other types of ethical work environment: the types »legislation and rules« which–in line with the previous conclusions on the power of formal

systems–emphasises formalisation, and »social responsibility« which combines the organisation's ambition to fulfil the interests of external stakeholders and the organisation's need for effectiveness. A certain level of connectedness was established between the individual ethical work environment types and other elements of ethical infrastructure because there is a relatively strong positive correlation between the formal and informal systems, while both are also positively correlated to the majority of the identified ethical work environment types (with an exception of the instrumental type). The relations we identified may be seen as encouraging but, based on the analysed theoretical and empirical material, might also be a bad sign for the development of institutionalised ethics in the studied organisations as the detected characteristics of ethical infrastructures are not optimal for achieving any higher levels of institutionalised ethics, influenced by the weakness of the existing formal and informal system. This leads to the exposure of specific types of ethical work environment which then keep the analysed organisations only in a reactive relationship with respect to ethics.

The relationship between ethical infrastructure and the moral behaviour of managers was also studied and special attention was paid to differentiating the so-called personal and professional roles held by managers; these were measured with the help of a new, quantitative measurement instrument we created ourselves and tested during the research. The results of the analysis indicate a strong link between the two roles and, at the same time, show that the elements of ethical infrastructure and moral management are connected, confirming the initial belief that ethical infrastructures are strongly connected with both the personal and professional dimensions of the moral behaviour of managers, whereby the intensity of the connection varies between the different elements of ethical infrastructure and individual dimensions of the construct.

Apart from the mentioned measurement instrument intended for measuring the concept of a moral manager, one of the more important scientific contributions to the development of business ethics and organisational theories concerns adding to the theoretical exactness of the discoveries in the ethics management field and, more specifically, the concepts of ethical infrastructure and moral management. The book highlights several theoretical models pertaining to the conceptual classification of ethics and management on the levels of the different concepts used as well as a systematic presentation of individual aspects of the subject matter at hand: presenting the role of morality in modern approaches to leadership and management, the institutionalised encouragement of the OECD's principles and guidelines, etc. Above all,

the book's original contribution lies in highlighting the theoretical model of ethical infrastructure which, unlike other models, assumes the equality of the individual elements of ethical infrastructure. By presenting contributions and systematically, comprehensively and thoroughly demonstrating the conceptual, theoretical and empirical assumptions of the subject matter, this contribution may be seen as a knowledge platform that holds substantial applied value also in practice due to being strongly underpinned by such a scientific approach.

CHAPTER ONE

CONCEPTUAL FOUNDATION FOR THE STUDY OF ETHICAL INFRASTRUCTURES AND THEIR IMPACT ON THE MORAL BEHAVIOUR OF MANAGEMENT

Interpreting ethical infrastructures and their influence on the moral behaviour of managers is extremely challenging because the concept is deeply rooted in a network of several disciplines such as sociology, psychology, organisational sciences and management theories, economics, philosophy and others. Not only is it a highly diversified and complex discipline, the fact they intertwine adds an entirely new dimension to such research efforts. In order to explain at least some of these networks, the first part of the contribution presents conceptual starting points that will in the future serve as the basis for the studying these concepts and their connections. Further, the treatment of ethical infrastructures and the moral behaviour of managers sometimes have completely different dimensions in practice, which is why this chapter covers two distinct yet equally important sets of conceptual starting points: a disciplinary framework, within which the contributions are presented by key disciplines, and the organisational framework, where the focus is on factors from business and the organisational environment that influence the development of the studied concepts with the same intensity as the disciplinary framework.

