

Ten-year Report 1993–2003

For Genuine
Business Ethics



Business Ethics Center
BUDAPEST UNIVERSITY OF ECONOMIC SCIENCES

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About the Center

The *Business Ethics Center* of the *Budapest University of Economic Sciences* was established in 1993 by *Jozsef Kindler* and *Laszlo Zsolnai*. The mission of the Center is to promote ideas and techniques of business ethics in *higher education, academic research, and business life*. The functioning of the Center is based on the conviction that *ethics* is a relevant aspect at all levels of economic activity, from *individual and organizational* to *societal and global*. Complex economic problems require, we believe, multidisciplinary approaches using models from *economics, management science, psychology, and ethics*.

The *ecological, communitarian, and feminist* perspectives contribute significantly to our understanding of contemporary economic and social reality. Business ethics is practiced by the Center as a *post-modern* kind of scientific inquiry where *normative and descriptive* elements are not separated but intermingled. The Business Ethics Center has an active interest not only in *business ethics* but also in *environmental ethics, information ethics, public service ethics, and international ethics*. We try to create a practical synthesis of interdisciplinary ethics focusing on the new reality of business and society in the 21st century.

The *Director* of the Business Ethics Center is *Laszlo Zsolnai*. Members are Assistant Professor *Zsolt Boda* and *Laszlo Fekete*, who holds the MOL Chair in Business Ethics. *Zsuzsanna Nyerges Bogнар* is a Ph.D. student at the Center. *Emese Boros* serves as Secretary for the Center.

A number of well-known scholars are members of the *International Advisory Board* of the Center. They include

- *Professor Edwin M. Epstein* (Berkeley),
- *Professor Stefano Zamagni* (Bologna),
- *Professor Henk van Luijk* (Amsterdam),
- *Professor Peter Koslowski* (Hanover).



Laszlo Zsolnai
Director



Zsolt Boda
Assistant Professor



Laszlo Fekete
*MOL Chair
in Business Ethics*



Zsuzsanna Nyerges
Bognár, *Ph.D Student*



Emese Boros
Secretary

Further information about the Business Ethics Center can be obtained on request from the following address:

BUSINESS ETHICS CENTER
BUDAPEST UNIVERSITY OF ECONOMIC SCIENCES

Veres Pálné u. 36.
H-1053 Budapest, Hungary

Phone/Fax
(+36 1) 318 3037

e-mail
laszlo_zsolnai@interware.hu

website
<http://ethics.bkae.hu>



Budapest University
of Economic Sciences

From its founding the Business Ethics Center has been active in organizing and co-organizing *scientific workshops* and *conferences* on different aspects of business ethics.

Ethical Values and Economic Reality

On November 19, 1993 the Business Ethics Center held a one-day workshop celebrating the publication of the Hungarian version of the Vatican book *Social and Ethical Aspects of Economics*.

Professor *Ignazio Musu* of the *University of Venice (Ca' Foscari)* delivered the opening lecture. *Laszlo Zsolnai* gave a presentation on the relevance of *positive* and *negative freedom* in the economy. *Ferenc Rabar*, former Minister of Finance, reflected on the *ethics* of *financial transactions*. Finally, Professor *Jozsef Kindler* examined the *ethical issues* of *companies* and *enterprises*.

CEMS Business Ethics Inter-faculty Meeting

The *Community of the European Management Schools* (CEMS) is an association of top management schools in Europe including the *London School of Economics, Erasmus University Rotterdam, ESADE Barcelona, HEC Paris, Copenhagen Business School, Stockholm School of Economics, Norwegian School of Economics and Business Administration, Vienna University of Economics, University of St. Gallen, Bocconi University Milan*. The *Budapest University of Economic Sciences* has been a member of CEMS since 1996.

The first meeting of the *business ethics professors* of CEMS universities, organized by the Business Ethics Center, was held on April 11–13, 1997 in Budapest.



Community of
European Management
Schools

Participants in the event were as follows:

- *Hans de Geer*
Stockholm School of Economics;
- *Nel Hofstra* and *Luit Klosterman*
Erasmus University Rotterdam;
- *Franz Hrubí*
University of Economics, Vienna;
- *Joseph Lozano*
ESADE Barcelona;
- *Lidmila Nemcova*
Economic University, Prague;
- *Yvon Pesqueux*
HEC Paris;
- *Peter Pruzan*
Copenhagen Business School.

During the meeting, participants presented a report on the *business ethics teaching* and *research* activities of their respective universities. An edited version of the presented paper has been published under the title “The European Difference: Business Ethics in the Community of European Management Schools” (Kluwer Academic Publishers, 1998. Boston, Dordrecht, London).

The *CEMS Inter-faculty Group in Business Ethics* is chaired by *Laszlo Zsolnai*.

Public Debate with George Soros



George Soros

On June 22, 1998 the *Business Ethics Center*, the *Central European University SUN Program* and the *IMC—Graduate School of Business* organized a public debate with *George Soros* on his influential paper “The Capitalist Threat.” Discussants included *Andras Brody* (Institute of Economics, Hungarian Academy of Sciences), *Olivier Giscard d’Estaing* (INSEAD), *Ferenc Rabar* (Budapest University of Economic Sciences) and *Jörn Rüsen* (Kulturwissenschaftliches Institut, Essen). *Laszlo Zsolnai* served as moderator in the debate.

Soros's main argument, that *laissez-faire capitalism* undermines the very values on which *open* and *democratic societies* depend, was supported by the participants. A professional 30-minute video on the debate has been produced under the title "The Capitalist Threat."

Transatlantic Business Ethics Summit

The Business Ethics Center organized the first *Transatlantic Business Ethics Summit*, which was held on September 15–17, 2000 in Budapest, Hungary. The Summit was sponsored by the *Community of European Management Schools* (CEMS) and *Procter & Gamble*.

The main function of the Summit was to provide a forum for leading *American* and *European* scholars to explore the *background theories* and *value bases* of business ethics from a 21st century perspective. Participants in the Summit were as follows.

From the USA

- *John Boatright*
Loyola University, Chicago;
- *Norman Bowie*
University of Minnesota, Minneapolis;
- *George Brenkert*
Georgetown University, Washington D.C.;
- *Thomas Donaldson*
The Wharton School, University of Pennsylvania;
- *Thomas Dunfee*
The Wharton School, University of Pennsylvania;
- *Michael Hoffman*
Bentley College, Massachusetts;
- *Patricia Werhane*
Darden Business School, University of Virginia.



The Abstract book
of the Summit

From Europe

- *Jane Collier*
University of Cambridge, UK;
- *Christopher Cowton*
Huddersfield University, UK;
- *Hans de Geer*
Stockholm School of Economics, Sweden;
- *Peter Koslowski*
Hannover Institute for Philosophy, Germany;
- *Josep Losano*
ESADE Barcelona, Spain;
- *Lidmila Nemcova*
University of Economics Prague, The Czech Republic;
- *Eleanor O'Higgins*
University College Dublin, Ireland;
- *Yvon Pesquex*
HEC Paris, France;
- *Henk Van Luijk*
Nijenrode University, The Netherlands;
- *Laszlo Zsolnai*
Budapest University of Economic Sciences, Hungary.



Rector Attila Chikan
opens the
Transatlantic Summit

The participants reflected on the *state of the art* of business ethics as practiced in the USA and Europe. However, the *future* of business ethics as a discipline was the main focus of the Summit.

The last day of the Summit was devoted to a *corporate roundtable*. *George Carpenter* from Procter & Gamble, *Tibor Hejj* from the Boston Consulting Group, *S-P Mahoney* from the Good Brand Works, *Istvan Fodor* from Ericsson and *Cedric MacKellar* from SAB presented their views about the challenge of *sustainability* and the role of *ethics* in *doing business*.

The participants in the Transatlantic Business Ethics Summit mostly agreed that the *American* and *European business cultures* are considerably *different*, and that the business ethics respectively practiced on the two sides of the Atlantic reflect this difference. Since there is a lot of cooperation and merger between American and European companies, the *cross-fertilization* of American and European business ethics is unavoidable. To meet the technological, ecological, and social requirements of the 21st century, combining the best of European and American traditions in business and ethics is a necessity. There was a general agreement among the participants in the Summit that the *transatlantic dialogue* on business ethics must go on.

“Spirituality in Management”

In cooperation with the *Faculty of Economics and Business Administration* and the *Department of Religious Studies* of the *University of Szeged*, the Business Ethics Center organized an international workshop entitled “Spirituality in Management,” which was held on July 1–3, 2001 in Szeged, Hungary. The aim of the workshop was to get together leading scholars to systematically *explore* and *map* the field from different disciplines and spiritual traditions.

Scholars and practitioners came from 13 countries and represented disciplines as diverse as economics, management, philosophy, theology, sociology, and medical anthropology. *Spirituality* refers to a search for meaning that transcends material well-being and focuses on basic, deep-rooted human values and a relationship with a universal source, power, or divinity. Religions evoke this spiritual essence through an institutionalized set of collectively shared beliefs and rituals that vary from culture to culture.



The Abstract book of the Szeged Conference

The workshop focused on the role of spirituality in renewing the contemporary management praxis. The participants agreed that management has an undeniable existential aspect and that spirituality has an inherent role in managerial decision-making. A more *inclusive, holistic* and *peaceful* approach to management is needed if business and political leaders are to uplift the environmentally degrading and socially disintegrating world of our age.

Sessions of the workshop included the following:

“Spirituality: East & West”

Peter Pruzan (Copenhagen Business School): Spirituality as the Context for Leadership: Some Lessons from the “East”; S.K. Chakraborty (Indian Institute of Management Calcutta): Spirit-centered, Rajarshi Leadership: The Indian Model; and Luk Bouckaert (Catholic University of Leuven): Spirituality and Economic Democracy: A Personalist Approach.

Professor Chakraborty
explains
Hindu spirituality





Professor Pruzan
speaks about
spiritually-based
leadership

“Philosophical Approaches”

Yvon Pesqueux (CNAM, Paris): The “Liberal Period” as a Framework for a Business Paradigm; Alpár Losoncz (University of Novy Sad): “Circles of Relevancies” or the Spiritual Motivation in Management; and András Máté-Tóth and Péter Török (University of Szeged): Post-Moral Spirituality.

“The Question of the Self”

Laszlo Zsolnai (Budapest University of Economic Sciences): The Role of the Self in Management; Imre Ungvari-Zrinyi (“Babes-Bolyai” University): Business and Dialogue; and S-P Mahoney (Enterprise Ireland): Spirituality of Nations and the Relevance to Management.

“Integrating Spirituality & Management”

Josep M. Lozano and Raimon Ribera (ESADE, Barcelona): A New Chance for Management, A New Challenge for Spirituality; Wojciech W. Gasparski (Polish Academy of Sciences): Spirituality in Management: Questions and Tentative Answers; and Tibor Hejj (A.T. Kearney, Budapest): The Economy of Sharing.

“Organizations”

Mike Thompson (The Good Brand Works, London): Trust as a Quest for Spirituality in the Workplace; Beata Farkas (University of Szeged): Value Perspectives in a New Business School; and Yazdi Jehangir Bankwala (Singapore): Organizational Transformation through Human Values.

“Ecosystems and Humans”

Lidmila Nemcova and Vaclav Nemeč (University of Economics Prague): Spirituality and Geoethics; and Imre Lazar (Sемmelweis Medical School): Spirituality and Human Ecosystems.

Laszlo Zsolnai has edited a book for Kluwer Academic Publishers entitled *Spirituality and Ethics in Management*, which contains the presentations of the workshop and some other leading papers in the field.

Faculty Seminar with Russell Hardin

The Business Ethics Center conducted a Faculty Seminar with *Russell Hardin* on December 4, 2002. Russell Hardin is Professor of Politics at *New York University* and Professor of Political Science at *Stanford University*. He has written the following books: *Collective Action*; *Morality Within the Limits of Reason*; *One for All: The Logic of Group Conflict*; *Liberalism, Constitutionalism, and Democracy*; *Trust and Trustworthiness* and *Indeterminacy and Society*.

Professor Hardin’s presentation was entitled “Ethics in Business.” He discussed the use of psychological approaches to making business ethics more realistic and applicable. Participants in the faculty seminar included professors from the *Budapest University of Economic Sciences* and the *Central European University*.

EBEN 2003 Conference

The *Business Ethics Center* held the *16th Annual Conference* of the *European Business Ethics Network* (EBEN) on August 29–31, 2003 in Budapest, Hungary. The title of the conference was “Building Ethical Institutions for Business,” and it enabled the participants to reflect on and debate the role of institutions in the transformation of business into a more human and ethical form.

The scope of this conference spanned stakeholder activism, global governance structures, corporate social responsibility, corporate governance, corporate citizenship, ethical investment, stakeholder society, environmental regimes, human rights, and ethical institutions for corporate accountability. What are the factors that contribute to the formation and working of successful ethical institutions? What are the most important problem areas and issues of conflict? What is the role of cultural factors in institution building? What are the relevant ethical and theoretical approaches for understanding ethical institutions?



