Questioning the Domain of the Business Ethics Curriculum

Andrew Crane
Dirk Matten

ABSTRACT. This paper reassesses the domain of the business ethics curriculum and, drawing on recent shifts in the business environment, maps out some suggestions for extending the core ground of the discipline. It starts by assessing the key elements of the dominant English-language business ethics textbooks and identifying the domain as reflected by those publications as 'where the law ends' and 'beyond the legal minimum'. Based on this, the paper identifies potential gaps and new areas for the discipline by drawing on four main aspects. First, it argues that the domain of business ethics requires extensions dependent on the particular geographic region where the subject is taught. A second factor for broadening the scope is the impact of recent scandals, which arguably direct the focus of ethical inquiry towards the nature of the business systems in which individuals and corporations operate. Third, the impact of globalization and its result on growing corporate involvement in regulatory processes is discussed. Fourth and finally, business ethics reaches beyond the traditional constituencies of 'economic stakeholders' as new actors from civil society enter the stage of ethical decision making in business. We conclude by suggesting that a reconsideration of the domain of business ethics, especially in Europe, is timely, but that to do so represents a major challenge to business ethics educators.

KEY WORDS: business ethics, civil society, curriculum, Europe, globalization, government, institutions, law, scandals

Introduction

This paper emerges from our attempt to define the 'appropriate' domain of the business ethics curriculum for the purposes of writing a business ethics textbook in English relevant to European audiences (see Crane and Matten, 2004). Having been teaching business ethics for a number of years, we had become dissatisfied with the main texts currently on the market.[1] Although one of these reasons was purely the U.S. dominance of the business ethics textbook market, this was accompanied by a deeper concern that the available texts simply did not cover in any real depth many of the areas of business activity that we felt were increasingly relevant, and indeed central, to the business ethics curriculum. This included relatively new concepts and issues such as globalization, sustainability, and corporate citizenship, as well as specific questions about the ethics of business relations to government, civil society, and other 'non-economic' stakeholders.

What was most significant about our attempts to introduce such concepts into our teaching, and then into the textbook, was that they actually drove us to begin reconsidering the very domain of the business ethics curriculum. Whereas we had always been relatively happy with the idea that business ethics effectively began where the law ended, consideration of these further issues and concepts increasingly turned our attention to the role of business in shaping and defining the law and other forms of regulatory activity. So, rather than just being concerned with issues where the law could not, or had yet to, define

Andrew Crane is a Senior Lecturer in Business Ethics at the International Centre for Corporate Social Responsibility (ICCSR) at the University of Nottingham, UK. He has a PhD from the University of Nottingham and a BSc from the University of Warwick. His textbook 'Business Ethics: A European Perspective' (co-authored with ***Dirk Matten****) has been published by Oxford University Press in 2004.*

Dirk Matten is a Professor of Business Ethics at the School of Management, Royal Holloway, University of London. He holds a PhD from Düsseldorf University and has taught business ethics and corporate social responsibility at universities in Britain, France, Germany, Belgium and the Czech Republic.

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right and wrong – if you like, the classic *ethical dilemma* situation – we had begun to think of business ethics also in terms of how businesses (as well as governments and civil society organizations) contributed to the institutionalisation of certain laws, rules and rule-making processes in society.

This paper stakes out our view of the potential domain of the business ethics curriculum in this context, and further examines the theoretical, cultural and practical arguments that might support or contest particular views of the 'appropriate' domain of the subject. In particular, we first set out the domain of business ethics as represented in the main textbooks used in Europe, and then go on to explore a number of interweaving forces that appear to be shaping our conceptions of what might be an appropriate domain of business ethics, namely: (i) different regional conceptions of the appropriate business ethics curriculum, focusing particularly on US and European approaches; (ii) the effect of recent corporate scandals on our ideas of what should be taught on business ethics courses; (iii) the consequences of globalization for defining the boundaries of the business ethics subject; and finally (iv) the implications for the business ethics curriculum of ongoing institutional shifts between business, government and civil society. We conclude by assessing the overall prospects and pitfalls for an extension of the business ethics domain.

