WORK & PROFESSIONAL ETHICS
RESEARCH GROUP

THE ENCYCLOPEDIA FOR BUSINESS ETHICS PRACTICES

ABSTRACT

This project aims to publish an open encyclopedia of business and professional practices in order to make a contribution—societal impact—to both business education and business culture according to virtue ethics theory and, particularly, New Natural Law.

In particular, the project will seek to create a permanent editorial board responsible for conducting the publication of an open online articles on existing and new practices **defined** and **categorized** according to a New Natural Law criterion, that is, (i) defined as the object of action as defined by Aquinas and (ii) categorized into species of practices according to the parts of justice defined virtue ethics.

ARGUMENTATION

Teaching business ethics from a New Natural Law perspective—grounded in the fundamental value of the dignity of every person—or fostering a business culture rooted in virtues and the common good has become a central objective for business schools inspired by Christian values. Accordingly, many scholars associated with such institutions have made significant contributions to business ethics theory, drawing on the principles of New Natural Law, Christian Personalism, and neo-Aristotelian Virtue Ethics.

Nevertheless, both the teaching of business ethics and the shaping of business culture from this perspective have yet to benefit from a clear distinction between two domains of moral assessment: on the one hand, moral principles (e.g., justice, the common good, the dignity of work), and on the other, specific business practices considered good or bad (e.g., collusion, insider trading, poverty wages, whistleblowing).

To further illustrate this distinction, let us consider the following case, found in what is perhaps one of the most compelling accounts of business ethics in neo-Aristotelian terms—particularly in relation to excellence—offered by Alasdair MacIntyre (2016, pp. 170–171):

> "The common goods of those at work together are achieved in producing goods and services that contribute to the life of the community and in becoming excellent at producing them….When, instead, teams of workers cooperated in taking each car through the different stages of its production, taking responsibility as a team for the quality of the end product, things went much better both for the cars and for the workers. The ends informing the workers' activity are now those of achieving through shared deliberation and decision the making of an excellent car and of becoming excellent in making such cars. It matters that they understand what they are doing and that their standards are ones that they have made their own, not standards imposed by external managerial control. They share direction toward a common good."

This example, in fact, provides a description of good work and industry based on the essential features of a virtue ethics approach to business and market practices, namely, the principles of common good and excellence. On the other hand, what MacIntyre describes philosophically it could probably be the integration of *Participatory Management* practices, such as *Quality Circles* or *Lean Manufacturing*, that is, specific methodologies of work recognized in general as ethically good, particularly if they are implemented for the sake of improving the quality of the human experience of work along with the increase of productivity. Thus, common good and excellence are moral principles, and *Lean Manufacturing and Quality Circles*, good practices.

How is such a distinction relevant for business ethics?

It is clear that moral principles are important in assessing any business and professional ethics practices because a list of those same practices without a deeper and grounding reflection on the moral principles is merely a descriptive exercise—one that may at times present contradictory examples that can be seen, for instance, while comparing several codes of conduct in which can be seen different and, sometimes, contradictory definitions of a same practice. In other words, moral principles provide a conceptual framework needed to understand why certain definitions of practices might be incorrect conceptually and, more important, in practical terms.

In a similar manner, Finnis (2011a) explains that every conceptual framework—i.e., basic goods and moral principles—is essential in the practical reflection and decision-making processes of those who participate in the various spheres of human life (such as judges, rulers, or even citizens). According to him, to be fully reasonable, one must remain open to every basic aspect of human flourishing, to every basic form of human good. In this sense, moral principles are those practical criteria that constitute a form of practical reasonableness precisely because they are directed toward one or more requirements of human flourishing—in other words, they are directed toward the basic forms of human good, such as beauty, truth, or friendship. In this sense, the Golden Rule—i.e., treat others as you would like to be treated—is, for instance, a primary moral principle directed toward a basic form of human good, namely, friendship (Finnis, 2011b).