The EBEN
Conference book



Janos Kornai's
keynote lecture at the
EBEN Conference

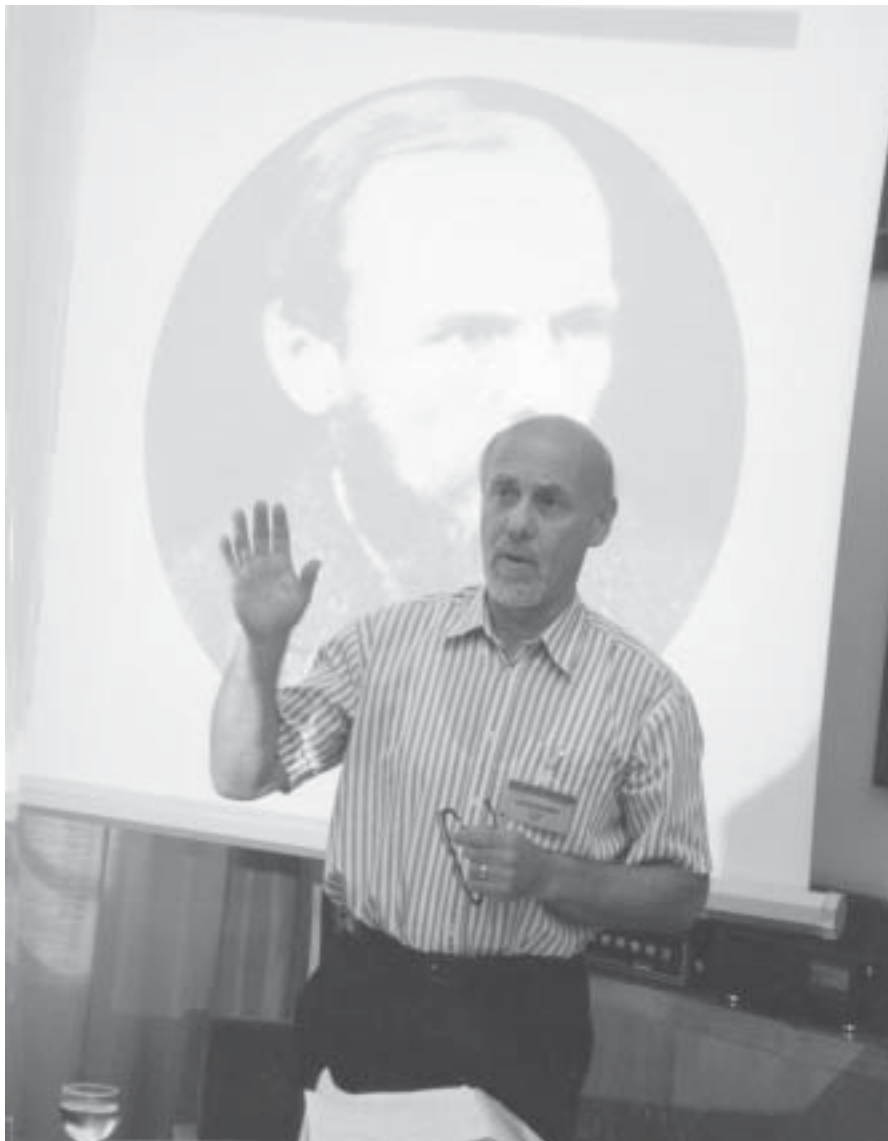
George Brenkert's
keynote lecture
at the EBEN
Conference



Olivier Giscard
d'Estaing opens the
panel discussion



More than 120 scholars and practitioners representing 25 countries participated in the conference. Keynote speakers included *Janos Kornai* (Harvard University & Collegium Budapest): “Honesty and Trust in the Light of Post-socialist Transition”; *George Brenkert* (Georgetown University, Washington D.C.): “Corporate Integrity and Accountability: A Transatlantic Perspective.” *Olivier Giscard d’Estaing* (INSEAD) chaired a panel discussion entitled “Ethics and Business in the New Europe” with the participation of *Marc Delcommune* (MOL Rt.), *Pieter de Haes* (ING Bank), *Zoltan Valcsicsak* (Levi Strauss), and *S-P Mahoney* (Irish Embassy, Budapest).



Luk Bouckaert lectures on Dostoyevsky and business ethics at the EBEN Conference

Sessions of the EBEN Conference included *Ethical Institutions, Corporate Social Responsibility, Stake-holders, Theory Development, Globalization, Conflict, Trust and Institutions, The Role of Managers, Values and Behavior, Ethics and Finance, Corporate Citizenship, and Business Ethics at the Universities.*

The conference web page, which includes all relevant papers and abstracts, can be found at <http://ethics.bkae.hu>.

The Business Ethics Center has developed a variety of courses in business ethics and related subjects.

Ethics in the Economy

Laszlo Zsolnai developed and continues to teach an “Ethics in the Economy” course for *graduate students* of the Budapest University of Economic Sciences. The course includes the following topics: *deontology* versus *consequentialism*, *ethical motives* (self-interest, altruism, and cooperation), the *tit for tat* strategy, *Homo Oeco-nomicus* versus *Homo Sociologicus*, *utility* and *morality* as co-determining factors of *economic behavior*, the *ultimatum bargaining game*, the *stakeholder* conception, paradigms of *corporate social responsibility*, *ethical institutions* of business, *negative freedom* versus *positive freedom*, *fairness* and *justice* in economic relations, theories of *environmental ethics*, the *feminist ethics* perspective, and the *ethical fabric* of the *Hungarian economy*. The course was reported in the *Wall Street Journal Europe* in 1995.

MBA Courses

In 1998 and 1999 *Laszlo Zsolnai* also developed and taught *business ethics courses* in the joint *MBA Program of the Case-Western Reserve University* (Cleveland, Ohio) and the *IMC – Graduate School of Business*.

In May 2003, *Laszlo Zsolnai* was invited to speak as a guest lecturer for the MBA business ethics course of the *Saïd Business School, University of Oxford*. His module, entitled “Ethical Economics & the Environment,” introduced the ecology and sustainability problematic in business. It explored the multifaceted environmental impact of business and analyzed its ethical relevance. A case of genetically modified foods was used for a corresponding assignment. The guiding principles of “natural capitalism” were also

discussed. Finally, the position of “market fundamentalism” was critically evaluated, ultimately demonstrating that environmental, social and economic values should be reconciled in order to arrive at a less violent, more caring form of capitalism.

In July 2003, Laszlo Zsolnai conducted an “Ethics in Business” course in the International MBA Program of the *Vienna University of Economics* in Austria. The course aimed at developing the competence of students for understanding ethical problems and making sound ethical decisions in different business contexts. Special emphasis was placed on economics and psychology as two major bases in handling business ethics issues. Experimental games were used with the students to provide opportunities for learning by doing.

Ecological Economics

Laszlo Zsolnai taught *ecological economics* courses in the *Human Ecology Program* of the *Lorand Eotvos University* in Budapest.

The main topics of these courses were as follows:

- *nature* versus the *economy*;
- *interactions* among *humans*, *organizations*, and *ecosystems*;
- *selfish organizations*;
- the *question* of *scale*;
- *responsible decision-making*;
- the *GDP* and its *alternatives*;
- the problems of *ecological sustainability*.

Ethics of International Business

A graduate course called “Law and Ethics of the International Economy” has been developed and taught jointly since 1997 by *Erzsebet Kaponyi* (Department of International Relations) and *Zsolt Boda* at the Budapest University of Economic Sciences.

The classes on ethics deal with the following topics:

- concepts of international ethics,
- justice and the global commons,
- the fair trade problematic, and
- the ethics of the multinational company.

Economics and Environmental Ethics

In July 1997, the Business Ethics Center organized a two-week summer course at the *Central European University* under the title “Economics and Environmental Ethics.” Thirty young scholars from 13 countries participated in the course.

The program included the following lectures:

- “Ecology and Economics: The Co-evolutionary Paradigm”
by *John Gowdy*, Rensselaer University Institute, New York;
- “Eco-philosophy and Ecological Ethics”
by *Henryk Skolimowski*, Technical University of Lodz, Poland;
- “The Legacy of E.F. Schumacher”
by *Laszlo Zsolnai*, Budapest University of Economic Sciences;
- “Efficiency and Sufficiency: Perspectives for a De-materialized Society”
by *Wolfgang Sachs*, Wuppertal Institute, Germany;
- “Ethics in Organic Agriculture”
by *Zoltan Szocs*, Central European University;
- “Economics, Ethics and Living Systems”
by *Laszlo Zsolnai*, Budapest University of Economic Sciences, Hungary;
- “Environmental Anthropology”
by *Imre Lazar*, Semmelweis Medical School, Budapest;
- “The Common Heritage of Mankind and the Status of Future Generations”
by *Boldizsar Nagy*, Lorand Eotvos University Law School, Budapest;
- “Political Democracy and Environmentalism”
by *Andras Lanyi*, Lorand Eotvos University, Human Ecology Program.



Ethics of Capitalism

In July 1998, the Business Ethics Center organized another summer course at the *Central European University* under the title “Ethics of Capitalism.” 28 participants from 12 countries attended the course.

The program included the following lectures:

- “Ethics, Economics, and the Capitalist Economy”
by *Peter Koslowski*, Hannover Institute for Philosophy, Germany;
- “The Idea of Stakeholder Capitalism”
by *Edward E. Freeman*, Darden Business School, University of Virginia, USA;
- “The Market, State, and Civil Society”
by *Stefano Zamagni*, University of Bologna, Italy;
- “Moral Aspects of Economic Transition”
by *Wojciech W. Gasparski*, Institute of Philosophy and Sociology, Polish Academy of Sciences, Warsaw, Poland;
- “Failures of Radical Liberalism”
by *Lubomir Mlcoch*, Faculty of Social Sciences, Charles University, Prague, Czech Republic;
- “Responsibility and Profit Making”
by *Laszlo Zsolnai*, Budapest University of Economic Sciences.

A professional 30-minute video has been produced about the course entitled “The Future of Capitalism.”

Business and Ecology

Jointly with the faculty of the *Oxford Centre for the Environment, Ethics and Society* of the *Mansfield College, University of Oxford*, the Business Ethics Center conducted a two-week summer course entitled “Business and Ecology” at the *Central European University* on July 10–21, 2000. A total of 29 young academics from 20 countries participated in the course.

The course emphasized the fact that without the involvement of explicit *ethical considerations*, the natural environment cannot be preserved. *Business*

ethics and *environmental ethics* supply a rich variety of principles that should be integrated into corporate, environmental and social policy. In Central and Eastern European countries, environmental sustainability is a necessary but not a sufficient goal by itself. The ecosystems of the world call for *ecological restoration*, not simple preservation. The course explored some opportunities in this direction.

The course consisted of the following modules:

- “Economics of Sustainability”
by *James Robertson*, Oxford Centre for the Environment, Ethics, and Society, Mansfield College, Oxford, UK;
- “Sustainable Production and Consumption”
by *Neil Summerton*, Oxford Centre for the Environment, Ethics, and Society, Mansfield College, Oxford, UK;
- “Business, Ecology and Society”
by *Laszlo Zsolnai*, Business Ethics Center, Budapest University of Economic Sciences, Hungary;
- “Social, Ethical, and Environmental Accountability”
by *Peter Pruzan*, Copenhagen Business School, Denmark;
- “Corporate Environmentalism in an Evolutionary Perspective”
by *Thjornborn Knudsen*, Odense University, Denmark;
- “Developing Competence in Environmental Management”
by *Judith Marquand*, Oxford Centre for the Environment, Ethics, and Society, Mansfield College, Oxford, UK;
- “Ecological Restoration in Central and Eastern Europe”
by *Janos Vargha*, The Danube Circle, Budapest, Hungary.

CEMS Business Ethics course in the Côte d’Azur

Under the direction of *Laszlo Zsolnai*, the *Business Ethics Interfaculty Group* of the *Community of European Management Schools* (CEMS) organized a business ethics course that served as a component of the CEMS Master’s Program. The course was taught on September 9–16, 2001 in Grasse, near Nice, in France.

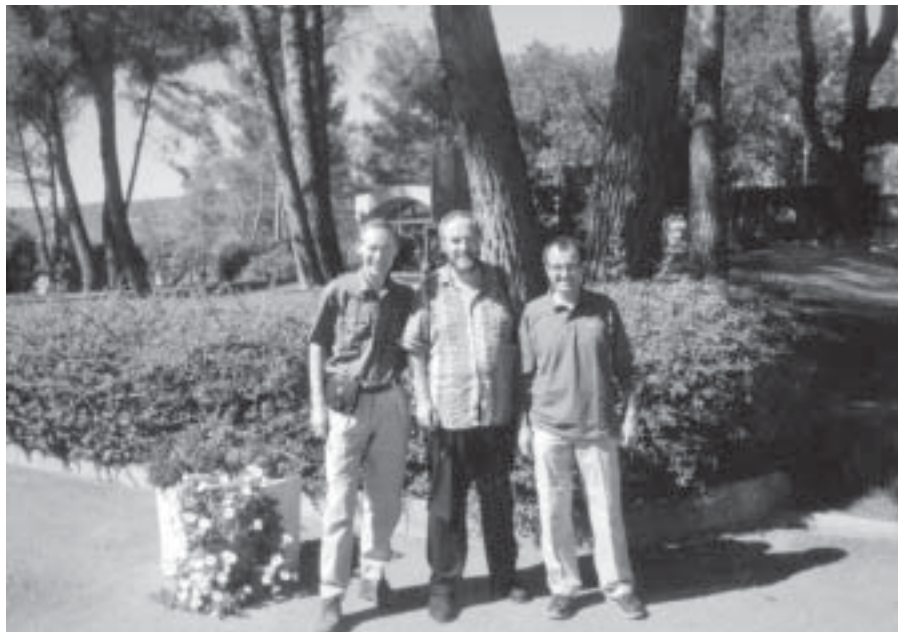


Topics included:

- the *moral aspects of economic behavior*,
- *business and society*,
- the *stakeholder corporation*,
- *finance and ethics*,
- *personal responsibility in business*,
- *corruption*,
- *institutional aspects of the market*,
- *ethical decision-making*,
- *business and sustainability*, and
- *international ethics and globalization*.

More than 30 students from CEMS member universities participated in the course. Faculty members included *Hans De Geer* (Stockholm), *Eleanor O'Higgins* (Dublin), *Aloy Sophe* (Rotterdam), *Knut Ims* (Bergen), *Yvon Pesqueux* (Paris), *Lidmila Nemcova* (Prague), *Tomasz Dolegowski* (Warsaw), *Antonio Tencati* (Milan), and *Zsolt Boda* and *Laszlo Zsolnai* (Budapest).

Knut Ims,
Laszlo Zsolnai and
Antonio Tencatti
at Nice Seminar



Ethical Company Research Seminar

In Spring 2001, *Laszlo Zsolnai* conducted a research seminar for graduate students of the Budapest University of Economic Sciences entitled “The Ethical Company.” The course aimed at exploring the different elements and systems, which make the ethical company possible. The central concept was the *ethical mind* of the corporation as a complex, self-regulating mechanism by which the corporation *retrains* itself and its members to move away from *unethical behavior* and *motivates* itself to generate *ethical actions*.