1.1 Disciplinary framework

The world as we know it is changing at lightning speed. This also affects the way modern society is being formed. Among the ideas of postmodernism, knowledge society, social reflexivity, etc., the observations made about the societal changes in modern society by Ulrich Beck (1992) are particularly popular. Beck states we are moving towards the period of the »second modern«, which refers to the globalisation of modern institutions, while at the same time there are deviations from traditional everyday life. The old industrial society is slowly withdrawing, whereas a

»society of risk«, one in which risk is an integral part, is being established. The society of risk no longer relates to the risks society faced in earlier stages of its development that included natural hazards. The risk now arises from social development and the development of science and technology (Giddens, 2001, 677-678). In ensuring a global social balance, the significance of risk management and the high degree of accountability that follows are increasingly emphasised. This inevitably also includes social actors »outside of the formal mechanisms of democratic political systems« (Giddens, 2001, 678), such as environmental protection, consumer groups and civil rights movements, particularly the organisation and management of the latter. The frequency of organisations' deviant behaviour has brought catastrophic consequences for both organisations and their stakeholders and not least for the wider social and, in many cases, natural environment. Europe is no exception.

These are important discussions at the heart of business ethics, which is why the latter has become one of the most important topics in the study of management and organisations, as well as in business, among students, academics, consumers and even political decision-making circles. Crane and Matten perceive (2004, 13-15) there is a rising number of programmes of business ethics at universities, the number of articles in magazines and newspapers is growing, and even the »industry« of business ethics is observed. Although this trend is much more intense in the USA, there is growing awareness of the importance of business ethics in Europe (particularly due to the strong philosophical roots, which vary from country to country[1]), which points to an almost paradigmatic movement and indicates exposure to common interests and the creation of common values and principles of action as needed for the movement's further functioning (Donaldson, 1992, 21). In other words, business ethics as a discipline and ethics in organisations as an object of business is increasingly gaining in importance. Modern society faces several ethical dilemmas triggered by the most diverse and all-important business affairs in a wide range of business, both public and private. The consequences of these kinds of immoral activities in organisations have enormous proportions, which at the same time fuel the growing interest in business ethics and the answers it offers. Thus, business ethics as a subject or a topical area is to be found in practically all (public and private) higher education institutions that offer programmes with organisational, managerial, business or business content in addition to the many programmes of training, seminars, meetings, conferences and similar events available on the market and emphasised beyond the formal education system. This clearly confirms the assumption that business

ethics and its subjects are attracting ever more attention in society. We will try to present this issue in the framework of this book. In the following chapter, we first present the contextual framework of business ethics and some of its key contributions, assuming that such contributions provide an important starting point in dealing with ethical infrastructures and their impacts on the moral behaviour of managers.

1.1.1 Business ethics

As with most scientific disciplines, business ethics has undergone several changes over the past decades. Crane and Matten (2004, 14) highlight at least two important circumstances, the latter being shaped by: the problem of globalisation and the issue of ensuring sustainable development. With the growth and development of the global economy, business also encounters several new issues such as the attitude of organisations to their employees in less developed countries, environmental issues, the use of the economic power of multinational companies and others. Organisations are ever more faced with new and diverse ethical dilemmas whose complexity is further increasing due to significant geographical, economic, political and cultural differences. Problems such as environmental pollution, waste management, the closure of production facilities and, consequently, workforce reductions and the erosion of local cultural and natural environments not only extend the responsibility of individual social actors, but also imply a radical change in the functioning and goals of organisations and the way the impact of business is reflected on the formation and development of society. This also relates to the issue of sustainability, which is no longer limited to the conservation and restoration of natural resources. Fisher and Lovell (2006) talk about the sustainability of business, which include two types of relationships:

(1) the relationship between the organisation and the external environment; and (2) the relationship between the organisation and the inner context. While the relationship between the organisation and its external context involves the interests of stakeholders, and at the same time the way in which the organisation acts relative to politics and political processes, the relationship between the organisation and its internal context refers to the attitude to employees, where they are present, also to the supervisory authorities. Both relationship types together form the sustainable development of business that provide »a common dependence between society, the environment, politics /…/ and the undeniably competitive nature of business » (Fisher and Lovell, 2006, 512). In this way, processes are established that ensure not only the sustainability of the

natural environment, but also the preservation, restoration and development of the organisational and, above all, the social environment. With the more and more convincing affirmations of the importance of ethics and its place within organisations and business, the offer of concrete solutions that provide support in such processes is still relatively modest. At the same time, this imposes new responsibilities on organisations which are (especially) a challenge for business ethics.