The domain of business ethics

Questions about the appropriate domain, purpose, and focus of the business ethics curriculum have long been a subject of discussion amongst business ethics scholars (Furman, 1990; Kaler, 1999; Maclagan, 2002; Prodhan, 1997; Sims and Brinkmann, 2003a; Stark, 1994; Zsolnai, 1998). Although these debates have been complemented with surveys assessing the extent of business ethics teaching in universities (e.g. Aspen/WRI, 2003; Collins and Wartick, 1995; Cowton and Cummins, 2003; Cummins, 1999; Enderle, 1997; Matten and Moon, in this issue) such surveys have not sought to answer the questions posed above, namely what exactly do business ethics courses cover and how? In the absence of such evidence, probably the most effective way of ascertaining how business ethics teachers define the domain of their subject is to review the main textbooks on the market (Furman, 1990). Textbooks are generally considered to contain the core stock of knowledge on a subject and textbook writers are usually expressly encouraged by their editors to align their material with the content and approach typically adopted on major courses.

If we look to the books currently available, the first thing that becomes immediately apparent is that there is a significant dominance of U.S. texts. Books by Beauchamp and Bowie (2004), De George (1999), Ferrell et al. (2002), Treviño and Nelson (2004), and Velasquez (2002), among others, currently dominate the market in terms of course adoptions – and not only in the U.S., but also in Europe and elsewhere. Significantly, the U.S. market has also seen something of a cleavage between dedicated 'business ethics' books and those oriented towards 'business and society' courses, with books by Carroll and Buchholtz (2002), Thorne McAllister et al. (2003), or Baron (2003) representing key examples of the latter. This 'hiving off' of societal issues from the business ethics curriculum has reinforced an emphasis in the business ethics subject on individual values and dilemmas and the management of internal decision-making that is symptomatic of the Anglo-American tradition of the subject (Enderle, 1996).

We will examine the significance of this and other regional approaches to business ethics in more detail in the next section, but it is evident that the micro focus of U.S. texts is also manifested in the growing collection of U.K. texts that have entered the market. The last few years have seen a number of new U.K. books, including those by Fisher and Lovell (2003) McEwan (2001), Mellahi and Wood (2002). With titles such as *Managing values and beliefs in organizations* (McEwan) and *Business ethics and values* (Fisher and Lovell), the micro focus here is made fairly explicit.[2]

Looking to the domain of business ethics defined by such books, there are actually few formal definitions in evidence. Probably the clearest example is posited by Treviño and Nelson (2004, p.16) in their popular textbook *Managing Business Ethics* where they state that "the domain of ethics includes the law but extends beyond it."[3] In order to represent this relationship, Treviño and Nelson (2004) depict ethics and the law as two intersecting circles, as

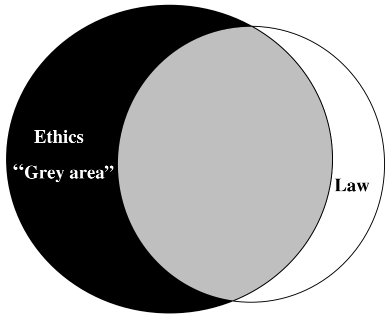

Figure 1. The relationship between ethics and the law.

shown in Figure 1. The law might be said to be a definition of the minimum acceptable standards of behaviour. However, many morally contestable issues, whether in business or elsewhere, are not explicitly covered by the law. For example, in many countries there is no law preventing businesses from testing their products on animals, selling landmines to oppressive regimes, or preventing their employees from joining a union – yet these are issues which many feel very strongly about from an ethical point of view. Similarly, it is possible to think of issues that are covered by the law, but which are not really about ethics. For example, the law prescribes whether we should drive on the right or the left side of the road. Although this prevents chaos on the roads, the decision about which side we should drive on is not an ethical decision as such.

In one sense then, the domain of business ethics can be said to begin 'where the law ends'. Business ethics is primarily concerned with those issues not covered by the law, or where there is no definite consensus on whether something is right or wrong. Discussion about the ethics of particular business practices may eventually *lead* to legislation once some kind of consensus is reached – as Beauchamp and Bowie (2004, p. 4) contend, "law is the public's agency for translating morality into explicit social guidelines and practices" – but for most of the issues of interest to business ethics, the law typically does not currently provide us with guidance. For this reason, it is often said that business ethics is about the 'grey areas' of business, or about going 'beyond the legal minimum'. Another good illustration of this view is the well-known, and widely cited Carroll pyramid, which describes four elements of corporate social responsibility and depicts 'ethical' responsibilities as those that are above and beyond 'legal' responsibilities (Carroll, 1991).[4]