Classes included the following:

- Moral Disengagement Mechanisms of Corporations;
- Mission, Values, and Corporate Identity;
- Decision Making Systems;
- Interaction with the Stakeholders;
- Brand Development Strategies;
- Social and Ethical Accounting, Auditing, and Reporting;
- Ethical Institutions and Corporate Governance;
- Philanthropy and Social Venture; and
- Spirituality in Management.

S-P Mahoney from Enterprise Ireland and *Joanna Messing* from NESsT were guest speakers in the classes “Brand Development Strategies” and “Philanthropy and Social Venture.” Students produced *papers* on the *ethical profile* of selected *companies* such as 3M, Groupe Danone, IKEA, Nokia, Ericsson, BP, Shell, Peugeot, Levis’ Straus, Siemens AG, Ford – Werke AT, Co-operative Bank, Novo Nordisk, The Ecology Building Society, Swissair, Triodos Bank, Dow Jones Sustainability Group, Motorola, Volvo Group, and The Calvert Group.

Philosophy of the Internet

In Spring 2001, *Laszlo Fekete* taught a course entitled “A Philosophy of the Internet: Seminar in Theories of Knowledge, Communication, and Culture” at the *International Studies Center* of Budapest University of Economic Sciences.

The course demonstrated that the Internet transforms the traditional forms and norms of communication and its public and private spaces, thereby rewriting the textuality of our culture and our language, reconstructing social knowledge, and finally, making social, political, and economic impacts on contemporary (postmodern, postindustrial, information, or risk) society.

Classes included the following:

- The poles of communication;
- Text, hypertext and hypermedia;
- Internet and the problems of the Artificial Intelligence;
- Virtual reality; and
- Politics, knowledge, and communicative actions in postmodern society.

Ethics, Ecology and the Limits of Business

The Business Ethics Inter-faculty Group of the *Community of European Management Schools* (CEMS) held a one-week seminar entitled “Ethics, Ecology and the Limits of Business” on September 2–8, 2002 in Bergen, Norway.



Knut Ims,
Zsolt Boda, Aloy Soppe
and Laszlo Zsolnai
at the Bergen Seminar

The host of the seminar was *Knut Ims* of the Norwegian School of Economics and Business Administration. Faculty members included *Laszlo Zsolnai* and *Zsolt Boda* (Budapest University of Economic Sciences, Hungary), *Aloy Soppé* (Erasmus University Rotterdam, The Netherlands) and *Ove Jacobsen* (Bodo Graduate School of Business, Norway). Twenty students representing eight European countries participated in the course.

The main function of the seminar was to explore the possibility of using the *Deep Ecology* perspective, developed by Norwegian philosopher *Arne Naess*, and *Buddhist Economics*, represented by British economist *Fritz Schumacher*, for transforming business into a more ecological and human form.

Topics of the seminar included the following: “Business as Existential Enterprise,” which emphasized the existential meaning and relevance of business decisions and policies; “Sustainable Development and the Governance of Global Commons,” which investigated the limits of the dominant model of sustainable development, and global environmental governance, where market forces and business incentives are given pre-dominance over other considerations; and “Ethical Banking,” which concentrated on current ethical approaches to banking such as sustainable banking, Islamic banking and credit unions.

Ethics in Business and Economics

A graduate course entitled “Ethics in Business and Economics” has been taught in English by *Laszlo Zsolnai* and *Zsolt Boda* at the *Budapest University of Economic Sciences* since the Spring of 2002. The course covers the main concepts of the field at the individual level (the ethical problems of the Homo Oeconomicus model), the organizational level (corporate ethics), the macro level (theories of justice) and the international level (the ethics of the multinationals).

Business Ethics Blocked Seminar in Helsinki

A CEMS Blocked Seminar in Business Ethics was conducted at the *Helsinki School of Economics* in Finland on September 1–5, 2003. The course aimed at providing an introduction to business ethics from a European perspective. Theories of virtue ethics, applied ethics, and collective responsibility were introduced to provide theoretical background for contemporary issues in business ethics.

Classes included the following:

- “Ethics and Capable Management” and “Aristotle’s Virtue Ethics and Its Relevance to Business Ethics”
by *Marja-Liisa Kakkuri-Knuuttila*, Academy of Finland Research Fellow at Helsinki School of Economics;
- “Business Ethics as Applied Ethics?” and “Knowledge-Based Economy: A Challenge for Business Ethics”
by *Kristina Rolin*, Helsinki School of Economics;
- “Building Ethical Institutions,” “Case in Advertising,” “Typology of Organizational Ethics” and “Corporate Sustainability”
by *Nel Hofstra* and *Luit Kloosterman*, Erasmus University Rotterdam;
- “Business and Society: The Finnish Experience”
by *Sirpa Juutinen*, STAKES, Helsinki.

The Business Ethics Center was represented by *Laszlo Zsolnai* and *Zsolt Boda*, who taught classes on “The Moral Economic Man,” and “The Stakeholder Theory of the Firm,” and “Globalization and International Business Ethics,” respectively.

Members of the Business Ethics Center gave 57 presentations at scientific conferences, the most important of which are the following:

Ethics in Transition

On June 22–26, 1994, the *Friedrich Neumann Stiftung* and the *Godollo University of Agriculture* held an international conference on *political ethics* and *economic ethics* in the *East-European Transition*. The Business Ethics Center was represented by the following speakers:

- *Laszlo Fekete*
“On the Difference Between Moral and Economic Discourse”;
- *Jozsef Kindler*
“Developing Ethical Codes – Experience and Methodology”; and
- *Laszlo Zsolnai*
“Legitimizing Business Ethics in Eastern Europe.”

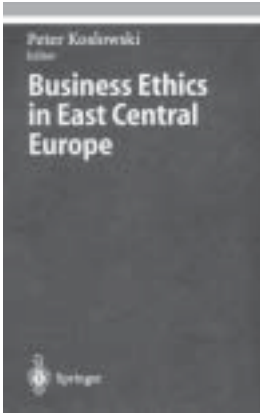
Economic Policy, Social Justice, and Society in Central Europe

On September 22–24, 1994, the joint conference of the *Instituto Internazionale Jacques Maritain* (Rome) and the *Budapest University of Economic Sciences* focused on the topic of “Economic Policy, Social Justice, and Society in Central Europe.” Professor *Rudolf Andorka* of the Budapest University of Economic Sciences and Professor *Stefano Zamagni* of the University of Bologna presented opening lectures. On behalf of the Business Ethics Center, *Laszlo Fekete*, *Jozsef Kindler* and *Laszlo Zsolnai* also presented lectures. The proceedings of the conference were published by the journal *Society & Economy* in its No. 5 issue in 1995.



The Proceedings
of the Conference

Business Ethics in East Central Europe



On March 30–April 1, 1996, the *Forschungsinstitute für Philosophie Hannover* conducted a workshop in Marienrode (Germany) to discuss the state of the art of business ethics in Eastern and Central Europe. *Laszlo Zsolnai* participated in the workshop with his presentation on “Business Ethics in Management Science.” Papers from the workshop were published in a book edited by Peter Koslowski entitled *Business Ethics in East Central Europe* (Springer Verlag 1997).

Erasmus Visiting Lecture

On January 16, 1997, *Laszlo Zsolnai* presented a lecture under the title “Legality, Morality, and Legitimacy” in the *Sanders Institute* at the *Erasmus University Law School* in Rotterdam. The lecture addressed the multiple conflicts between ethics and law in the context of contemporary society.

Genetically Modified Products

On April 3, 1997, an international press conference was held in Budapest on the *social, economic, and ethical problems* associated with *genetically modified products*. Participating organizations included *Greenpeace Sweden*, the *Alliance of Northern People for the Environment and Development - London*, the *Nature Conservancy Club* of the *Lorand Eotvos University*, and the *Business Ethics Center*.

Laszlo Zsolnai addressed the main ethical issues as follows. From the *deontological perspective*, genetically modified products *violate basic value principles* such as the integrity of creation, the dignity of living organisms, and the evolutionary stability of natural ecosystems. From a *consequentialist perspective*, genetically modified products *present serious risks* for society that are *non-voluntary* by the affected parties.

Show at INSEAD

Invited by *Olivier Giscard d'Estaing*, *Laszlo Zsolnai* visited INSEAD in Fontainebleau, France on February 23–26, 1999. He participated in the business ethics MBA class led by *Henri-Claude de Bettignies*. Zsolnai presented the video “The Capitalist Threat Reconsidered,” which covered the public debate with *George Soros* organized by the Business Ethics Center at the *Hungarian Academy of Sciences* in June 1998.

CEMS Conference in Barcelona

On March 23–26, 1999, the *4th Academic Conference of the Community of European Management Schools (CEMS)* was hosted by *ESADE* in Barcelona, Spain. Two sections were dedicated to issues of *corporate social responsibility*. In the conference, *Laszlo Zsolnai* presented a paper entitled “The Ethical Fabric of a Transforming Economy,” which summarized the main results of the research project of the Business Ethics Center on competitiveness and ethics in the Hungarian economy. The CEMS conference provided a good opportunity for a meeting of the *CEMS Interfaculty Group in Business Ethics* chaired by *Laszlo Zsolnai*.



The symbol of the
Barcelona Conference

Enterprise in Transition

In May 1999, the *Economics School of the University of Split* hosted an international conference under the title “Enterprise in Transition.” The conference was held in Sibenik, Croatia where *Zsolt Boda* and *Gyorgy Pataki* presented their paper “Competitiveness and Environmental Protection: Environmental Strategies of Hungarian Firms.”

Lecturing in Prague

On May 9–11, 1999, *Laszlo Zsolnai* was a guest of the *Czech Society for Business Ethics* and the *Charles University* in Prague, the Czech Republic. He delivered a lecture that introduced the main themes of his book entitled *Ethics and the Future of Capitalism*. He also presented the Business Ethics Center’s Soros video on “The Capitalist Threat Reconsidered.”

On the Role of Ethical Information in Jerusalem

Tamas Csanyi and *Laszlo Zsolnai* presented a paper at the “Ethics in the Public Service” conference that was held in *Jerusalem* in May 1999. In their paper entitled “The Role of Ethical Information in the Economy,” Csanyi and Zsolnai pointed out the importance of ethical information in regulating the economy. They demonstrated that if the proportion of the lying actors in the market is 40 percent, then the economy cannot grow any more. However, if the lying actors are unmasked and excluded from the market, then the economy can grow even if the initial proportion of lying actors is as high as 40 percent.

Ecological Alternative for Hungary

On July 25–26, 1999, the *Nadasdy Foundation*, the *Human Ecology Program* of the *Lorand Eotvos University* and the *Business Ethics Center* held a joint conference for the Hungarian green movement aimed at exploring an *Ecological Alternative for Hungary*. The weekend conference was held in *Nadasladany*, in the beautiful Tudor-style Castle of the Nadasdy family.



The Nadasdy Castle
in Nadasladany

The conference assembled representatives from leading Hungarian projects and initiatives in the fields of *organic architecture, green business, soft energy, recycling, alternative medicine, nature protection, land restoration, sustainable transport, and civil society*. A multidisciplinary dialogue was begun to assess the chances of ecological thinking and living in Hungary. A 30-minute film was produced about the meeting entitled “Alternative Hungary,” which was presented as part of the *GAIA Series* on the *Hungarian TV Channel 1* on July 24, 1999.

Oxford Lecture on Environmental Decision-Making

In October 1999, *Laszlo Zsolnai* was guest of the *Oxford Centre for the Environment, Ethics, and Society (OCEES)* at *Mansfield College, University of Oxford*. On October 13, he presented a paper entitled “Plurality of Values in Environmental Decision-Making” in the faculty seminar of the Oxford Centre. The paper was published in the *OCEES Research Papers Series* in 2000.



Mansfield College
in Oxford

Nova Spees Conference in Rome

The *Nova Spees International Foundation* hosted a workshop on December 3–4, 1999 in Rome under the title “Globalization and Local Particularities.” The conference was designed to investigate the social, ethical, and cultural consequences of economic globalization. In his presentation, *Laszlo Zsolnai* addressed the problem of public “bads” (ecological deterioration, social disintegration and destruction of local cultures) that unconstrained global capitalism produces.

Visit to Athens

In May 2000, *Laszlo Zsolnai* visited the *Athens Laboratory of Business Administration* (ALBA) for three days. While there, he delivered a lecture entitled “Against Market Fundamentalism” that further developed *George Soros’s* criticism of market fundamentalism. Zsolnai introduced the idea of *values-based business*, which requires that business (i) have *core activities* which are *inherently* (not only instrumentally) valuable; (ii) function in a way that does *not violate ethical norms* and *vital stakeholder interests*; and (iii) produce *satisficing profit*.

Lecture in Leuven

In October 2000, *Zsolt Boda* visited the *Catholic University of Leuven* for two weeks and presented a lecture on ethics and economics for the Leuven Association of Hungarian Students in the *Collegium Hungaricum* in Leuven.

Two Lectures in Gdansk

Laszlo Fekete presented two papers in the 5th ETHICOMP Conference on “The Social and Ethical Impacts of Information and Communication Technologies” on June 18–20, 2001 at the *Technical University of Gdansk* in Poland.

One of Fekete's papers was entitled "The Problems of Identity and Identification in Cyberspace." It analyses the proposal and the request of the European Union for the creation of a new Internet country code Top Level Domain (ccTLD) for the European Union (.eu) as part of the eEurope Initiative. Fekete underscored that the drafters of the document of the European Commission responsible for Enterprise and the Information Society deliberately use misleading and contradictory arguments to support their case. They indicate the creation of country code Top Level Domain .eu for the European Union, which cannot be the subject of country code Top Level Domain registration. Their statement might have been correct if they had indicated the creation of country code Top Level Domain .eu for the European Continent, or alternatively, if they had indicated the creation of a generic Top Level Domain (gTLD); for example, .eur, .euro and etc. for the European Union.

Fekete emphasized that the European Union has not initiated any negotiation on the .eu Top Level Domain registration in order to seek consensus with the more than 40 European countries concerned with this issue. At the same time, the European Union wants to set up its own new registry for deciding the rights of use of this new Top Level Domain. Briefly, the European Union wants to have country code Top Level Domain.eu and to operate it as a generic Top Level Domain on behalf of its 15 member states, discriminating against more than 25 non-member states, which will have no access to the use of a generic Top Level Domain as the acronym of the European Union.