Although business ethics is a relatively young discipline, it encounters a series of challenges. It is defined as a discipline that examines business situations, activities and decisions from the point of view of answering questions regarding »right« or »wrong« but, as already pointed out, in the modern world business ethics means even more: by assuming the role of a social institution, it actually supports business with moral coordination and offers a constant reminder of their role in developing the world of the future (Crane and Matten, 2004). According to Van Luijk (2002, 364), a seemingly academic discipline hides much more complex layers where the need for social coordination, partnership between theory and practice, and the diversity of national cultures, economies and political structures arise, gives business ethics a much more important status. It is almost becoming a social institution which, via the participation of the symphony of agencies and institutions, helps establish and improve social coordination. The role of business ethics is shifting from prescriptive to developmental, and the challenge for academics and business ethics practitioners in an age of uncertainty is to interpret and develop individuals, and at the same time abstain from prescribing an ethical reference framework (Barclay and Smith, 2003, 324). The point is no longer about prescribing or even choosing better and worse, true or false moral decisions; instead, it is about the interpretation of morally ambiguous business situations with which business ethics contributes to the dynamics of the »second modern society« and encourages individuals and groups to actively engage in the resolution of such situations and thus further develop their own moral reflection and express higher levels of responsibility. All discussions about the incentive factors for moral action do not fulfil the mission of business ethics as defined insofar as they do not encourage self-reflection and reflection on their own role in the co-shaping of those systems of ethical infrastructures that influence moral behaviour. This idea is an important pillar in construction of the debate on ethical infrastructures and their impact on the moral behaviour of managers, which will be taken into account in the present volume.

Further, business ethics is almost entirely interdisciplinary in its development, drawing on many and extremely diverse fields of action and

research. Although this kind of interweaving of knowledge seems to create chaos and can act as an inhibitor, it also leads to the development of a wide range of knowledge and practical experiences that enable business ethics to develop their own conceptual contributions. In the following, we deal primarily with those we believe contribute to a more in-depth understanding of the subject of study in this work.

1.1.1.1 Philosophy in business ethics

Business ethics as a discipline that examines business situations, activities and decisions from the aspect of answering questions with »right or wrong« (Crane and Matten, 2004, 8) may be considered an applicative discipline that focuses on observing business practices which, although being based on extremely different fields of knowledge, also includes the teachings of philosophy and in particular moral philosophy. At first glance, this is a »useless« basis in business, for which Kaulingfreks (2007, 41) explains: »Philosophy shows us meaning in the world and helps us grasp the said meaning without being a means of achieving an external goal. Philosophy is useless in the sense that it does not contribute anything to current practices-it is likely that they are better off without philosophy-however it creates its own practices«. In accordance with the above, the business ethics function is not to provide tangible end-results as Crane and Matten (2004) suggest that it provides »inevitably right decisions«. The value of business ethics is seen in complementing existing patterns of thinking and action: business ethics forms the basis for a critical evaluation of current business practices and behaviour from the point of view of moral reflection. In this way, it contributes to the development and advancement of modern business, supports the need for organisations to transform and adapt to a changing environment, to quickly learn, to innovate, and above all to rethink their own practices. This is particularly important in the knowledge-based society and knowledge-based economy, of which we have so often spoken, and which have taken on the role of the driver of progress in the modern world.

As the business environment develops, the pressure on organisations towards flexibility and continuous development is increasing. In doing so, traditional approaches to the management and functioning of organisations are no longer sufficient. An added value is no longer generated by standardised mass production, but by increasing organisational skills for learning and by promoting human potential in organisations. Argyris (1982) argued that organisations must change their learning patterns by activating double-loop learning so as to allow both individuals and

comprehensive organisational systems to question their own values, norms, patterns of practice and behaviour. This is certainly no easy task, which also adds to the rising need for support for the said endeavour. Business ethics in this field offers a »framework set of assumptions about the nature of reality and knowledge« (O'Doherty, 2007, 35) and ethics, which creates a new perspective on their activities by interpreting them from the pool of philosophical insights. For these reasons, it also makes sense to at least crudely study some of the most exposed traditional and modern normative ethical theories which provide management and organisations with a basis for solving the moral dilemmas they face on a daily basis. These theories usually derive from assumptions about the nature of the world and, in more detail, from assumptions about the nature of human beings. Consequently, the degree to which these theories and their results can be accepted and applied to business situations depends on the extent to which we are able to accept their basic assumptions. Nevertheless, understanding of these assumptions enables us to genuinely change our own worldview and bring about a radical change in organisations, which we have already identified as the desired goal of modern organisations (Crane and Matten, 2004, 79).