But, on the other direction, a reflection on moral principles that seeks to guide business and professional activity without any knowledge and consideration of the various business and professional practices, becomes—paraphrasing John Finnis (2011a)—a mere formalism, that is, one that can hardly contribute to practical reasonableness. For instance, a reflection based solely on a well-developed concept of justice cannot provide meaningful guidance when considering whether an activity is reasonable to carry out if the person making the decision does not also take into account what that activity is and what its scope entails. In this sense, a substantive understanding of what the practices specific to a given domain are provides precisely the knowledge of the scope of an activity and thus of its proximate end. In this vein, Aquinas explains that in practical science, whose end is action, we must know by what activities or operations a determined effect follows from a determined cause; being these activities and operations what we call practices.

In sum, a principle-practice differentiation allows us to argue why it is reasonable to incur good business and professional practices, the same way that it is unreasonable to participate in bad ones. Indeed, the reasonability of participating in certain practices requires—at least in teaching contexts—a definition of them according to which it is possible to understand why they are properly good or bad in light of certain moral principles, such as justice, the lesser evil, friendship, common good, etc.

On the other hand, in matters of impacting business culture, a more methodological way to define good or bad practices when many codes of conduct, corporate statements on their purposes, or professional associations, not necessarily provide consistent definitions of a practice, they are confused with moral principles, and they do not respond to a clear criterion for categorization.

Therefore, for both teaching and impacting business culture, establishing a more systematic methodology for defining and categorizing practices could have important value. But how can practices be **defined** and **categorized** methodologically in a consisting manner with the moral principles that Virtue Ethics and New Natural Law approach have already provided?

In a consistent manner with these moral traditions, practices could be defined as the **object** of action, that is, by considering both the material and formal dimensions of the same action. Indeed, this material-formal consideration in defining practices is eventually what Thomas Aquinas would regard as the description of an action in terms of its object—that is, without the need to take into account either the particular circumstances in which these actions are performed or the ultimate end of the person performing them (Finnis, 2005).

According to Sousa-Lara (2008), for Thomas Aquinas, the material dimension—or, more precisely, the almost (*quasi*) material dimension—is that which is revealed as 'what is sought' or 'what one intends to do' (*res volita*) materially or in executive terms. That is, in the case of the practice of collusion, 'communicating with competitors information related to one's own productive or commercial activity in order to influence prices outside regular market activities.' Moreover, the material dimension also incorporates material goods that constitute what we can call an external thing (res extensa) of the object of the action which, as John of St. Thomas (1964) explains, is not strictly the operation materially carried out, but rather what is operated in the action—that is, the content of the object. These are, following the same example of collusion, 'the written messages with commercial information exchanged between executives who belong to competing companies.'

In contrast, the formal dimension of the object of the action—its proximate end—is defined according to the logic of a practical benefit (*ratio boni*), without which the practice would not be desired or pursued by those who carry it out. This practical benefit, proper to a proximate end, is specifically what is regarded as suitable by those engaging in the practice and, more important, provides the most important aspect of a practice definition. Thus, in the example of collusion, the proximate end would be 'to prevent the entry of direct competition into the market by means unrelated to those proper to a free market'.

As for its categorization, proximate ends not only serve to evaluate the morality of a given practice but also enable the grouping of various practices into specific species. For instance, monopolies, cartels, and collusive agreements can be classified as practices of the same kind—namely, those related to the functioning of the free market—whereas pyramid schemes and predatory lending are more appropriately categorized under practices associated with commercialization.

Moreover, the criterion by which proximate ends can be grouped into the same species of practices is determined by the nature of the relationships in which those proximate ends are embedded. These relationships, in turn, are defined in virtue ethics by the moral principle of justice and, particularly, according to the three parts of justice, namely, (i) distributive justice concerning the relationships of those who participate in a community (Aristotle, NE 1131a; 1131b; Aquinas, S.Th., II-II, q.61; II-II, q.61, a.1-a.2) that, for the case of firms, can be called organizational; (ii) commutative justice proper to relationships of interchange and transaction (Aquinas,), that is, in commercial matters; (Aristotle, NE, 1131a; Aquinas, S.Th., II-II, q.61, a.1; II-II, q.61, a.2); and (iii) legal or political justice concerning civic matter and the relationship with public authorities (Finnis, 2011a) that can be defined as corporate relationships for the case of firms.