This is all very well, and such a view certainly seems to be a good starting place for locating the domain of business ethics. After all, once matters have passed into law, there is certainly less obvious reason to consider them as part of a business ethics course rather than in a law course. Defining business ethics in this way tends to focus our attention on typical ethical dilemmas such as high pressure sales techniques, whistleblowing, advertising to children, employee privacy, or gift giving where the law does not define right and wrong. However, these dilemmas, important as they are, automatically put the manager or the organization in the position of a 'hostage to fortune'; i.e., ethical dilemmas and problems will continue to confront them because there will continue to be a grey area unless government intervenes with a change of the law. This is the basis of the classic Friedman (1970) argument, that 'the rules of the game' have already been determined. What this seems to exclude, or at least ignore, is the potential for businesses to participate in the making of the law, or more generally in defining rules and rule-making processes. This is particularly an issue in an increasingly globalizing business environment, where business can participate in shifting the boundaries of what is legal or ethical, in essentially lightening the hue of the grey areas towards greater clarity and certainty.

Should such considerations be part of the business ethics curriculum? Is such a definition, or even extension, of the domain of the business ethics curriculum warranted or appropriate? Is it indeed even new, or is this what many business ethics scholars already teach their students about? And what exactly does, or would, it imply in terms of teaching practice? In the following, we shall explore a number of interweaving forces that should help to throw some light on some of these issues, namely: regional approaches to business ethics, corporate scandals, impacts of globalization, and institutional shifts (see Figure 2).

Regional approaches to the business ethics curriculum

First, any questions about the 'appropriate' domain of the business ethics curriculum have to consider

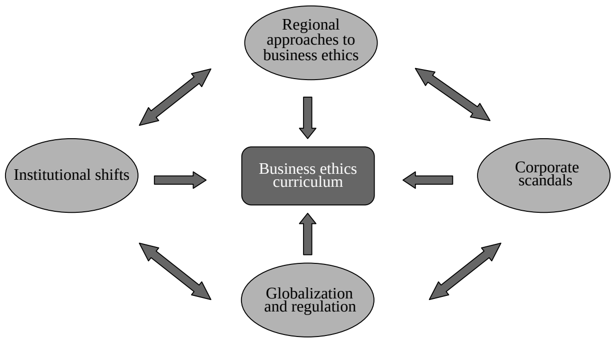

Figure 2. Forces shaping the 'appropriate' domain of the business ethics curriculum.

the region in which the subject is being taught. As with many subjects, business ethics teaching occurs within an academic and cultural tradition that shapes what is deemed essential or relevant for inclusion, as well as the theoretical or pedagogical approach typically adopted. Given our particular interests in determining the domain of business ethics in Europe, the starting point here was clearly the long-standing debates about a specifically European approach to business ethics, and analysis of 'continental European' versus 'American' (or 'Anglo-American') approaches to business ethics (Enderle, 1996; Spence, 2002; Vogel, 1992).

The formal academic subject of business ethics is largely an American invention and has most of its roots and a large part of its traditions in the U.S. The reception of business ethics in Europe is fairly young, and only became visible from the beginning of the 1980s (Van Luijk, 2001). In assessing the European perspective, it is evident that although many of these original ideas have been, and still are, very useful in the European context, there are definite limits to the transfer of North American approaches. The European context poses some distinctly different questions, which are not necessarily on the agenda from an American perspective (Spence, 2002). Likewise, Europe has quite a distinct historical, philosophical, and religious legacy, giving rise to a different approach to the study, as well as the practice, of business ethics in Europe (von Weltzien Hoivik, 2002; Zsolnai, 1998).

Table I provides a summary of the main differences between continental European[5] and U.S. approaches to the subject, that have been identified by authors such as Enderle (1996), Van Luijk (2001), and Vogel (1992, 1998). Perhaps the key issue here is the proposition that continental European business ethics has tended to focus more on the choice *of* constraints for ethical decision-making compared with the Anglo-American approach of focusing on choice *within* constraints (Enderle, 1996). The source of this contention is that in most European countries there has been quite a dense network of regulation on most of the ethically important issues for business, including workers' rights, social and medical care, and community contributions (through corporate taxation). European managers could be said therefore to have traditionally not had to consider so very much the moral values which should guide their decisions since these questions have, at least in principle, been tackled by the government in setting up a tight institutional framework for businesses. Therefore, in Europe, governments, trade unions and corporate associations have

TABLE I
Differences between approaches to business ethics in continental Europe and the United States