It is probably not necessary to specifically expound on the scope of philosophical contributions that deal with the issue of ethics. May (2006) offers a simplified reference framework for dealing with case studies in business from an ethics perspective. He distinguishes two dimensions, i.e. ethical conflicts[2]. The first refers to the contradictions between fundamental and situational theories, where the distinction is being made between theories that defend the universality of ethical positions (universal ethics) and theories that defend ethics which are specific to a particular context (situational ethics). The second dimension refers to the contradictions between individualistic and communitarian theories, which emphasise the ethical responsibility of the individual on one hand (libertarian approach) and the role of the community, in the case of business practices of organisations on the other (a communitarian approach). These two dimensions form a scheme that enables different ethical perspectives to be positioned within the four mentioned conflicts: these are theories that stress the importance of duties, rights, benefits, virtues and relationships, as shown in Fig. 1-1.

Fig. 1-1: Ethical contradictions and ethical perspectives
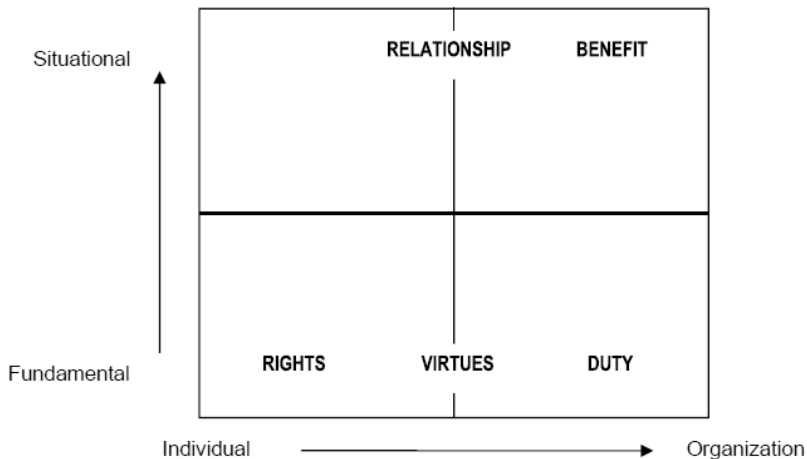
Source: May (2006, 33).

»Simultaneous consideration of both dimensions of ethical conflicts means that studies can be used to evaluate and adapt the presented perspectives, and vice versa, the perspectives can be applied to specific situations or studies. This integration of theory and experience, often referred to as practice, offers a more thorough (and more demanding) method for assessing the activities of others and for assessing one's own activities« (May, 2006, 34-35). It is naturally difficult to establish an appropriate distance from a particular business situation, which may be contrary to an individual's personal aspect, but it is even more difficult to act in this type of situation, especially if the individual's own values are inconsistent with the organisational values. With this classification, May (2006) seeks to establish a basis for the better understanding and assessment of moral dilemmas that are common to organisations and their members, without limiting their own beliefs. In the following, using his example, we briefly present the ethical perspectives included in the scheme presented above with an aspiration that, with their help, we will build a more solid basis for understanding ethics management, the orientation of ethical infrastructures within organisations and their influence on promoting the moral behaviour of organisational members.

1.1.1.1.1 Duty

The perspective on duties relates to an individual's obligation to others (May, 2006, 26). The concept of duty is thus exposed as a contradiction to those behaviours and practices that follow the rule of the benefits they bring to the subjects involved in individual situations. The perspective of duty highlights universal, fundamental ethical standards or rules, i.e. moral laws, and these are considered indisputable reference points for all those involved in morally unclear situations. Thus, an act can be right or wrong if it is consistent with the said rules, regardless of the circumstances in which the situation occurred and that could affect the action, situation or consequences of this act.