Fekete concluded by suggesting that the European Union plans to give the rights of use of the country code Top Level Domain for the institutions, business enterprises, and private persons that operate or who are resident somewhere in the 15 member states and to deny the basic rights of the majority of the persons, institutions, and business enterprises to identify themselves in cyberspace as the citizens, institutions, and business enterprises living and operating somewhere in the European Continent.

László Fekete's other paper was entitled "Censorship and Freedom of Speech and of Information." In this paper he gave an overview of the different attempts, made by governments and international political organizations,

to control the contents of shared information. And he argued against any political control or restriction. In addition, in the knowledge-based society, where the new communicative culture begins to be formed and the driving force of economic growth comes from communicatively distributed knowledge, freedom of speech and the free access to information have outstanding importance.

EGOS Paper in Lyon

Zsolt Boda presented a paper entitled “Discourses of Corporate Social Responsibility” at the conference of the *European Group for Organizational Studies* (EGOS) on July 5–7, 2001 in Lyon, France. Relying on *Michel Foucault’s* discourse theory and using a corporate case study, he analyzed the ongoing process of reinterpreting the definition of the social role of corporations in Hungarian public discourse.

About the Cyberspace in Valencia

Laszlo Fekete participated in the 14th Annual EBEN Conference “Business Ethics in Information and Communication Society” on September 12–14, 2001 in Valencia, Spain. He presented a paper under the title “Rights, Rules, and Regulations in the Cyberspace.”



The Congress Palace
in Valencia

Fekete argued that as the Internet grows and develops, political forces intensify to superimpose a well-established political and legal framework upon this heretofore “-unregulated” area. Moreover, since Internet development has brought the prospect of planetary economic ventures within our grasp, an intention to “consolidate” the World Wide Web in the interest of secure, predictable, and sufficiently enormous profits is also making itself felt. Such political and economic ambitions almost certainly imply the proscription and eventual dissolution of the utopian dreams embraced, especially, by the avant-garde of the digital culture. Political and economic efforts aimed at control of the Web, however, have already proved ineffective even in the short term.

Fekete underscored that cyberspace, after all, is the place where symbolic goods, knowledge, and culture are produced, exchanged, and interpreted. It is the manifestation of production, exchange and interpretation of very special goods to which earthly economics, based on the law of scarcity, does not apply, since the more freely we can access them, the faster they grow and the greater the profit they generate for all.

Venture Philanthropy

As an invited speaker, *Laszlo Zsolnai* presented a lecture on “Business Ethics in Central Europe” at the *International Venture Philanthropy Forum* on October 1–3, 2001 in Budapest. In his talk, Zsolnai summarized the empirical results of the Business Ethics Center research project focused on the ethicality of companies operating in Hungary in the late 1990s. The main finding was that Hungarian companies operating in Western economies might possibly display higher levels of ethicality than Western companies operating in the Hungarian economy. Zsolnai emphasized that *ethical behavior* is highly *context-dependent* and for this reason ethical institutions of the economy play a crucial role. NGOs and stakeholder institutions are indispensable to enhancing the ethicality of the economy.

Visiting Cluj, Romania

In November 2001, *Laszlo Zsolnai* and *Zolt Boda* participated in the conference “Applied Philosophy – the Application of Philosophy” organized by the *Department of Philosophy* of the *Babes-Bolyai University* in Cluj, Romania. They presented lectures on business ethics and argued that it is better to consider business ethics an interdisciplinary field of economics and ethics instead of a branch of applied ethics.

Leadership Forum in Prague



Laszlo Zsolnai was an invited speaker in the 4th Annual John T. Garrity Conference on November 2–4, 2001 in Prague, the Czech Republic. The conference, entitled “Succeeding in Business Ethically,” was organized by the *Leadership Forum International*, a joint project of *Georgetown University* (Washington D.C.) and *Charles University* (Prague).

In his lecture entitled “Business Ethics – Its Importance in Transformation,” Zsolnai demonstrated that ethical behavior can be explained by two major factors; namely, the *moral character* of the *agent* and the *relative cost of ethical behavior*. He offered a simple typology, in which different levels of moral character are combined with different levels of the relative cost of ethical behavior.

Zsolnai’s general conclusion was that ethical leadership on one hand and the ethical infrastructure of the economy on the other should be developed simultaneously if we want to achieve real success in our economies.

E-business in Stuttgart

An international workshop entitled “Economic Ethics Questions of the e-Economy” was held on November 15–17, 2001 in Stuttgart, Germany. *Laszlo Fekete* participated in the workshop and presented his paper “Culture, Property, and Ethics in the New Economy.”

Fekete argued that many advocates of the Internet and the new digital culture regard the virtual community as the inventor of pluralistic and tolerant

culture, self-regulatory legal structure, and moral conduct on an equal and fair base. The computer-mediated communication itself yields strong democratic and participatory potentials. Opponents tend to express dystopian fears that technocratic and market domination is transforming the essential conditions of human interaction, communication, and culture into technologically controlled and commodified forms. According to this dystopian view, the Internet mainly operates as an electronic retail store, which delivers second-hand entertainment products. Moreover, since Internet development has brought the prospect of the global financial venture within our grasp, an intention to “consolidate” the cyberspace in the interest of secure, predictable, and sufficiently enormous profits is also making itself felt. Such political and entrepreneurial ambitions almost certainly imply the proscription and eventual dissolution of the utopian dreams embraced especially by the digital avant-garde. For this reason, even as the drafters of such governmental and entrepreneurial objectives themselves adopt the language of those first nonconformist Internet users and theoreticians, a new and competing set of terms, anagrams, and acronyms emerges simultaneously, behind which lurks the unmistakable aim of imposing political control and restriction, monopolizing the medium, obtaining exclusive rights of disposal over content, and preserving these rights in an enduring fashion. (To quote a few examples, the restrictive e-book licenses, the Microsoft XP license, and the DMCA clearly demonstrate this trend.)

Laszlo Fekete concluded with the observation that the new economy also needs to adopt a new economic paradigm because the greatest benefit comes from the free flow and even distribution of knowledge in cyberspace

Remembering Laszlo Bertalan

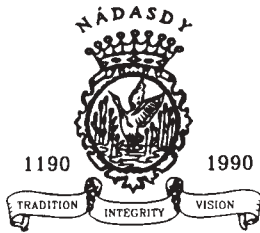
On March 25–26, 2002, a conference was held at the Budapest University of Economic Sciences to commemorate *Laszlo Bertalan*, the university’s renowned sociology professor. *Laszlo Zsolnai* addressed the conference with his lecture on “Plural Rationality.” He began with the *Amartya Sen* proposal to distinguish three different viewpoints in evaluating an action or a policy. These viewpoints are the doer, receiver and observer perspectives. *Goal rationality* is associated with the doer perspective (the achievement of the goals of the decision-maker). *Stakeholder rationality* is associated with the receiver perspective (What are the payoffs for the affected parties?). Finally,

value rationality is associated with the observer perspective (Which values and norms are satisfied or violated?). Zsolnai argued that the different forms of rationality are irreducible. An action or policy should satisfy each of these rationalities simultaneously.

“Transparency and Openness” in Tallinn

Laszlo Fekete presented a lecture on the ethical dilemmas of global networked communications in the international workshop “Transparency and Openness in the Public Sphere” in Tallinn, Estonia on May 17–18, 2002. The workshop was organized by the *East-East Program* of the *Soros Foundation*.

The Moral Capital of Society



The *Nadasdy Academy* organized its conference entitled “The Five Pillars of Society” on June 15, 2002 in Nadasladany, wherein *Laszlo Zsolnai* presented his talk entitled “The Moral Capital of Society.” He emphasized that the ethicality of organizations and persons in a society can be considered “moral capital.” Different societies display different levels of moral capital. For example, the moral capital of Scandinavian countries is high while that of the Visegrad countries is much lower.

Moral capital has components such as *confidence* in *ethical norms*, *ethical problem-solving capability* and *trustworthiness*. Moral capital is simultaneously a precondition and a product of a well-functioning economy. Nobody can buy or import moral capital. Societies should produce their own moral capital.

Transatlantic Business Ethics Conference in Washington, D.C.

Chief executive officers of multinational corporations, business ethics professors, and representatives of non-governmental organizations assembled at *Georgetown University*, Washington, D.C. on September 27–29, 2002

for the *Transatlantic Business Ethics Conference*. This conference was a continuation of the Transatlantic Business Ethics Summit organized by the Business Ethics Center in September 2000 in Budapest.

The Washington meeting was organized and hosted by *George Brenkert*, Director of *Georgetown Business Ethics Institute*. The majority of the papers presented at the conference sought ways in which to place integrity, accountability, and confidence at the center of corporate activities in order to restore public confidence.

Laszlo Fekete represented the Business Ethics Center with his lecture “From Contract to Dialogue: Corporate Integrity and Accountability in the Networked Global Economy.” He reflected on the profound changes taking place in the networked global economy. These changes are generally considered byproducts of the market-led revolution based on digital communication technologies, global communication networks, and the rise of the new corporate culture. However, there is a great controversy among academics, business community members, and politicians on how these changes affect corporate governance, organizational architecture, and operations of the corporations, which are indeed one of their main driving forces, in the new virtual economy.

Fekete argued that ethical standards do not merely come from the established legal framework of the economic and social activities of the corporation, which legally binds the stakeholders together. Because the space of the networked global economy where the economic interactions are carried out is in fact the universe of global communications and information flow, the ethical standards of the operation of the corporation can be created in dialogical processes with the stakeholder. The rise of the networked global economy gives opportunity for integrating dialogical ethics into business ethics.

The participants in the Washington Conference decided on continuing their discussion at the *ESADE Business School*, in Barcelona, in 2004.



Georgetown University

Plurality and Communication in the Cyberspace

Laszlo Fekete presented a paper entitled “The Communicative Universe of Cyberspace and the Ethics of Communication” in the “Plurality and Communication” *Conference* hosted by the Philosophy Institute of the *Babes-Bolyai University* on October 26, 2002 in Cluj, Romania.

Fekete emphasized that the current transformation of the social space of communications intensifies the political disagreements about the freedom of expression, the free access to information, the rights of communications and the limits of their constitutional limitations, which have been debated since the formation of the liberal state. The new technical tools and the interactive communication technologies make the substantive implementation of these individual rights possible without the assistance and the mediation of twentieth-century mass media, which continuously preserve the monopoly of the agenda settings and the thematization of the political issues against the individual speakers. The governmental documents, blueprints and proposals about the future of the information society frequently refer to the *democratic potentials* of the *transformation of communication*, but Fekete argues that they usually do not anticipate the rise of new political paradigms which may undermine the existing systems of political representation based on the legal, territorial, and political particularities of the nation-states. However, these particularities contradict and impede the accomplishment of the *freedom of expression*, the *free access to information*, and the *rights of communication*.

On the Ethics of the Global Networked Economy

Laszlo Fekete presented a paper entitled “The Ethics of the Global Networked Economy” in the 2nd Information Society Conference on November 27–28, 2002 held at the *Hungarian Academy of Sciences* in Budapest.

In his paper, Fekete analyzed the corporate dilemma of how to enforce its own *rights* in *cyberspace* without ignoring its customer’s rights to the privacy and confidentiality of data, the “first sale” and “fair use” doctrines, the

enforceable and negotiable contract's provisions, etc. The contemporary business model, which manifests itself as some kind of pay-per-view, pay-per-use, or pay-to-play society, gives the corporate right holders, the ISPs and the CSPs, the power to control the communications, the free flow of information, and the exchange of knowledge. This business practice weakens the tremendous economic, cultural, and scientific impetus of the network society, which mainly comes from the synergy of the technological and communicative architecture of cyberspace.

Honesty, Competence and Trust

On December 13–14, 2002 *Laszlo Zsolnai* presented a lecture in the *Collegium Budapest* Workshop on “Honesty and Trust in the Light of Post-socialist Transition” organized by *Janos Kornai* (Harvard University) and *Susan Rose-Ackerman* (Yale University).



Collegium Budapest

In his presentation “Honesty, Competence and Trust” Zsolnai argued that trust is not a homogeneous phenomenon. In economic relationships different trust structures are at work, including distrust, negative trust and the lack of trust. He advanced a model wherein perceived *honesty* and *competence* co-determine the trust structures agents use when interacting with others.

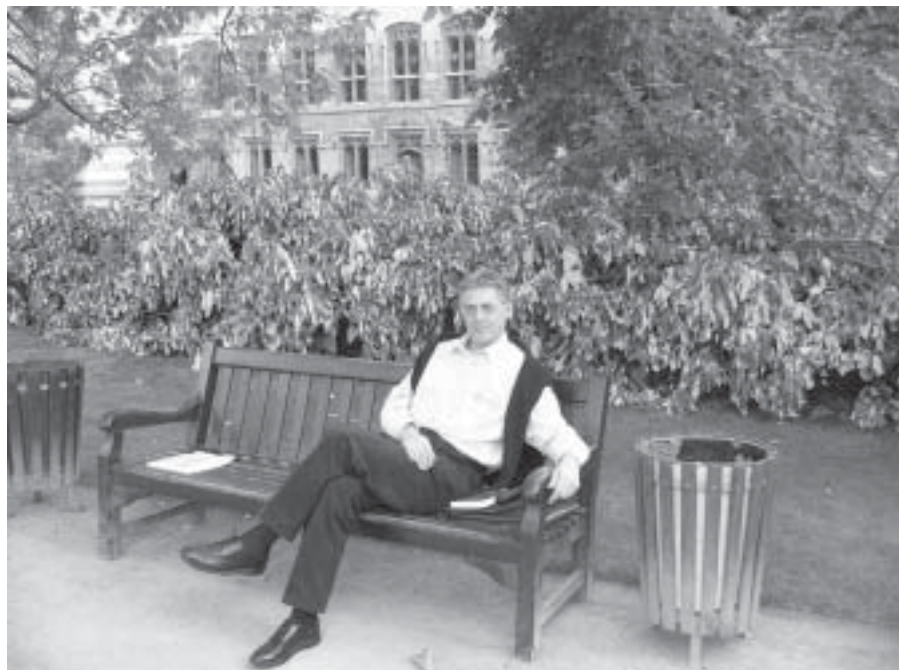
Zsolnai emphasized that both honesty and competence should be developed to improve trust structures in economic relationships. Instruments of *business* and *professional ethics* may serve this goal. Avoiding, minimizing and exploiting strategies produce great transaction costs and result in opportunity losses. Distorted trust structures greatly reduce economic efficiency. *Ethics* is *not* a *luxury*; it fosters economic development.