	United States	Continental Europe
Who is responsible for ethical conduct in business?	The individual	Social control by the collective
Who is the key actor in business ethics?	The corporation	Government, trade unions, corporate associations
What are the key guidelines for ethical behaviour?	Corporate codes of ethics	Negotiated legal framework of business
What are the key issues in business ethics?	Misconduct and immorality in single decision situations	Social issues in organizing the framework of business
What is the dominant stakeholder management approach?	Focus on shareholder value	Multiple stakeholder approach

typically been key actors in the business ethics curriculum, whereas in the U.S., in most (but not all) areas, the institutional framework of business ethics has been significantly looser, and so the key actor has tended to be the corporation or the individual manager. This, at least partly explains the more practical approach to business ethics evident in the U.S. approach (Enderle, 1996; Vogel, 1992), and underscores the ethical dilemma approach to business ethics that we identified earlier.

From a teaching oriented perspective on business ethics, these differences have to be understood in the context of the fundamental philosophical divide between North American and continental European approaches to business ethics (Palazzo, 2002). In a narrow philosophical sense, one might confine these differences to a stronger teleological perspective in North America versus a more dominant role for deontological approaches on the other side of the Atlantic. More broadly, Palazzo (2002) argues that these differences are predominantly rooted in the different religious legacies of both countries. In the U.S., the Protestant-Calvinist as well as the Jewish legacy support the assumption that there is a moral (if not spiritual) dimension to economic activity. This view, as well as the role companies historically played in developing the country, leads to higher moral expectations on companies themselves and faith in the potential of business to be an agent of moral improvement. In Europe, on the other hand, the feudal heritage has rather discouraged moral expectations towards business and in combination with the dominant Catholic and Lutheran debates on morality, has delegated authority to religious – or subsequently – political authorities.

With shifts in the European model of capitalism towards a more Anglo-American approach (Hunt, 2000; Mayer and Whittington, 2002), it could be contended that the business ethics curriculum will move towards a more micro focus. However, our analysis suggests that in fact, this exposes a need to increasingly broach individual, corporate, and institutional levels of analysis in order to provide a critical lens on current business practice. This is because specific 'micro' dilemmas and broader 'macro' context are interrelated – or as Kaler (2000) puts it, their relationship is one of "epistemological dependence". For instance, he uses the example of an ostensibly micro problem, executive pay, to argue that although this can be approached as a purely micro problem, "any answers produced will presuppose answers to other and distinctly macro questions" (2000, p. 261), namely about issues such as executive accountability, corporate governance, responsibility to stakeholders, and ultimately the social role of business. The same could be said for a whole host of apparently micro problems such as bribery, downsizing, or labour conditions, which are at once immediately relevant to individual managers, yet deeply embedded in macro structures. "What this demonstrates then", Kaler (2000, p. 261) argues, "is that while micro questions *can* be discussed without questioning the system as a whole, any answers to those same micro questions might only be as good as answers to the macro issues which they will very often entail."

Corporate scandals

A similar argument can be made in relation to our second issue of consideration, corporate scandals, which it might be said have prompted renewed discussion about the scope and purpose of business ethics education. In one sense, it could be said that the typical U.S. approach of focusing on the individual actions of the manager has received further impetus from the spate of corporate scandals involving companies such as Enron, Worldcom, Andersen, and others. To many, these are incidents of personal greed and misconduct that need to be analysed from the perspective of individual decision-making.

However, in a closer analysis it becomes rather evident that individual immorality, or even criminal behaviour, can hardly be understood without an appreciation of the ethical presuppositions of the broader systems in which these scandals occur. To continue with the example of recent scandals in the U.S., a closer analysis seems to expose quite a close link between a micro-perspective on decision making – or a 'narrow' (Sorrell and Hendry, 1994) focus on economic stakeholders and their actions – and a macro perspective on the broader economic system in which those individuals act. Though acknowledging a plethora of possible interpretations of the scandal (Boje and Rosile, 2003), we would argue that the gradual slide into what ultimately ended up being corporate fraud and misappropriation of assets at Enron, Worldcom et al. was substantially influenced by a specific business model that raises the maximisation of shareholder value to pre-eminence. Initially within the legal boundaries, the accounting tricks applied at Enron could be argued to be the rational managerial response to the American model of capitalism (Sims and Brinkmann, 2003b).