A clear example of this kind of perspective is Kant's approach to dealing with moral issues, which is illustrated by deontological or non-antecedent approaches. Graham (2004, 102) explains: »Kant's point is as follows: no matter how talented we are /…/, benefits can be misused. Extreme wealth can be deliberately trampled by useless trivialities or used for corruption and disdain. Criminals and terrorists sometimes exhibit extraordinary talent in electronics management, money laundering or strategic planning. Kant warns that we must-unless we are ready to claim that good qualities are undeniably good-search for the basic standards of good and bad, right or wrong, elsewhere«.

Kant (1785; 1959) clearly distinguishes the purpose and outcome of an action and emphasises the importance of the purpose for which a particular act was performed prior to its success or failure. In his opinion, the act alone (and not the sense of it) determines its moral value. Thus, only good can undoubtedly be undeniably good, and the only undisputed goodwill can fulfil its duty because the duty itself is perceived as moral (Graham, 2004, 105). Kant's insistence on the rationality of deciding on a moral act, with an emphasis on freedom of decision-making and will, has attracted considerable criticism and discussion. Regardless of this, Kant is one of the most influential authors of all time, and his contribution has left an indelible mark on business ethics. In particular, the introduction of the categorical imperative enabled business ethics to experience new views on business, which at first glance do not concern them, and thus to introduce these concepts into the organisational world: it is about exposing the universal rules that apply to everyone, treating the humanity of individuals as a goal and not just as a means of action, etc.

Despite the hints that the three categorical imperatives in this book are disputed, we particularly agree with the assumptions of Kant's second formulation which dictates the treatment of the humanity of individuals as

an objective, and not merely as an asset. As Bowie (2002, 7) notes, this principle introduces some serious considerations into the organisational environment that relate to attitudes to different stakeholders. Among others, he introduces two prerequisite factors for introducing this principle in business relations. First, individuals in business relationships should in no way be exploited, forced or defrauded and, second, organisations should act in a way that would allow and not inhibit the development of human rational and moral abilities (Bowie, 2002, 8). From this perspective, organisations are taking on a new role: their duty is to respect the humanity of individuals irrespective of the stakeholder group they belong to, while also supporting the development of their humanity. It is not just about providing basic human relations at the individual level, nor should they be left to the coincidence and nature of individuals in organisational systems and at the same time is systematically encouraged and strengthened. This is simultaneously a fundamental premise in the design of appropriate ethical infrastructures in organisations.

1.1.1.1.2 Rights

Similarly to the perspective of duty, the perspective of rights focuses on the commitment between the individual and the rest but, unlike the first perspective, it is based on the duty expressed by the collective in relation to the individual. Crane and Matten (2004, 89) explain that the main difference is that rights are shown as a duty of the actors involved in the situation to respect the rights of the individual. From this point of view, rights are equivalent to duties, where as a result of the exercise of rights the duty of others to respect these rights and even protect them and encourage them arises. The perspective of rights also represents a kind of universal ethics theory: rights belong to all people and we perceive them as assigned, natural and self-evident in themselves. The biggest difference between the two approaches is that the idea of rights is based on the axiomatic claims of human nature and does not stem from the complex processes of determining duties (Crane and Matten, 2004, 89).

The perspective of rights is based on the work of political philosophers such as Thomas Hobbes (1651; 1960), the father of today's social contract theory, and John Locke (1690; 1630), the initiator of the classical liberal tradition. With the ideas of natural law, natural rights and the social contract, both authors as well as others have created an influential basis for future generations. Among the most visible is the contribution of John Rawls (1973) and his theory of justice, the problematisation of »justice as honesty«, ideas of freedom and equality, etc. As Mas (2006, 28) points