Moreover, when examining the nature of a firm's relationships with its constituencies in light of an Aristotelian theory of justice, we conclude that firms have three kinds of stakeholders: organizational (company), commercial (market), and corporate (society). Accordingly, practices can be also listed as organizational, commercial, and corporate.

A PRELIMINARY LIST OF PRACTICES

I. Organizational Practices

Distributive-contributive relationships

Practices Associated with Employment

1. Mobbing
2. Unethical warehousing
3. Sweatshops
4. Child Labor
5. Forced Labor
6. Criminal Work
7. Sex Work
8. Discrimination
   a) Legal considerations
   b) Practical considerations
   c) Social considerations (Public Good)
9. Layoff
   a) Outplacement
   b) Labor Substitution
10. Inclusion
11. Diversity
12. Speak-up Policies
   a) Whistleblowing
   b) Ombudsman

Practices Associated with Compensation

17. Minimum Wage
18. Poverty Wages
19. Variable Wages
20. Outsourcing
21. Living Wage (Ethical Wage)
22. Wage Gaps

Practices Associated with People's Management

23. Manipulation (false authority)
24. Paternalism
25. Micromanagement
26. Competitivism
27. Engagement
28. Empowerment
29. Meaningful Work

Practices Associated with Participation and Productivity

30. Quality Circles
31. Lean Manufacturing
32. Corporatism

Practices Associated with Management and Corporate Governance

33. Shareholder Conflict
34. Managerialism
35. Asset Stripping
36. Corporate Lobbying
37. Corporate Activism
38. Opportunism
39. Stakeholder´s Favoritism
40. Unethical Cost-savings
41. Compliance
42. Employer Loyalty
43. Creative Accounting
44. Professional Conduct
45. Conflict of Interest
46. Accountability
47. Corporate Riders

II. Commercial Practices

Commutative Relationships

Practices Associated with Commercialization

48. Predatory Lending
49. Payday Lending
50. Subprime Lending
51. Pyramid Scheme
52. Ponzi Scheme
53. Price Discrimination
54. Client Suitability and Favoritism
55. Misrepresentation
    a) Fraudulent Misrepresentation
    b) Negligent Misrepresentation
    c) Innocent Misrepresentation
56. Use of Commercial Information
57. Customers´ False Claims
58. Unethical Selling
59. Shared Value
60. Customer Information

III. Corporate Practices

Political Relationships

Practices Associated with Taxes and Business–State Relationships

64. Tax Avoidance
65. Tax Evasion
66. Tax Exemption
67. Undertaxed
68. Overtaxed
69. Bribery and Corruption
70. Tax Fraud

Practices Associated with Unions and Bargaining

71. Responsible Union Bargaining
72. Dominant Union Position
    a) Political Union Dominance
    b) Organizational Union Dominance
    c) Sectorial Union Dominance
73. Institutional Union Responsibility
74. Civic Union Responsibility
75. Public Union Responsibility
76. Union Busting

Practices Associated with Corporate Citizenship

80. Philanthropic Policies
81. Urban Contribution
82. Ideological Campaigns
83. Greenwashing
84. Disclosure Management

Practices Associated with Market Participation

85. Dominant Market Position
    a) Vertical Integration
86. Collusion
87. Interlocking
88. Cartels
89. Speculation
90. Private Bribery
91. Market Information
92. Restricted Information
93. Information Manipulation
94. Insider Trading

95. Fraud against Private Institutions
96. Price Discrimination

Practices Associated with Business & Environment

98. Cradle to Cradle
99. ESG (Environmental, Social, Governance)
100. Triple Bottom Line
101. Doughnut Economy

Practices Associated with Digital Industry

102. Digital Appropriation of Rights
103. Privacy Invasion for Commercial Purposes
104. Non-explicit Simulated Interaction
105. Decisional Bias (Midas Effect)
106. Indirect Decisional Responsibility.

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