The same applies to the damage inflicted on employees in these companies, to name another aspect of these scandals. In a welfare system which over the last few decades has increasingly shifted responsibility for pensions away from the state to the individual, the fact that so many employees lost their pensions is another result not only of individual unethical behaviour on the part of managers, but of a system that entrusted these individuals with the administration of their employees' social and economic welfare in the first place.

Arguably, the same cultural and institutional bias is reflected in the North American debate about potential prevention of such unethical practices. The basic thrust of measures such as the Sarbanes-Oxley Act of 2002 is to improve corporate governance structures through stronger independence of non-executive directors, adjusting the incentive structures for executives, or increasing disclosure levels and liability of managers for misconduct (Ribstein, 2002). All these measures, however, in principle do not challenge a typically American trust in the ability of markets and private actors to produce morally desirable outcomes for society, let alone a fundamental questioning of Anglo-Saxon style capitalism (Stelzer, 2004).

One could argue that this ethical link between micro- and macro-issues is by no means confined to Anglo-American forms of capitalism: in continental Europe many of the major scandals of the past – such as the Elf-Thyssen Scandal in France and Germany (Crane and Matten, 2004, pp. 431 – 443) or Berlusconi's dubious business practices in Italy (Crane and Matten, 2004, pp. 403–404) – are usually embedded in a capitalist system which is governed by deep interlocking patterns of ownership, long-term relations and friendships in business as well as close governmental and political involvement in the economy. The recent example of corporate fraud and misappropriation of assets in the case of Parmalat in Italy illustrates these differences quite visibly. With high levels of concentrated share ownership, underdeveloped financial markets, and low levels of transparency and accountability of corporations, the crucial reaction of Italian regulators was not to improve an existing market but to start making some first steps towards the creation of basic elements of a market for corporate capital (Murphy, 2004). Being just one example among the entire two thirds of all Italian companies that are owned by single shareholders, the owners of Parmalat were able to abuse this absence of market mechanisms, transparency and control to bring about a scandal of similar dimensions to the fall of Enron–but that seems to be as far as the similarities go. The same would also apply to other parts of the world, such as East Asia, where specific forms of corruption can only be understood – let alone prevented or disincentivized – by understanding the ethical nature of the broader economic context (Kidd and Richter, 2002).

Impact of globalization

This leads to our third area of consideration, namely the impact of globalization on the role and relevance of national and transnational regulation of business activity. The power of a government has traditionally been confined to a certain territory, for example French laws are only binding on French territory, U.K. laws on U.K. territory, and so on. As soon as a company leaves its home territory and moves part of its production chain to, for example, a third world country, the legal framework becomes very different. Consequently, managers can no longer simply rely on a single legal framework when deciding on the right or wrong of certain business practices (Donaldson, 1996).

If business ethics essentially begins where the law ends, then such forces of globalization increase the demand for business ethics because deterritorialized or transnational spaces such as global financial markets or the ozone layer are beyond the control of national (territorial) governments (see Scholte, 2000). However, in the absence of effective global regulation and governance by governments, what we have also increasingly witnessed is business itself becoming more involved in standard setting and enforcement, through self-regulation, global codes of conduct, ethical sourcing and so on (Cashore, 2002; Ronit, 2001). This regulatory function of businesses actually pertains to the broadest array of levels, from the company level through to the industry level, to national and international levels (see Crane and Matten, 2004, pp. 387–434)

At the *company level*, most companies operate company-wide codes of practice about a variety of ethical issues such as the usage of PCs or email for private purposes, the acceptance of gifts and hospitality from suppliers, or corporate policies on child labour or human rights in general. These company codes and policies, in a sense, substitute for, or reinforce, legal or regulatory instruments of government.

At the *industry level,* it is evident that in some circumstances these company-specific codes are supplanted by industry-wide codes that maintain a level playing field for all competitors or maintain a good reputation for an entire industry. An example of the first category would be the efforts by the sporting goods industry to ensure compliance with labour standards (Van Tulder and Kolk, 2001), while an example of the second would be the Responsible Care programme of the chemical industry (King and Lenox, 2000). As these examples show, industry codes vary from national to international in scope.

At the *national level*, there are a number of initiatives where industry self-regulation pertains to a particular country. These would include, for example, the Financial Services Authority (FSA) in the U.K., which self-regulates the country's financial industry. In Europe, the area of environmental issues has frequently been addressed by national self-regulatory initiatives which have anticipated governmental acts by setting up sectoral and cross-sectoral programmes of corporate self-commitment (Ten Brink, 2002).