Lecture at the Oxford Internet Institute

Laszlo Fekete presented a paper in the ICS/OII Symposium organized by the *Oxford Internet Institute* in collaboration with the academic journal *Information, Communication and Society* on September 17–20, 2003 at Balliol College, University of Oxford.

Fekete pointed out that as the Internet has grown in popularity and spread throughout the world, states have become increasingly determined to enact measures to *restrict* this communications universe and the *controlling* and *censoring* of amassed knowledge. Resistance to state control in this realm serves not only to protect our rights in cyberspace, but to preserve our hard-won real-world rights as well. Legislation initiated to date by the United States and by the European Union and its member states has all served to limit, restrict, or withdraw the various human rights and virtual freedoms which the First Amendment to the American Constitution, the Universal Declaration of the Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, and the constitutions and laws of individual countries once accorded to all humans.

Bills and proposals drafted by Great Britain, Germany, the European Union, and the Council of Europe all contradict the articles on the right to freedom of expression, to confidential correspondence, and to legal remedy as dictated by the Accord of Rome on the preservation of human rights and basic freedoms, flying in the face of legal practice as espoused by the Strasbourg Human Rights Commission, as well, and running counter to its resolutions.



Laszlo Fekete
at the Oxford Internet
Institute Conference

In the past few years, countries such as China, Australia, New Zealand, India, Russia, Japan and Turkey have joined in launching similarly restrictive measures. It cannot yet be discerned from public government documents whether or not Hungary plans to follow this course, but references to that effect reside in the statements of various government officials and politicians. It seems that the *new modes of discourse* have yet to be found. Political practice and legislative initiatives often contradict grandiose official utopias, defined in erudite style, which certain governments see as the future of the information or communication society.

The Business Ethics Center has been engaged in research activities that are listed as follows.

Responsible Decision-Making

Laszlo Zsolnai's research project ranged from 1992–1994 and was funded by a grant from the *Hungarian National Science Foundation (OTKA)*. The aim of the project was to develop a model of responsible decision-making that would be ethically adequate and psychologically realistic.

The underlying idea of Zsolnai's model is *Hans Jonas's* conception of *prospective moral responsibility*, which stipulates a non-reciprocal duty to protect all of the individual beings affected by our actions. After a lot of analytical work, Laszlo Zsolnai arrived at the *maximin principle*, which requires the choice of the least worst alternative in the multidimensional space of *deontological*, *goal achievement*, and *stakeholder values*.

It was possible to continue the research project because Laszlo Zsolnai received a generous invitation from the *Netherlands Institute of Advanced Study* for the Academic Year 1996–1997. In Wassenaar, Laszlo Zsolnai wrote a monograph about his model under the title “Responsibility and Choice: Decision-Making in Multiple Value Perspectives.”

Social Aspects of the Competitiveness of the Hungarian Economy

In 1995–1997 the *Department of Business Economics* of the *Budapest University of Economic Sciences* conducted a major research study on the competitiveness of the Hungarian economy. The project was sponsored by the *Center for International Private Enterprise* in Washington, D.C. and directed by *Professor Attila Chikan*.



Within this larger project, the Business Ethics Center conducted a study that explored the *social*, *ethical*, and *environmental problems* of the Hungarian economy in relation to its competitiveness. We asked about *600 companies* operating in Hungary at the time to participate in the study. The sample was balanced by company size, ownership structure, industry category, and geographical location. The main results of our study can be summarized as follows:

Ethics and Ethical Institutions

- (1) A low level of institutionalization of ethics characterizes companies operating in Hungary. Only 10% of the companies have an ethical codex. Other ethical institutions such as ethical committees or ethical training are almost nonexistent at companies. This shows that corporate ethics is still in its infancy in the Hungarian economy.
- (2) In the present stage of development of the Hungarian economy there is a strong correlation between the competitiveness of companies and their ethicality. The ethicality of the companies is highly context dependent. Hungarian firms operating in competitive Western markets display high levels of ethicality. The ethicality of Western companies operating in Hungarian markets is much lower.
- (3) The ethical infrastructure of the Hungarian economy should be developed so as to attain the level of the European Union; that is, Western and Hungarian companies can produce the same level of ethicality that they are able to produce in the context of advanced market economies.

Environmental Protection

- (4) In the Hungarian economy, about 25% of the companies follow an offensive environmental protection strategy. About 40% of the companies practice a defensive strategy, and 35% of the companies display low levels of environmental protection.
- (5) Companies in the Hungarian economy have a surprisingly high level of institutionalized environmental protection: 80% of them have their own environmental manager, 65% provide some form of environmental protection, and 25% are active in developing environmentally friendly products or technology.
- (6) Due to the Hungarians' lack of environmental awareness and low willingness to pay, environmental concerns can become a competitive advantage through offensive firms and strong governmental incentives.

Trade, Development, and the Natural Environment

The Ph.D. research of *Zsolt Boda* investigated the interplay between international economic relations and environmental protection. Its central concern was whether free trade and environmental protection are reconcilable.

Some paradigms, which structure trade and the environment, and the development and environment debates, can be identified in the literature. The research aimed at reconstructing the scientific rhetoric, the value orientation and the policy implications of these paradigms.

The most important paradigms are the following. (i) The neoclassical approach, which builds on the theoretical foundations of welfare economics and trade theory. Its policy recommendation consists of a welfare analysis taking into account the costs and benefits of trade and/or environmental measures. (ii) The firm focused approach, which builds on a dynamic conception of international competitiveness. Interpreting environmental protection as part of the firm's competitive strategy, it takes for granted the innovative adaptation of firms to environmental regulation and does not see serious conflicts between economic and environmental policy goals. (iii) The neoliberal approach, which supposes that free trade-induced economic growth is the precondition of environmental protection. (iv) The approach of ecological economics, in which free trade and sustainable development are deeply conflicting goals.

The focus of Boda's research was a theoretical reconstruction of the trade and environment paradigms. However, it also included a section dealing with specific Hungarian issues. It aimed to prove that the firm-focused, dynamic approach offers a useful framework for understanding the present situation in Hungary, because the potential for developing successful win-win solutions through this model is high. However, in the longer run, the ecological approach should guide the formulation of sustainability policies.

Economics of Nature Conservation

Under the direction of *Sandor Kerekes*, the Head of the *Department of Environmental Economics & Technology* of the Budapest University of

Economic Sciences, the Business Ethics Center has completed a research project on the *nature conservation option for Hungary*. The project was sponsored by the *Hungarian Ministry of the Environment*.

On behalf of the Business Ethics Center, *Zsolt Boda*, *Gyorgy Pataki* and *Laszlo Zsolnai* have produced a 150-page report on the economics of nature conservation. The main statements of the report can be summarized as follows:

- (1) Economy should enhance the *well-being* of *humans*, but at the same time, it should not destroy *ecosystem health*.
- (2) *Justice* should be established between *present* and *future generations* as well as between *nature* and *humanity*.
- (3) *Biodiversity* has market value as well as social and ecological value. Social and ecological values of biodiversity *cannot be* adequately *measured* in *monetary prices*.
- (4) Nature conservation policies and institutions should reflect the *complexity* of *ecosystems* and the *co-evolution* of *nature* and *human activity systems*. Only adaptive, flexible, and learning-economizing modes are able to cope with the inherent *uncertainty* of natural systems.
- (5) Preserving biodiversity requires the development of an *international regime*, which is economically *efficient*, ecologically *sustainable*, politically *feasible* and socially *just*.
- (6) Biodiversity is undeniably a *public good*. For this reason, introducing *property rights* for preserving biodiversity is not enough. Based on the recognition of biodiversity as a public good mixed systems are desirable, but they must also acknowledge some property rights over biodiversity.



The cover of the Study

Environmental Principles

In 1999–2000, the Business Ethics Center executed an EU-funded project entitled “Comparative Survey between the European Union and Hungary Focusing on the Implementation of Environmental Principles.”

The study revealed the distance between EU member countries and Hungary regarding the application of environmental policy principles. Major principles of the community’s environmental policy are these: the *precautionary*

principle; *sustainable development*; the principle of *prevention*; the *polluter pays* principle; the principle of *correction at source*; and the *subsidiarity* principle.

The member states analyzed in the comparative study were *Germany* and *Portugal*. The focus of the project, while environmental in substance, remained on the overall objective of *Hungary*; i.e., *EU integration*.

The project presented a comparative analysis of the EU and Hungary with respect to environmental principles in both theory and practice; i.e., the difference between the policies and how they are actually implemented. It contained policy recommendations based on the results of the analysis and best practices from Germany and Portugal on how to shrink the existing differences in practice.

The project was completed at the end of February 2000. A press conference was organized in Budapest to announce the most important results of the study. The report has been published in both English and Hungarian.

Ethics Today

With the financial support of KOMA (Foundation for the Modernization of Public Education), the Business Ethics Center has begun developing a book called *Ethics Today*, which aims to present ideas from the main branches of contemporary ethics. *Laszlo Fekete* serves as editor of this volume.

Ethics Today constitutes a handbook of ethics providing a thematic introduction to the contemporary ideas and leading theories in the major fields of applied ethics representing European as well as Anglo-American philosophical schools. The volume consist of 10 original essays that survey the contemporary problems of *biomedical ethics*, *ethics and technology*, *business ethics*, the *ethics of communications and information*, *environmental ethics*, *international ethics*, the *ethics of scientific research*, *ethics and religions*, *political ethics*, and *public service ethics*.

The authors of the chapters are as follows: *Balazs Mezei* and *Laszlo Ropolyi* (Lorand Eotvos University, Budapest); *Laszlo Molnar* (Technical University

of Budapest); *Jozsef Kovacs* (Semmelweis Medical University of Budapest); *Laszlo Harsing* (University of Miskolc); *Zsolt Boda*, *Laszlo Fekete*, *Gyula Gulyas*, *Gabor Toronyai*, and *Laszlo Zsolnai* (Budapest University of Economic Sciences).

The book serves as a reference work and includes a multi-layered index, bibliographies of relevant literature, and case studies.

Global Ecopolitics



Zsolt Boda received the Janos Bolyai Research Grant for September 2001–2003 from the *Hungarian Academy of Sciences*. He worked on a research project entitled *Global Ecopolitics*. The study explores the question of how the global environmental commons can be preserved under the conditions of imperfect global governance. Boda overviews the virtues and limits of the most important social coordination mechanisms: the market, the political sphere and civil society. The study focuses on the normative underpinnings of the coordination mechanisms. One of the main assertions of the study, illustrated through case studies, is that the hopes about the potentials of the market are exaggerated. The proper functioning of the market needs proper social institutions. Also, the market alone cannot provide the normative basis, which is needed for a collective action to meet the ecological challenge. The market must be supplemented by institutions based on political legitimacy and the innovative and well-founded initiatives of civil society.

The contents of the forthcoming book by *Zsolt Boda* summarizing the results of the study are as follows:

- *The Global Market*
 - From “green market” to privatizing the environment;
 - Globalization and ecology;
 - The international political economy of biodiversity: on the property rights;
 - The climate and the water business.
- *The Global Politics*
 - The states and the international ecopolitics;
 - On international cooperation;
 - The “North-South” problematic and the paradigms of global governance;
 - Imperfect global governance: the free trade regime and the environment.

- *The Global Society*
The rise of the global civil society;
Non-governmental actors in global governance;
The local and the global.

Deep Ecology and Buddhist Economics

As an outcome of their Bergen seminar, *Laszlo Zsolnai* and *Knut Ims* decided to develop a book entitled *Ecology, Ethics, and the Limits of Business*, which explores the *Deep Ecology* perspective and *Buddhist Economics* for transforming business into a more ecological and human form. The project has been financially supported by the *Norwegian Ministry of Foreign Affairs*.

The departure point is that business is an existential enterprise since its decisions and policies greatly influence the fate and survival of nature, society and future generations. Ecology and ethics provide limits for business within which business is legitimate and productive. However, by transgressing ecological and ethical limits business activities become destructive and self-defeating.

The planned structure of the book is as follows:

- Part I—Deep Ecology & Buddhist Economics
 1. Laszlo Zsolnai (Budapest University of Economic Sciences) and Knut Johannessen Ims (Norwegian School of Economics & Business Administration): *Business as Existential Enterprise*
 2. Arne Naess (University of Oslo) and Helena Norberg-Hodge (International Society for Ecology and Culture): *Self-Realization and Society*
 3. Simon Zadek (AccountAbility, London): *Towards a Progressive Buddhist Economics*
 4. Ove Jacobsen and Stig Ingebrigtsen (University of Bodo): *Circulation Economy—A Contribution to Sustainable Development*
 5. Janos Vargha (Danube Circle, Budapest): *Restoring the River-Ecosystems*

- Part II—The Limits of Business
 6. John Gowdy and Pamela Smith (Rensselaer Polytechnic Institute, Troy, New York): *Business Ethics and the Revolution in Economics Theory*
 7. Peter Daniels (Griffith University, Brisbane): *Reducing Society's Metabolism: The Material Flow Analysis*
 8. Nel Hofstra and Aloy Soppe (Erasmus University Rotterdam): *Finance as if Nature Matters*
 9. Knut Ims (Norwegian School of Economics & Business Administration): *Take it Personally*
 10. Zsolt Boda: (Budapest University of Economic Sciences): *Respecting the Commons*
 11. Larry Ackerman (Siegel & Gale Consulting, New York): *Identity-Based Business*
- Part III—New Models of Economizing
 12. Julie Nelson (Tufts University, Boston): *The Relational Firm: A Feminist Analysis*
 13. Margit Osterloh (University of Zurich): *New Rules for the Market Economy and Work Ethics—The Case of Open Source Software Production*
 14. Richard Welford: (Hong Kong University): *Towards Sustainable Development: A Buddhist Path*
 15. Laszlo Zsolnai (Budapest University of Economic Sciences): *Ethical Business and the Quality of Life*



Inspiring Deep Ecology,
Songfjord in Norway

Since 1993, the Business Ethics Center and its members have published nine books and more than 100 papers. More than 60 articles have appeared about us, and we have produced ten films. Our most important publications include the following.