out, Rawls identifies the rights by placing an individual in a kind of »original position« where the subject is »embroiled in the veil of ignorance«, thus having a limited sense of the past, present and the future. In this way, an individual cannot foresee how his possition will affect him and thus maintains only those rights that preserve the minimum level of his dignity and justice. This principle also applies in the case of organisations, and their contribution is demonstrated through the concept of corporate citizenship. It is a relatively new concept developed in business ethics around the issue of the social role of organisations, which we will deal with in the following chapters. Although the concept has not yet been finally defined, Crane and Matten (2004) speak of three levels of treatment of this concept: it is a limited, equal and broader view of corporate citizenship. In particular, the latter is regarded as referring to the expanded political role of organisations, corporations in society, with the question of the extent to which organisations are involved in promoting or protecting specific rights (social, civil and/or political). This is in principle a role for which the political communities, governments and international decision-making organisations are primarily responsible, but the new circumstances (such as globalisation and sustainable development) are changing this role. The latter is partly attributed to the fact that governments are losing power at the same time as the power of other social actors, especially organisations, is strengthening. The fact that organisations today operate across national borders and the significant, in many cases exponential, increase in their (also political) power, is leading to the power of organisations to increasingly transform modern society and all its systems. It is precisely because of the possibility of this impact that organisations' responsibility to ensure, preserve and develop a »good company« is growing, regardless of the nature of »good«. The expanded aspect of corporate citizenship emphasises the political role of organisations, especially in the sense that it increases the demand for responsibility and social response of business and organisations, which thereby contribute to understanding the challenges of global action, and above all protect the rights of weaker groups and individuals.

1.1.1.1.3 Benefits

In the first two perspectives, we mainly deal with non-quantitative normative theories where the perspective of benefits, contrary to the perspectives of duties and rights, is based on emphasising the (non)morality of the results or consequences of actions and is thus perceived as consecutive (May, 2006, 29). In other words, in assessing

»correct« or »wrong« action, teleological ethical theories advocate judgements about decisions and actions according to the outcomes caused by the stakeholders involved. An example of this type of approach is utilitarianism, a philosophical theory, a pioneer in which is Jeremy Bentham (1789; 1960) while the founder is John Stuart Mill (1871; 1998).

We distinguish several types of utilitarianism which assess the morality of an act according to the starting assumption of the involvement of different groups of stakeholders, the intensity and scope of benefits, etc. For all utilitarian perspectives, there is a common belief that an act is morally »right« if it creates the greatest amount of »good« for the largest group of people affected by that act (Crane and Matten, 2004, 84). Emphasis on the largest group of people suggests that the »good« for the collective has the advantage of being »good« for an individual. Moreover, all forms of »good« are not always considered equally worthwhile, with attention being focused on short- or long-term positive effects of an act or behaviour. Snoeyenbos and Humber (2004) outline several advantages of utilitarianism as an ethical theory in a business context. One of the most visible is certainly the contribution of utilitarianism to the formation of cost-benefit analysis, based on which it is relatively easy to determine the »right« in the business context or »wrong« in an act. In particular, a rationalistic approach to evaluating the situation is stressed which, instead of bare intuition concerning the »correctness« or »inaccuracy« of an act, dictates possible alternatives, an assessment of their consequences, a calculation and maximisation of the benefits.

However, even the utilitarian perspective has encountered many criticisms but, in spite of this, it is one of the most established ethical theories in the Anglo-Saxon world, especially in the business context. Part of its popularity is attributed to its pragmatism, which seems to be most applicable and useful for organisations. Following its orientations, the definition of morally acceptable decisions, activities and behaviour is based on the mechanisms, methods and tools deriving from the assumption of the maximisation of benefits, which contributes to »common sense« (Snowyenbos and Humber 2004, 22), which is so desirable in the business world. At the same time, it means that organisations will have to address some serious and complex issues: what are the alternatives that produce the greatest extent of »good«, what is the role of individual actors who create general rules for finding or maximising (minimising) the maximum extent of »good«, what is the role of the individual in creating »good« for the collective, etc. Further, Graham (2004) points out another dilemma: in the light of the utilitarian evaluation of a series of consequences, the orientation of responsibility to individual actors is often not enabled,