At the *international or global level*, there have been a few initiatives of global self-regulation (or at least non-governmental regulation), which have substituted for direct legislative action. Most notable are the codes set up by the International Standard Organization in the area of quality (ISO 9000) and the environment (ISO 14000). The most recent example would be the United Nation's initiative of the Global Compact as a voluntary scheme of global reach by which corporations voluntarily subscribe to nine ethical principles and assume responsibility for their company wide implementation and enforcement (McIntosh et al., 2003).

These efforts on the international level are particularly interesting because they often involve various patterns of actors, sectors, and institutions acting alone and in concert. To begin with, there is still considerable room for *governments* in regulation (Taplin, 2002), such as through intergovernmental cooperation. Good examples are laws issued by the European Union, for instance in the area of industrial relations (Martínez Lucio and Weston, 2000), or global initiatives in the area of climate change (Levy, 1997; Levy and Egan, 2000). Second, as mentioned above, there are initiatives chiefly initiated by *business*, such as the Responsible Care Programme of the global chemical industry (King and Lenox, 2000; Tapper, 1997). A similar regulatory effect is brought about by investors who link their decisions to certain ethical criteria (Cowton, 1999; Sparkes, 2001; Taylor, 2001). Furthermore, there are also *co-operations* between industry and governments, or regulatory efforts that are a result of corporate negotiations with governmental bodies. These efforts, moreover, often include the active involvement of *civil society organizations* (CSO). For instance, nearly all large global governmental and multipartite organizations, such as the UN, the OECD, the ILO (International Labour Organisation), the FAO (Food and Agriculture Organization) and the WHO (World Health Organization) have issued codes intended to provide some degree of rule-setting for corporations in areas beyond the control of the nation state (Christmann and Taylor, 2002; Kolk et al., 1999).

The main implication of our argument here then is that the earlier cited narrow view of business ethics ('where the law ends') does not correspond with the reality of business today. Corporations are quite heavily involved – and by all accounts more and more so – in setting and shaping the law and it is exactly here where moral issues are increasingly evaluated and ethical decision-making enacted. We can conclude from this that business ethics in fact is an important issue far earlier and is highly relevant also, as it were, 'where the law begins' and consequently, business ethics as a discipline can no longer exclude this area from its core body of academic inquiry and instruction.

Critics, however, might contend, that the character, status, and processual antecedents of regulation made by business can hardly be compared to laws issued by governments. While we agree in principle to this point we would argue that this only exposes another important shift in the ramifications of business ethics today. Laws, and regulation in general, are increasingly not made by governments alone – or by other individual social actors for that matter – but rather are products of multi-actor coalitions. Amidst these 'privatised' processes of legislating in which, we would admit, governments still have a key role to play, laws come into existence in close cooperation and interaction with a broad array of actors, including business, but also involving other governmental and non-governmental actors.

Institutional shifts

This leads onto our final main area, namely the implications for the business ethics curriculum of changes in the role and power of the institutions of business, government, and civil society. It is, we would contend, increasingly myopic to address business ethics in isolation from CSO and governmental activities. There are two main factors involved here.

First, many business ethics decisions in corporations have become significantly influenced by civil society action, whether because of direct action on corporations by civil society through protest and boycott, and/or because of the increasing propensity to develop business partnerships with civil society organizations to deal with ethical problems as diverse as labour standards, corruption, and sustainability practices (for examples, see Bendell, 2000a). This has led to the development of the idea of the 'civil regulation' of corporations by non-government organizations (Bendell, 2000b; Zadek, 2001), suggesting that business-civil society relations are intrinsically caught up in the processes of setting the standards for evaluating business ethics.

Second, just as business has increasingly worked with civil society to address social, ethical, and environmental problems, so too have corporations joined governmental organizations, and intergovernmental organizations such as the UN and the OECD, to develop solutions to such problems. These developments, in concert with the efforts at business self-regulation discussed in the previous section, and business-civil society partnerships mentioned above, have contributed to a growing role for business in actually shaping and enforcing 'the rules of the game' that a micro focus on business ethics largely accepts as given. Quite simply, the rules of the game are no longer a strictly governmental responsibility, but are also influenced and enacted by business and civil society through a variety of processes and mechanisms.