Ethics in the Economy

In 1993 *Jozsef Kindler* and *Laszlo Zsolnai* edited a volume entitled *Ethics in the Economy* in Hungarian (Budapest, 1993. Keraban). The book became the first comprehensive presentation of the state of the art of business ethics in Hungary.

The editors emphasize that ethics is important in economic life because it considerably reduces the social costs of activities. *Trust, benevolence, information sharing, mutual respect, and care for the environment* are necessary preconditions of a well-functioning market economy. Profit and morality may not always go hand in hand, but it has become increasingly evident that economic actors do things they believe are right, even if such acts are not always immediately profitable for them.

The volume contains classic papers in business ethics. Contributions include the following: “Individual Freedom as Social Commitments” by *Amartya Sen*, “The I & We Paradigm” by *Amitai Etzioni*, “Ethics in the Market Economy” by *Peter Koslowski*, “Moral and Economic Welfare” by *Tibor Scitovsky*, “Can a Corporation Have Conscience?” by *Kenneth E. Goodpaster* and *John B. Matthews*, “Conflict and Consensus: Ethics as Shared Value Horizon in Strategic Planning” by *Peter Pruzan* and *Ole Thyssen*, and “Stakeholder Management” by *Edward R. Freeman*.

The book served as a textbook in business ethics at different Hungarian universities for many years.



The Vatican Book



In 1993 the Business Ethics Center published the Hungarian version of the book *Social and Ethical Aspects of Economics* produced by the *Pontifical Council for Justice and Peace*. The book was edited by *Ignazio Musu* of the University of Venice and *Stefano Zamagni* of the University of Bologna. It contains contributions made by world-renowned scholars in a colloquium in the Vatican. Contributors include Nobel Prize winning economists *Kenneth J. Arrow* (“Moral Thinking and Economic Interaction”), *Robert E. Lucas* (“Ethics, Economic Policy and the Understanding of Economic Development”) and *Amartya Sen* (“Some Contemporary Economic and Social Issues”). The book demonstrates that ethics is an undeniable aspect of economics.

Can Ethics Be Taught?



In 1993 the Business Ethics Center published the Hungarian version of the *Harvard Business School* book “Can Ethics Be Taught?” The book by *Thomas R. Piper*, *Mary C. Gentile* and *Sharon Daloz Parks* summarizes the decade long experiences of the Harvard Business School in teaching business ethics. The book was presented in November 1993 when Professor Piper visited Budapest for receiving the “Doctor Honoris Causa” title from the Budapest University of Economic Sciences.

Corporate Ethics



In 1997 *Zsolt Boda* and *Laszlo Radacsi* edited and contributed to a book on corporate ethics in Hungarian that was published by the Budapest University of Economic Sciences. It was the first book entirely devoted to the issues of corporate and organizational ethics to appear in Hungarian. It combines the characteristics of a textbook for students and a reader for interested professionals. Each of the chapters begins with introductory comments by a contributing editor to summarize the most important concepts and issues of the given topic. Works of prominent American scholars are then included in each chapter.

The contents of the book are as follows:

- Chapter 1—“The Social Responsibility of Business” by Zsolt Boda
Readings: “Can a Corporation Have a Conscience?” by *Kenneth E. Goodpaster* and *John B. Matthews*; “Private Corporations and Public Welfare” by *George G. Brenkert*; and “Business and Environmental Ethics” by *W. Michael Hoffman*
- Chapter 2—“The Stakeholder Theory of Business” by Laszlo Radacsi
Readings: “A Stakeholder Theory of the Modern Corporation: Kantian Capitalism” by *William M. Evan* and *Edward R. Freeman*; and “Managing Stakeholder Relationships” by *Edward R. Freeman* and *D.R. Gilbert, Jr.*
- Chapter 3—“The Employees and the Customers” by Laszlo Radacsi
Readings: “A Bill of Rights for Employees and Employers” by *Patricia A. Werhane*; and “Ethics and the Marketing Manager” by *N. Craig Smith*
- Chapter 4—“Ethical Institutions in Corporations” by Laszlo Radacsi
Readings: “Developing the Ethical Corporation” by *W. Michael Hoffman*; and “The Many Faces of Corporate Code” by *Lisa H. Newton*
- Chapter 5—“The Ethics of the Multinational Company” by Zsolt Boda
Reading: “Moral Minimums for Multinationals” by *Thomas Donaldson*

The book has been used successfully in both undergraduate and graduate business ethics courses at the Budapest University of Economic Sciences.

Moral Responsibility and Economic Choice

In his paper on “Moral Responsibility and Economic Choice,” published in the *International Journal of Social Economics* (1997. No. 4.), *Laszlo Zsolnai* presents a normative model of responsible choice that is consistent with the main psychological theories of human choice behavior. Three aspects of complex economic choices are identified; namely, the deontological, goal achievement, and stakeholder aspects. Zsolnai defines responsible choice as choosing the least worst alternative in the multidimensional space of deontological, instrumental, and external values.

The European Difference



Laszlo Zsolnai edited *The European Difference—Business Ethics in the Community of European Management Schools* (1998. Kluwer Academic Publishers, Boston, Dordrecht, London), a book which collects the business ethics visions, programs and experiences of member universities of the Community of European Management Schools (CEMS).

Chapters of the book include the following: “Theory and Practice of Business Ethics in Denmark” by *Peter Pruzan* (Copenhagen Business School), “Business Ethics at the Stockholm School of Economics” by *Hans De Geer* (Stockholm School of Economics), “‘Polder-ethics’: Business Ethics in the Netherlands” by *Nel Hofstra* and *Luit Kloosterman* (Erasmus University Rotterdam), “Business Ethics in France: ‘Comment faire sans philosophie?’” by *Yvon Pesqueux* (HEC Paris), “From Teaching to Learning of Business Ethics in Barcelona” by *Josep M. Losano* (ESADE Barcelona), “Integrative Business Ethics—A Critical Approach in St. Gallen” by *Peter Ulrich* and *Thomas Maak* (Universitat St. Gallen), “Teaching Business Ethics at the University of Economics in Prague” by *Lidmila Nemcova* (University of Economics Prague) and “Establishing Business Ethics in Budapest” by *Laszlo Zsolnai* (Budapest University of Economic Sciences).

Not surprisingly, the character and the level of development of business ethics in the represented European universities are rather diverse. However, common characteristics can be discovered in the business ethics experiences in Denmark, Sweden, The Netherlands, France, Spain, Switzerland, the Czech Republic, and Hungary. Some critical distance from the mainstream American approach to business ethics is certainly common in the CEMS universities represented in the book. European business ethicists are aware of the progress and innovations that American scholars have accomplished in business ethics, but the relevance and applicability of the American models and theories seem to be limited in the European context.

The main message of the book is that European business ethics is deeply rooted in culture and less influenced by abstract principles or ideas. In European countries, culture is probably the main regulating force that provides a solid basis for ethics in general, and for business ethics in particular.

The CEMS book demonstrates the distinctiveness and cultural integrity of European business ethics.

Norms, Goals, and Stakeholders

Laszlo Zsolnai published a joint paper with *Piet J.M. Verschuren* of the *Catholic University of Nijmegen* entitled “Norms, Goals, and Stakeholders in Program Evaluation” in *Human Systems Management* 1998 No. 2. The authors emphasize that evaluation research favors goal-based evaluation. However, the achievement of the stated goals of interventionists, problem solvers or program managers is not a sufficient condition for a good decision or a successful program implementation. Verschuren and Zsolnai argue that the value of a program, an intervention or a decision is determined not only by the achievement of its stated goals but also by its intrinsic ethical value and its performance for the stakeholders.

Managing Business in Hungary

Jozsef Beracs and *Attila Chikan* edited a book under the title *Managing Business in Hungary*, which was published by the *Academiai Kiado* in 1999. The volume consists of papers from 23 professors and scholars of the *Budapest University of Economic Sciences*. Two previously published papers by *Laszlo Zsolnai* are included in the book. One of these is “Environmental Ethics for Business” (reprinted from *Management Research News* 1996) and the other is “Moral Responsibility and Economic Choice” (reprinted from *International Journal of Social Economics* 1997).



Human Ecology

In 1999 the *Medicina Publishing House* published a handbook of *Human Ecology* in Hungarian, which treats the scientific bases of *nature conservation*, *environmental protection*, and *ecological anthropology*. One of the key chapters of the book is “The Hopeless Hope of Ecology” written by *Laszlo Zsolnai* and the late ecology professor *Paul Juhasz-Nagy*.

Rational Choice and the Diversity of Choices

Laszlo Zsolnai's paper "Rational Choice and the Diversity of Choices" was published in the *Journal of Socio-Economics* 1998, No. 5. Beginning with a criticism of rational choice theory, Zsolnai develops a *multidimensional decision typology* that is able to capture the diversity of human choice behavior by considering the *norm regarding* (deontological), *goal regarding* (rational) and *other regarding* (stakeholder) aspects of choice.

Can a Corporation Have a Conscience?

In the Hungarian literary review *Torokfurdo* (Winter 1998–Spring 1999), *Zsolt Boda*, *Gyorgy Pataki* and *Laszlo Radacsi* published a short article about the *social responsibility of business*. Referring to the classic *Harvard Business Review* paper "Can a Corporation Have a Conscience?" by *K.E. Goodpaster* and *J.B. Matthews*, the authors consider the pros and cons of the moral responsibility of corporations. The article concludes with some remarks on the *institutionalization of ethics* within corporations using the *stakeholder theory* as a background.

Business Ethics Papers Series

With the financial support of the *Civic Education Project*, the Business Ethics Center launched its *Business Ethics Papers Series* in September 1999. The first piece of the series was *Laszlo Zsolnai*'s paper on "Responsibility & Choice" while the second was *Gyorgy Pataki*'s paper on "Organizational Greening as a Process of Learning."



Toward a Global Democracy

In the September 1999 issue of *Liget*, Zsolt Boda's paper entitled "Toward a Global Democracy" was published, dealing with the possibility of social control of multinational companies. Boda argues that the techniques of *environmental, social and ethical reporting, accounting and auditing* might help society to gain some *control over multinationals*.

Ethical Fabric of the Hungarian Economy

The 1999 Autumn issue of the ecology magazine *Okotaj* is devoted entirely to the *Ecological Alternative in Hungary* workshop, which was co-organized by the Business Ethics Center. This issue contains *Laszlo Zsolnai's* article on the *ethical fabric of the Hungarian economy*.

The Challenge of Biodiversity

Zsolt Boda published a paper entitled "The International Political Economy of the Biodiversity: On the Property Rights" in *Kovasz* No. 3 (Autumn) 1999. The paper gives a critical account of the process of privatizing biological resources, which were until more recent times always considered free access common property. The study argues against the curiously widespread belief that the privatization of these resources will somehow bring about an interest in protecting the genetic diversity of the planet.

Plurality of Values in Environmental Decision Making

The *Oxford Centre for the Environment, Ethics and Society* at *Mansfield College, University of Oxford*, published *Laszlo Zsolnai's* paper "Plurality of Values in Environmental Decision Making" (OCEES Research Papers No. 18., June 2000). The paper demonstrates that we can acknowledge that the environment is a site of conflicting values and, at the same time hold the *weak commensurability* assumption of values that leads to an *algorithmic solution* of complex and multifaceted environmental decision problems.



In his paper Zsolnai employs *Hans Jonas*'s principle of responsibility, which requires caring for the beings affected by our decisions and actions. *Responsible decision-making* is best viewed as a synthesis of reverence for the ethical norms, rationality in goal achievement, and respect for the stakeholders. Decision makers should develop *critical sensitivity* for and *empathy* toward human and non-human beings with which they share a common environment. A provocative case concerning the *World Bank environmental policy* is provided to illustrate the moral complexity of solving multi-criteria environmental problems.

Virtual Space and Real Rights

Laszlo Fekete published a paper under the title "Virtual Spaces and Real Rights" in the Hungarian journal *Magyar Tavkozles* in November 2000. He emphasizes that a new word recently appeared in the charter of the virtual human rights, to wit, *name space*. The rights to proper name space means that all persons, companies, organizations, and institutions have rights to name and to identify themselves by name, because the name space is the first sentence in the gigantic, ongoing communication evolving in cyberspace. As a consequence of the dynamic growth of the Internet, Laszlo Fekete argues, the free name space is diminishing under top-level domains and the proper name has become a precious commodity. The technical feasibility of increasing the name space has already been worked out. However, economic and political interests try to limit and control these obvious technical solutions.

On Moral Disengagement

In the *Journal of Human Values*, 2000 No. 1, *Laszlo Zsolnai* published a joint paper with psychologists *Albert Bandura* (Stanford University) and *Gian-Vittorio Caprara* (University of Rome) under the title "Corporate Transgression through Moral Disengagement."

The authors start with the observation that corporate transgression is a well-known phenomenon in today's business world. Some corporations are involved in violations of law and moral rules that produce organizational

practices and products that take a toll on the public. *Social cognitive theory* of *moral agency*, developed by Albert Bandura, provides a conceptual framework for analyzing how otherwise pro-social managers adopt socially injurious corporate practices. This is achieved through selective disengagement of moral self-sanctions from transgressive conduct. The paper documents *moral disengagement practices* in four famous cases of corporate transgressions and discusses implications for business ethics on how to counteract organizational use of moral disengagement strategies.

Communitarian Theories

Zsolt Boda published his essay “The Communitarian Theory: Identity, Culture, Interpretation” in Marton Szabo (ed.): *Talking Politics: The Theoretical Environment of Discursive Political Science* (Budapest, 2000). The study presents the main line of thought of the communitarian thinkers according to three, interrelated aspects. It analyzes the “problématique” of *personal identity*, the social role of *moral culture* and the significance of *interpretation* in moral reasoning through the works of *Aladair MacIntyre*, *Charles Taylor*, *Michael Walzer* and *Paul Ricoeur*.