Third, this institutional shift surfaces particular issues in the relation between business and politics (Getz, 1997; Lord, 2000; Vogel, 1996). Closer corporate involvement in the regulatory process not only raises new questions about the legitimacy of business influence on political decision-making, but also exposes the relations between business and politics to new demands for accountability. This is an area of particular tension because there can be significant power differentials between business and governments. Moreover, it has been argued that multinational corporations gain a significant power advantage over national governments in that they are not confined to a particular territorial basis, as they are able to invest and produce globally (Matten, 2004). From the perspective of a teaching agenda in business ethics, these issues certainly warrant an extension of the debate. Ultimately, such institutional shifts also include issues such as the 'race-to-the-bottom' hypothesis and the ethical issues involved with Foreign Direct Investment decisions by multinational corporations (Porter, 1999; Scherer and Smid, 2000).

What this means is that whereas in the past business ethics has been primarily concerned with either macro context issues, such as the regulatory environment provided by government (in the European tradition), or specific micro dilemmas (in the U.S. tradition), what we see now is that corporate and civil society efforts to address ethical dilemmas have had impacts on the regulatory environment itself. For example, let us take the problem of labour standards in developing countries. Whilst we could consider this either as a matter of insufficient legislation (or weak enforcement) in the country concerned, or as a matter of ethical choice for a company operating there, what we have seen happening here in recent years is a new system of softer regulation or 'ethical institution building' emerging from business attempts to respond to criticism of their practices. This includes developments such as industry programmes and codes like those emerging from the sporting goods industry (see Van Tulder and Kolk, 2001), multiactor partnerships such as the Ethical Trading Initiative and the UN Global Compact, or certification schemes such as the fair trade labelling scheme.

Discussion and conclusions

Following our assessment of these developments, we contend that questions about the domain of the business ethics curriculum are both timely and necessary, but for all that cannot and should not be conclusive. Waking up to these shifts could be said to move business ethics education from an assumption of managers and corporations as reactive 'victims of circumstance' towards their being seen as 'masters of destiny', potentially able to shape the rules and norms against which they are judged.[6] We certainly would recommend and support further consideration on the part of business ethics educators about these roles of business and their relationships with other institutional actors, but at the same time, it is important to recognise that this takes the subject into relatively uncharted water where the academic literature has only just started to make inroads, and where business ethics scholars in particular have yet to really engage. Indeed, some management scholars from outside the area of business ethics have been critical about the subject's ability to engage with issues of political economy and adopt a critical perspective on institutional arrangements (Parker, 2003). Although such charges may perhaps be unfairly negative (especially given the European tradition of business ethics), we do agree that greater attention to such issues may well be necessary in designing and delivering business ethics courses.

So how exactly could such a domain extension strengthen the teaching contribution? This, to some extent, will depend on the shape and structure of the curriculum taught by business ethics educators, which, by our reckoning fall into one (or more) of four main models – issue-based (e.g., Boatright, 2003; Ferrell et al., 2002), function-based (e.g., Kitson and Campbell, 1996; Mellahi and Wood, (2002), pp. 83–147), theory-based (e.g., De George, 1999, pp. 33–131), and stakeholder-based (e.g. Crane and Matten, 2004, pp. 181–448).

An issue-based model will structure the curriculum according to specific ethical issues, so that each class will deal with a different business ethics problem including bribery, discrimination, advertising to children, and so on. In such instances, the domain extension discussed here would involve an expansion into new issues (i.e., beyond such individual-level dilemmas), as well as a shift in the way that existing issues were addressed. Hence, instructors would traverse between the micro and macro dimensions of the issue, rather than focus solely on one level. For instance, say that one class was dedicated to bribery issues – here, attention would focus not just on the individual dilemmas faced by managers in dealing with bribery, but on the social, economic and political factors that sustained bribery, and the impacts of accords and agreements such as the OECD guidelines for multinationals on shaping the regulatory framework for controlling the practice. As argued above, there might not only be regionally diverse perceptions of what constitutes a 'bribe', but future decision makers might benefit from a classroom discussion about potential (self-) regulatory approaches to tackle such issues.

Similar implications would follow in a function-based model, where the subject is broken down into ethical issues as they pertain to different business functions, such as marketing, procurement, operations and accounting. A wider range of functions may need to be accommodated, and arguably, it might even be warranted to discuss the emergence of new functions in corporations or the re-interpretation of existing ones, such as the changing role of 'PA' (public affairs) experts (van Schendelen, 2002). Moreover, the broader macro dimensions of all functions would need to be considered. For instance, education on ethical issues in accounting would cover not just 'creative' accounting and fraud, but also the broader systems of governance and accountability that accounting is located within, as our discussion of the Enron and Parmalat cases above has shown.

In a theories-based model, the curriculum is structured around the different business ethics theories such as rights, duties and justice. In this context, the main challenge would be to develop appropriate theoretical underpinnings for business engagement with other institutional actors, and business involvement in the processes of rule setting. Whilst traditional ethical theories could still have a part to play here, the curriculum might focus less on such absolutist theories (see Furman, 1990) and accommodate approaches that concentrate on the process of norm generating, such as discourse ethics (Habermas, 1983; Preuss, 1999), or on those that acknowledge the necessity for incremental learning and bespoke solutions, such as postmodern ethics (Gustafson, 2000). Particularly in the context of the institutional shifts mentioned in this paper, there seems to be a growing need to provide managers with a robust theoretical understanding of collective, processual ethical decision-making, as it typically occurs in the context of multipartite regulatory efforts.

Finally, in a stakeholder-based model, the curriculum is organized around the different parties with a stake in the firm, such as employees, customers and shareholders. Here, one impact of a domain extension would be greater attention to often-neglected actors such as civil society, government and other businesses. This approach would also need to take account of interactions and interdependencies among the network of stakeholders, rather than focusing on individual firm-stakeholder relations. This might be achieved, for example, through the use of case studies that highlight multiple stakeholder impacts and contingencies.

Clearly then, these developments offer a considerable challenge for business ethics educators, regardless of the model favoured. Of course, other business subjects could also be reasonably charged with the responsibility of accommodating the developments outlined in this paper, as could non-business social science disciplines such as politics, international relations, and sociology. However, this does not address the argument that many teachers and students of business ethics are currently discussing these broader questions anyway, and therefore a redefinition (or refinement) of the domain is underway regardless. Moreover, to argue that such issues are dealt with outside of the business school ignores many of the expectations typically placed on business education. For instance, the most recent quality benchmarks for masters level business degrees in the UK (QAA, 2002) state that the purpose of such is "the advanced study of organisations ... and the changing external context in which they operate," where "external context encompasses a wide range of factors including economic, environmental, ethical, legal, political, sociological…." Although these benchmarks also indicate the necessity for students to acquire skills in "ethics and value management" and "recognising ethical situations [and] applying ethical and organisational values to situations and choices," we have argued that this is just one aspect of the business ethics curriculum, and although the challenge to move past this is a major one, it is also a timely and exciting one that may ultimately serve to maintain the relevance and revelatory potential of the business ethics subject into the future.

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Notes

[1] We should add that our paper chiefly draws on the debate in the English Language. We are well aware, that in other, particularly European languages such as French, Spanish, or German, the domains of business ethics (or its corresponding concepts) are significantly different from the discussion in English. In fact, as far as our (limited) acquaintance with some of the contributions reaches, our arguments are partly informed by the different accents in these literatures.

[2] Interestingly, probably the first U.K. book with the explict intention to approach 'the subject from the perspective of business and social practice in Britain and Western Europe' by Sorrell and Hendry (1994: p.ix) leaves the Anglo-American tradition as described above and differentiates into 'narrow' and 'broad' business

ethics while the 'narrow' view includes the traditional economic stakeholders, the sections entitled 'broad' business ethics look at constituencies beyond these, such as the state, society in general, developing countries and the ecological environment.

[3] Although this comment is made about ethics generally rather than business ethics specifically, it is couched in a discussion about 'the relationship between business ethics and the law' (Treviño and Nelson, 2004: p.16), and as such can be assumed to be intended to apply at the specific as well as the general level.

[4] More recently Carroll has extended his concept towards a more integrated view which particularly acknowledges the fact that these aspects of CSR in reality often overlap and result in multilayered motivations for CSR (Schwartz and Carroll, 2003).

[5] Given its heterogeneity, it is always difficult to generalise about Europe. These differences are largely associated with 'continental Europe', and we acknowledge that many European countries, such as the UK, typically share elements of both models.

[6] We are indebted to Jem Bendell for this phrasing.

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International Centre for Corporate Social Responsibility,
Nottingham University Business School,
Jubilee Campus,
Wollaton Rd,
Nottingham NG8 1BB,
U.K.
E-mail: andrew.crane@nottingham.ac.uk