The Ethics of Decision Making

The new Hungarian book by *Laszlo Zsolnai* entitled “The Ethics of Decision Making” was published in November 2000 by the Kossuth Publishing House. The book is the end product of more than 10 years’ research by the author.

The main purpose of the book is to provide an operational model of *responsible decision making* applicable in complex choice situations of business administration and public policy, where the choice has wide-ranging consequences, not only for the decision maker but also for other parties affected by the choice.

The book covers the whole problematic of *rationality* and *moral responsibility* in a decision-making context. The rational choice theory is analyzed and criticized in depth. All of the relevant alternative models are presented,



including the theory of bounded rationality developed by *Herbert Simon*, the prospect theory by *Daniel Kahneman* and *Amos Tversky*, the “rational fools” argument by *Amartya Sen*, the emotion-based behavioral model by *Robert Frank*, the theory of social norms by *Jon Elster*, and the “duty, self-interest, love” scheme by *Jane Mansbridge*. The *communitarianist*, *environmentalist* and *feminist criticisms* of the rational choice theory are also included in the discussion.

In the field of moral responsibility, *Hans Jonas’s* imperative of responsibility, *Carol Gilligan’s* ethic of care, and *Kenneth Goodpaster’s* model of corporate social responsibility are analyzed and developed further. From *decision psychology*, those results are recalled which are instrumental for elaborating a realistic but normatively adequate model of responsible decision making (*Herrnshtein’s* matching law, the *loss aversion* phenomenon in prospect theory, *avoidance of trade offs* among different values in the case of incommensurability).



Georgetown University

The book basically follows the *logic* of the *research program* of the author. The research was started when the author was Fellow of the *Netherlands Institute of Advanced Studies* in Wassenaar, The Netherlands, and completed when he was *Connelly Visiting Scholar in Business Ethics* at *Georgetown University* in Washington, D.C., USA.

Zsolnai identifies *norms*, *goals* and *stakeholders* as major factors in complex choice situations. Deontological, goal achievement and stakeholder aspects represent irreducible facets of complex choice situations. *Responsible choice* is defined as a *practical synthesis* of *reverence* for the applying ethical norms, *rationality* in goal achievement, and *respect* for the stakeholders. An *operational model* of making responsible choices is developed by using Tversky and Kahneman types of value functions. The *maximin* rule is proposed to select the “least worst” alternatives in the multidimensional decision space of deontological, goal achievement, and stakeholder values.

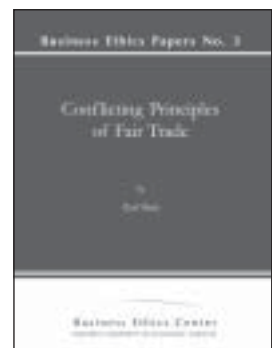
The functioning of the responsible choice model is demonstrated in three *real world cases* (the Donna’s case, the Ford Pinto case, and the World Bank environmental policy case). The book concludes with a short presentation of the character traits of the *responsible person*.

Being European as a Non-European

Laszlo Fekete published a paper entitled “How to be a European non-European: The Problems of the Identity and Identification in Cyber-space” in *Beszelo* in November 2000. The paper analyses the proposal and the request of the European Union concerning the creation of a new Internet ccTLD for the European Union (.eu) as part of the *eEurope Initiative*. The drafters of the document of the European Commission responsible for Enterprise and the Information Society deliberately use misleading and contradictory arguments to support their case. They indicate the creation of ccTLD .eu for the European Union, which cannot be the subject of ccTLD registration. Their statement might have been correct if they had indicated the creation of ccTLD .eu for the European Continent, or alternatively, if they had indicated the creation of gTLD, for example, .eur, euro and etc. for the European Union. The European Union has not initiated any negotiation about the .eu TLD registration in order to seek consensus with the more than 40 European countries concerned by this issue. At the same time, the European Union wants to set up its own new registry for deciding the rights of use of this new TLD. Briefly, the European Union wants to have ccTLD .eu and to operate it as gTLD on behalf of its 15 member states, *discriminating* against more than 25 *non-member states*, which will have no access to the use of gTLD as the acronym of the European Union. The European Union plans to give the rights of use of the ccTLD for the institutions, business enterprises, and private persons which operate or who are residents in any of the 15 member states and to *deny* the *basic rights* to the majority of the peoples, institutions, and business enterprises to identify themselves in cyberspace as the citizens, institutions, or business enterprises who live or operate somewhere in the *European Continent*.

Conflicting Principles of Fair Trade

Zsolt Boda's paper entitled “Conflicting Principles of Fair Trade” has been published as *Business Ethics Papers No. 3* by the Business Ethics Center. The paper offers both an historical and analytical account of the fair trade principles. Four different principles are presented: the *free trade* as fair trade approach; the *global justice* approach, implying non-reciprocal preferences in the trading system; the *principle of non-exploitation* of people and the



natural environment; and finally, the *intergenerational justice* criterion of sustainable development. The paper argues that while the first three approaches might be reconciled with each other, the fourth implies a choice between *globalization* and *localization* of the economy.

Ecology, Economics, and Ethics



In 2001 *Laszlo Zsolnai* published a book entitled *Ecology, Economics, and Ethics* in Hungarian, which compiles and summarizes his essays written in the last 10 years about the interrelated problems of ecology, economics, and ethics. Zsolnai's book is organized around the idea of the early Greek concept of "oikos" which refers to a substantive way of economizing that can ensure the livelihood of the family and the larger community in harmony and peace with nature.

In his book, Zsolnai argues for regaining the "oikos." It is not possible by large-scale companies, which aim at maintaining their international competitiveness and speeding economic growth. It can rather be achieved by *small-scale communities* that run their own *economic affairs* in a *substantive way* to meet most of their requirements through local trade and resources. Communities can develop economic cultures that enable them to *live a good life* within the limits of their own environment and at the same time, to *maintain* the integrity and stability of the *natural world*.

Man, Machine and Communication

Laszlo Fekete published a paper entitled "Man, Machine and Communication (A Few Years Before the Convergence of Communication Devices)" in Hungarian in a book edited by Academician *Kristof Nyiri* about the *Mobile Information Society* in Budapest in 2001. The book summarizes the main results of The 21st Century Communications Research Project of the *Institute of Philosophy* of the Hungarian Academy of Sciences sponsored by *Westel*, the leading mobile phone communication services provider in Hungary.

Laszlo Fekete's paper begins by recalling that in the 20th century the telephone dealt exclusively with the technical problem of transmitting communication

between two people over a distance. It operated on the principles of analogy, reciprocity and simultaneity. It enabled the long-distance transmission of the human voice while depriving the speakers of all other sensory modes of communication. The telephone of the 21st century will certainly make provision for all the sensory modes of communication between people. Fekete underscores that this telephone, with its digitalizing, dividing into parts, and manipulating of analog sensory signals, will still not open a radically new period in the history of communication because it will continue to adhere to the principles of anthropology. At the same time, the direction that a radically expanding communication space will take is known and obvious: communication between man and machine, and between machines.

In this manner of communication Fekete observes, the signals will not necessarily return to any identical entities, to signals which humans are naturally able to encode and decode. While surfing the World Wide Web or using the ever-newer services offered by mobile phones, we tend to forget that we are communicating not only (and in case of the Internet, not even primarily) with our peers but also with computers.

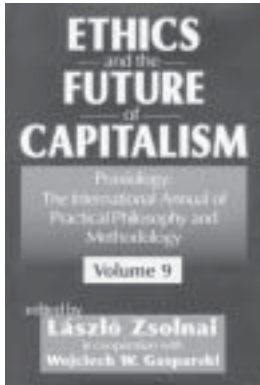
Identity Management

In his review article on “Identity Management,” *Laszlo Zsolnai* reflects on *Lawrence D. Ackerman’s* book “Identity Is Destiny” (*European Business Forum* 2001/2002 Winter pp.89–90.). Presenting the model of identity-based management, Zsolnai emphasizes that the interactions between companies and their stakeholders are productive and beneficial if their respective identities are compatible with each other. However, if the identities of a company and its voluntary or involuntary stakeholders conflict then their interaction will be strained and result in high inefficiency.

Transatlantic Business Ethics

In his paper “Transatlantic Business Ethics,” *Laszlo Zsolnai* summarizes the main messages of the presentations of the first *Transatlantic Business Ethics Summit* held in Budapest in September 2000 (*Business Ethics: A European Review* 2002. No. 1. pp.97–105.).

Ethics and the Future of Capitalism



In May 2002, a new book entitled *Ethics and the Future of Capitalism* was published by Transaction Publishers in New Brunswick and London. *Laszlo Zsolnai* edited the book in cooperation with *Wojciech Gasparski*.

This volume addresses the ethical problems of the capitalist economy with special reference to globalization. Contributors include one of the world's most successful capitalists and philanthropists, *George Soros*; Founding Dean of INSEAD, *Olivier Giscard d'Estaing*; economists *Andras Brody*, *Ferenc Rabar*, *Lubomir Mlcoch*, and *Stefano Zamagni*; culture historian *Jorn Rusen*; philosopher *Peter Koslowski*, and business ethicists *Edward R. Freeman*, *Wojciech W. Gasparski*, and *Laszlo Zsolnai*. The book suggests that business ethics and the future of capitalism are strongly connected. Capitalism is sustainable only if a less violent, more caring form of it is created.

In Chapter 1, George Soros's criticism of "market fundamentalism" is introduced. Andras Brody, Olivier Giscard d'Estaing, Ferenc Rabar, and Jörn Rösen discuss and further develop Soros's main argument that *laissez-faire capitalism* undermines the very values on which *open* and *democratic societies* depend. The instabilities and inequalities of the capitalist system tend to feed into nationalistic, ethnic and religious fundamentalism. We should prevent a return to that kind of fundamentalism by *correcting* the excesses of *market fundamentalism* beforehand.

In Chapter 2, Peter Koslowski stresses that a capitalist economy can show individuals the *relative prices* and the *optimal allocation of resources* but cannot relieve them of making the choice between goals and values. For this reason there is a need for *reembedding* business, the market, and economic motivation into the framework of *ethical* and *social norms*. Capitalism should be *reembedded* in the ethics and culture of a society.

In Chapter 3, Lubomir Mlcoch focuses on the *problematic* of *Czech-style capitalism*. He argues that introducing *laissez-faire capitalism* without respecting the *cultural norms and institutional settings* of a society necessarily leads to great *inefficiency* and enormous *social losses*.

In Chapter 4, Stefano Zamagni investigates the role of civil society in relation to the market and the state. He shows that civil society is based on *reciprocity*, a quality that is vital in the functioning of advanced market economies. Reciprocity ties may modify the outcome of the economic game either by stabilizing the *cooperative behavior* of agents or by endogenously *altering* the *preferences* of the agents themselves. Civil society can contribute significantly to the *development* of capitalism.

In Chapter 5, Edward R. Freeman's ideas about stakeholder capitalism are introduced. He argues that the stakeholder relationship is a key to understanding the functioning of business in today's world. *Stakeholder capitalism* allows for the possibility that *business* can be a *fully human institution* that urges managers to *create value* for *all stakeholders*.

In Chapter 6, Wojciech Gasparski introduces the *praxiology tradition* in the debate about ethical aspects of capitalism. He proposes a "triple E" paradigm for judging economic actions; namely, *effectiveness*, *efficiency*, and *ethics*. A well-functioning economy should satisfy all these criteria simultaneously. Some *religious perspective* is provided to defend the "triple E" model.

In Chapter 7 of the book, Laszlo Zsolnai explores the conditions of the ethical and social acceptability of profit making. He argues that profit is *ethically acceptable* if it is produced by activities that in aggregate do not violate the existing ethical norms. Profit is *socially acceptable* if it is produced by activities that in aggregate do not cause harm to the stakeholders. Hence, *non-violence* emerges as a necessary condition of acceptable business practices.

Freedom in the Cyberspace

Bearing the title "Rights, Rules, and Regulations in Cyberspace," a paper by *Laszlo Fekete* was published in the *International Journal of Communications* (2002. Nos. 1–2. pp.73–103.). The Hungarian version of the paper was published in *Replika*, 2002. No. 47/48. pp.201–225.



Fekete begins his paper by noting the fact that as the *Internet* has grown in popularity and spread throughout the world, states have become increasingly determined to enact measures designed less often to protect the cyber-rights of the user/creator than to limit them by restricting freedom of this communications universe and controlling and censoring amassed knowledge. For this reason, whatever we may think of the digital culture itself and of the fundamental libertarian political-philosophical principles underpinning its operations, we cannot fail to see that resistance to state control in this realm serves not only to protect our rights in cyberspace, but to preserve our hard-won real-world rights as well.

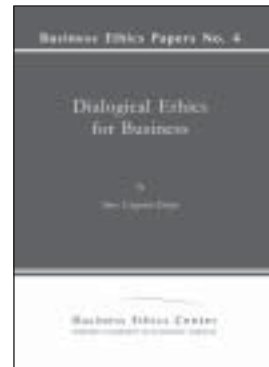
Fekete argues that legislation initiated to date by the *United States* and by the *European Union* and its member states has all served to limit, restrict, or withdraw the various human rights and virtual freedoms which the First Amendment to the American Constitution, the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, and the constitutions and laws of individual countries once accorded to all humans. Bills and proposals drafted by Great Britain, Germany, the European Union, and the Council of Europe all contradict the articles on the right to freedom of expression, to confidential correspondence, and to legal remedy as dictated by the Accord of Rome on the preservation of human rights and basic freedoms, flying in the face of legal practice as espoused by the Strasbourg Human Rights Commission, as well, and running counter to its resolutions. Furthermore, these endeavors often seek to criminalize and to sanction against actions which are unintentional or cause no harm to anyone, such as the deletion or loss of, or the refusal to hand over, an electronic correspondence encryption key in Great Britain or Ireland. Such actions carried out in the space of the real world would cause grief to no one. In the past two years countries such as China, Australia, New Zealand, India, Russia, Japan and Turkey have joined in launching similarly restrictive measures. A 2001 mid-December proposal written for the Council of Europe, called the *Draft Convention on Cyber-crime*, has come under scrutiny by cyber-rights, human rights, and various information technology professional organizations.

Spirituality in Management

Laszlo Zsolnai published a paper on “Spirituality in Management” (*Society and Economy* 2002. No. 1. pp.117–129. in Hungarian) The paper summarizes the results of an international workshop held in Szeged, Hungary in July 2001, which focused on the possible role of spirituality in *renewing* the contemporary *management theory* and *praxis*. The following problems were addressed: How are self and identity related to spirituality in a managerial context? What are the implications of transpersonal experience for ethics in general and for business ethics in particular? What contributions can be expected from different religious traditions and their value-perspectives for the renewal of corporations and their cultures? What should managers do to provide opportunities for spiritual growth and reflection at the workplace? Zsolnai concludes that a more inclusive, holistic and peaceful approach to management is certainly needed if business leaders are to uplift our environmentally degrading and socially disintegrating world.

Dialogical Ethics for Business

The Business Ethics Center published the paper “Dialogical Ethics for Business” by *Imre Ungvari-Zrinyi* as the fourth issue of the *Business Ethics Papers Series* in 2002 May. The paper is based on the hermeneutic approach and emphasizes the acceptance of responsibility through dialogue. Ungvari-Zrinyi demonstrates that the dialogical way of thinking represented by *M. Buber*, *E. Levinas*, *K.-O. Apel*, and *J. Habermas* constitutes a productive approach to business ethics.



Interpretive Business Ethics

Zsolt Boda published a book review on *Josep M. Lozano*’s *Ethics and Organizations: Understanding Business Ethics as a Learning Process* (Kluwer Academic Publisher, 2000) under the title “Interpretive Business Ethics” in *Business Ethics: A European Review* in July 2002. In his book, Lozano presents the American mainstream approach to business ethics and criticizes it from a European perspective, on one hand. On the other, he elaborates his own approach to business ethics. It is based on the theory of organizational learning

and aims at integrating the three great traditions of ethics consequentialism, deontology, and virtue ethics. In doing this he employs the concept of the hermeneutics of responsibility.

Entries in Environmental Protection & Nature Conservation

Zsolt Boda and *Laszlo Zsolnai* contributed to the *Lexicon of Environmental Protection & Nature Conservation* edited by Academician *Istvan Lang* for the Hungarian Academy of Sciences (Budapest, 2002: Academic Press Vols I–II. in Hungarian). They produced the following entries: allocation of property rights, awareness based ethics, behavioral theory of the firm, community economy, cooperative behavior, corporate ecosystem, corporate environmentalism, corporate environmental performance, economic liberalism, eco-social market economy, ecosystem ethics, environmental ethics, ethical consumer, ethical investment, fairness, free riding, Gaian ethics, green identity, green reputation, Index of Human Development, Index of Sustainable Economic Welfare, indicators of sustainable development, information asymmetry, justice, laissez faire, natural capitalism, steady state economy, social cost, sustainable corporation, theories of development, transaction costs, utility, and values based management.

On Substantive Economizing

Laszlo Zsolnai published a paper entitled “Green Business or Community Economy?” in the *International Journal of Social Economics* 2002. No. 8. pp.652–662. The paper analyzes two major ways of aiming at *ecological sustainability*. One is represented by the *green business movement* and the other by models of the *community economy* (community-supported agriculture, e.g.). Ecological sustainability requires quantitative and qualitative *limitations* both on the *supply* and *demand* sides of economic activities. Zsolnai points out that both theoretical and empirical arguments show that the green business paradigm is not sufficient for achieving ecological sustainability, while the community economy might be able to meet the requirements of ecological sustainability.

Capitalism Badly Needs Ethics

In his article entitled “Why Capitalism Badly Needs Ethics” (*European Business Forum* 2002 Autumn pp.78–79), *Laszlo Zsolnai* argues that it is not enough to change or re-regulate the rules of corporate capitalism. The present crisis requires a more substantive transformation of business. Two distinct but interrelated guide values emerge for business to achieve legitimacy in the 21st century. Firstly, business should be *conserving*; that is, it should contribute to the conservation and restoration of the ecology of the natural world. Secondly, business should be *enabling*, that is, it should contribute to the enhancement of the capabilities and self-development of people.

Ethics in the Economy: Handbook of Business Ethics

Under the direction of *Laszlo Zsolnai*, the *Business Ethics Interfaculty Group* of the *Community of European Management School* (CEMS) produced a book entitled *Ethics in the Economy: Handbook of Business Ethics* (Oxford, Bern & Berlin, 2002: Peter Lang AG Academic Publishers).

This book presents a *non-instrumental approach* to business ethics, arguing that there is a chance to improve the general quality of our economic activities only if our motivation is *genuinely ethical*; that is, only if we want to realize ethical conduct for its own sake.



The structure of the book is as follows:

1. *New Agenda for Business Ethics*
Laszlo Zsolnai, Budapest University of Economic Sciences;
2. *Ethics and Economics*
Peter Ulrich, University of St. Gallen;
3. *The Moral Economic Man*
Laszlo Zsolnai, Budapest University of Economic Sciences;
4. *Business and Society*
Hans De Geer, Stockholm School of Economics;
5. *Ethical Theory of the Firm*
Aloy Soppe, Erasmus University Rotterdam;
6. *The Stakeholder Corporation*
Eleanor O’Higgins, University College Dublin;

7. *Ethical Dilemmas of Corporate Functioning*
Muel Kaptein and Johan Wempe, Erasmus University Rotterdam;
8. *Corporate Transgressions*
Albert Bandura, Stanford University; Gian-Vittorio Caprara, University of Rome “La Sapienza”; and
Laszlo Zsolnai, Budapest University of Economic Sciences;
9. *Organizational Ethics*
Josep Lozano, ESADE Barcelona;
10. *Ethics of the Market*
Martin Büscher, University of St. Gallen;
11. *International Ethics and Globalization*
Zsolt Boda, Budapest University of Economic Sciences;
12. *Managing Sustainability*
Antonio Tencati, Bocconi University Milan;
13. *Values-Based Leadership*
Mette Morsing and Peter Pruzan, Copenhagen Business School;
14. *Future of Capitalism*
Laszlo Zsolnai, Budapest University of Economic Sciences.

The book attempts to provide a *European perspective* without falling prey to Eurocentrism. For the authors, the European approach is about *respect* for *otherness* and a dialogical attitude toward *non-European values and cultures*. In this spirit the authors invite everyone interested in and dedicated to developing ethics in the economy to an *open dialogue* of equal parties. Ethics is one of the oldest projects of humanity and there can reasonably be no end to *rethinking ethics* in our economic affairs.



Honesty versus Cooperation

Laszlo Zsolnai published a paper entitled “Honesty versus Co-operation—A Reinterpretation of the Moral Behavior of Economics Students” in the *American Journal of Economics and Sociology* 2003 No. 4. The paper reports that one group of people (economics students) behave in a more honest but less cooperative fashion than other groups (non-economics students). This is possible because honesty and cooperativeness represent different moral categories. Experimental data suggests that while economics students

tend to respect property rights more than others, they also follow their self-interest more strongly than non-economics students.

Multiple Perspective Decision Making

Laszlo Zsolnai's paper on "Decision Making in Multiple Value Perspectives" has been published in the *International Journal of Value-Based Management* (2003 No. 3). The paper presents an operationalized model for responsible decision making in a corporate context. The starting point is *Kenneth E. Goodpaster's* conception of moral responsibility. Basic empirical findings of decision psychology are used to arrive at a robust model of making responsible decisions. In the proposed model, decision alternatives are simultaneously evaluated from different value perspectives. Responsible decision making is defined as finding the least worst alternative in the multidimensional decision space of deontological, goal-achievement, and stakeholder values. Some character traits of the responsible decision maker are also provided.



Two Business Ethics Videos

On the occasion of the *16th Annual Conference of the European Business Ethics Network (EBEN)*, the Business Ethics Center produced two professional videos. One is "The Paradox of Business Ethics" and the other is "International Business Ethics."

The 20-minute video entitled *The Paradox of Business Ethics* addresses the problems associated with the opportunistic use of ethics in business. *Olivier Giscard d'Estaing* (INSEAD), *Henk van Luijk* (Amsterdam), *Luk Bouckaert* (Catholic University of Leuven), *Knut Ims* (Norwegian School of Economics & Business Administration, Bergen) and *Laszlo Zsolnai* (Budapest University of Economic Sciences) argue that an appropriate niche should be created for intrinsically motivated ethical actions in economics and business.

The 25-minute video on *International Business Ethics* reflects on experiences with ethical institutions in business from a truly international perspective. Participants are *George Brenkert* (Georgetown University, Washington D.C.), *Heidi von Weltzien Hoivik* (Norwegian School of Management BI),

Domenec Mele (IESE Business School, Barcelona), *Ronald Berenbeim* (The Conference Board, New York) and *Robert Elliott Allinson* (Chinese University of Hong Kong). One of the conclusions is that business should undergo transformation into a more human and ethical endeavor that transcends the exclusive pursuit of profit.

Business Ethics and Ethical Business



Celebrating the 10th Anniversary of the Business Ethics Center, *Laszlo Zsolnai* edited a special issue of the journal *Society and Economy* (Vol 25, Number 2, 2003). In the special issue entitled “Business Ethics and Ethical Business” the members and friends of the Business Ethics Center present their own views on business ethics and its possible future directions.

In his paper “From Optimization to Transformation,” *Peter Pruzan* of the *Copenhagen Business School* summarizes his journey from rationality and morality to spirituality. Along the way, Professor Pruzan developed strong interests in organizational ethics, social and ethical accounting, values-based leadership and corporate social responsibility. Influenced by Eastern spirituality, he explored the wellspring of rationality, morality and spirituality. He broadened the perspective of business ethics by developing the conception of spiritual-based leadership, which addresses existential questions in an organizational context.

In his paper entitled “Business Ethics as Critical Approach,” *Alpar Losoncz* of the *University of Novi Sad* discusses some issues pertaining to the status and meaning of critical reflections in business ethics. Dr. Losoncz delineates the in-depth consequences of a general outlook with respect to the critical scope of business ethics. Finally, he proposes the operationalization of the critical principles of business ethics.

In his paper “Is Profit Ethical?” *Olivier Giscard d’Estaing*, the Founding Dean of *INSEAD*, reflects on the notion of ethical profit making. In his view, the sustained success of a firm depends on both professional competence and the climate of trust in the organization. Only intrinsically ethical behavior can create and sustain trust. The objective of the company cannot be a short-term maximization of profit, but rather an optimization of it throughout the middle and long term.

In his paper on “Competition and Corporate Reputation,” *Henk van Luijk*, Professor Emeritus of *Nyenrode University* and Founder and past President of the *European Business Ethics Networks* (EBEN), discusses competition from a business ethics point of view. Professor van Luijk’s thesis is that, in order to regulate competition in a morally legitimate way, interventions are needed by representatives of basic institutions, working together in alternating alliances, and referring to moral norms that are inherent in the market system itself as well as to external, overarching norms derived from human morality at large.

In his paper entitled “The New Economy and the Ethics of Economic Interactions,” *Laszlo Fekete*, MOL Chair in Business Ethics at the *Business Ethics Center*, argues that the new rules of economic interactions in the global network economy are based on neither communitarian virtue of trust nor on the fair contracts between equal, self-interested and informed parties. The new rules of economic interactions represent a form of “private legislation” imposed by the corporations, which usually interferes with the interests and general welfare of their clients, customers or consumers.

In his paper entitled “A Socio-economic Reading of Globalization,” *Stefano Zamagni*, Professor of Economics at the *University of Bologna*, emphasizes that there are important risks inherent in the globalization process that include hyper-competition, which threatens the social rights of citizens and renders a lot of people economically irrelevant. To cure the deficiencies of globalization, Professor Zamagni favors cosmopolitical democracy and the creation of a transnational civil society, which might be able to safeguard cultural diversity, social justice and peace.

In his paper on “Spirituality of Nations and its Relevance to Marketing,” *S-P. Mahoney*, the Director of *Enterprise Ireland*, presents a view in which the concept of “nationhood” and its relevance to management play a central role. S-P. Mahoney believes that the application of a spiritual understanding of nations has the potential to enable us to find the appropriate middle ground between nationalism and globalization. This will release us to lead our societies into a balanced and just future together.

In his paper entitled “Global Environmental Commons and the Need for Ethics,” *Zsolt Boda*, Assistant Professor at the *Business Ethics Center* and Research Fellow at the *Institute of Political Sciences* of the *Hungarian Academy of Sciences*, focuses on the management of global environmental commons. Dr. Boda argues that an economics approach to the commons should be

subordinated to a genuinely ethical one where the commons has an intrinsically ethical content.

In his paper on “Responsibility Dilemmas in Public Service,” *Gyula Gulyas*, Assistant Professor of the *Budapest University of Economic Sciences*, argues that the only acceptable form of responsibility is the personal one. A higher autonomy of public servants implies a greater degree of accountability and therefore responsibility. Personal responsibility presupposes agents who are able to make decisions and can find the appropriate balance between self-interest and public interest.

In his paper entitled “Dialogical Ethics for Business,” *Imre Ungvari-Zrinyi* of the *University of Cluj-Napoca* demonstrates that the dialogical way of thinking represented by *M. Buber*, *E. Levinas*, *K.-O. Apel*, and *J. Habermas* constitutes a productive approach to business ethics. By including dialogical conceptions in the ethical discussion about business activity, we can hope to reach a more insightful, creative, responsive and responsible praxis of management.

In his paper on “Judaism’s Contributions to Contemporary Business Ethics,” *Edwin Epstein*, Professor of the *University of California at Berkeley*, discusses the relevance of Jewish religious tradition in modern business. Epstein points out that it is a profound insight embedded in the Jewish tradition that Wealth (broadly defined as economic productivity) and Righteousness (broadly defined as ethical behavior, justice, and integrity) go hand in hand. This is what we moderns would all do well to ponder and to implement.

In his paper entitled “Towards Ethical Business,” *Laszlo Zsolnai*, Director of the *Business Ethics Center*, emphasizes that to be recognized as practicing truly ethical activity, business should become *ecologically sustainable, pro-social* and *future enhancing*. Ethical business is not a luxury. Rather, it is a requirement for modern-day business to survive in a world of large-scale ecological disruption and social disintegration.

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