BETWEEN BOTTOM-LINE ACCOUNTING BENEFITS AND COMMON GOOD: BUILDING CORPORATE CHARACTER THROUGH THE VIRTUOUS MEAN

By

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Abstract

In this paper, I examine the idea of corporate character building through corporate social responsibility. I identify, in this regard, the stakeholder approach to corporate ethics and aver that in designing corporate social responsibility, profit-making (and maximization) ought to be conceived beyond the narrow bottom-line accounting understanding to include the gains of other stakeholders, such as host communities and customers. This is on the basis that the purpose of the corporation or business firm goes beyond profit-making to include the improvement of people's lives and the well-being of society. To advance this view of profit-making, I deploy the notion of *the mean* in Virtue theory as a framework that provides for how corporations may seek to balance the immediate purpose of profit-making while also ensuring the mediate or remote purpose of the good of other entities whose lives are affected by their operations.

Keywords: Corporate social responsibility, Corporate ethics, the Virtuous mean, Profit-making, Business corporation

Introduction

Corporate ethics as an integral aspect of corporate organisation discourse received an important conceptual development from H. R. Bowen's *Social Responsibilities of the Businessman* (1953), where he posits that a business firm's mission should not be exclusively

'economistic,' but should also take the social implications of their business decisions into consideration (Bowen in Okafor et al 2008: 105). K. Slack also made similar remarks when he opined that corporate ethics encompasses a broad range of activities that corporations may engage in to demonstrate their readiness to address important issues bothering human rights, care for the environment, and the appreciation of labour (Slack 2006: 16). Furthermore, K. R. Andrews in his book, *The Concept of Corporate Strategy*, contends that corporate ethics, in terms of the social responsibility of corporations, implies the objective and intelligent concern for the welfare of society that guides individual and corporate behaviours away from ultimately destructive activities, no matter how immediately profitable such may be, to the direction of positive contributions to human betterment (Andrews 1971: 120).

Every organization, basically, is responsible for all its actions, inactions and omissions, its strategies and policies, how it influences the people who act in or around it, and how all the above affect the organization itself, those who participate in it or have dealings with it, and society as a whole. From this understanding, corporate ethics is a concept which encourages organizations to consider other interests beyond its interest in profit-making,[1] such as that of society by ensuring that the impact of its activities and operations on customers, employees, shareholders, communities and the environment promotes the common good of society. Corporate ethics represents the standards, norms and expectations of a corporation. Its concerns represent the fairness or justice of business corporations in questions of protection, respect and other moral issues affecting the community. In effect, corporate ethics is attributed to the organization, but also to those who lead it and, to some extent, to all those who are part of it, in accordance with their position and role in the company. It is therefore a collective and reciprocal responsibility of the company and its shareholders to patrons and others who do not have a direct stake in the corporation and vice versa. As such, an important component of corporate ethics consists of motivating and developing a company's activities towards a sense of responsibility, not just for its

shareholders but for others whose lives may be affected by the activities and operations of the corporation (Freeman and Velamuri in Kakabadse and Morsing 2006: 19).

From the foregoing, corporate ethics is understood to imply that corporations or firms are more than economic units; it emphasizes that business activities should have a beyond-bottom-line accounting profit-making dimension to a concern for improving the quality of society's life, and a moral responsibility toward the common good. And so, with respect to designing the agenda for corporate ethics, priority attention should be paid to ways to address outcomes that undermine the goal of achieving the good of all concerned. In this vein, it should be understood that the responsibility of corporations to right actions is not a gesture, a form of charity or philanthropy, but a duty of the corporation. As such, a corporation whose activities pollute the natural habitat, or hurt the lives and dignity of the people who work for it is not socially responsible in this sense. In light of this, corporate ethics may be understood to include social commitments that specify certain prospective duties or obligations of a moral kind. That is, corporate ethics expressed as corporate social responsibility (CSR) may be taken to imply morally obligating tasks of the present that bear consequential implications for the future that corporations have to carry out. In this sense, it is the responsibility-bearing actions or omissions of the past that gives rise to the prospective obligation to ensure that the consequences of such actions do not have negative effects on society. To be noted is that this obligation extends beyond the statutory one that requires corporations to comply with legislation; it rather requires that organizations voluntarily take further steps to improve the quality of life for employees and their families as well as for the local community and society in general.

Profit-Making and the Purpose of Business

Proponents of the view that corporations' sole responsibility is profit-making aver that a corporation's purpose is to ensure profit returns to its shareholders and that only people can have responsibilities of the

kind this paper argues can be ascribed to corporations. As such, they hold that corporations are only responsible to their shareholders and not to society as a whole. This is premised on what is understood to be the nature and purpose of business, which is that corporate ethics, understood beyond bottom-line accounting profits, is in-congruent with the very nature and purpose of business, and indeed a hindrance to free trade. Although they accept that corporations should obey the laws of the countries within which such corporations operate, they assert that corporations have no other obligation to society.

The article, "The Moral Responsibility of Business is to Increase Profit," by Milton Friedman is perhaps the best-known argument for a purely profit-based understanding of the social responsibility of business (though Adam Smith was probably among the first to articulate this concept). In his analysis, Friedman does not seem to be ignoring ethical responsibilities; rather, he appears to be emphasizing that decision-makers are acting ethically if they follow their firm's self-interest, which he understands to be profit-making. He says:

> Businessmen think they are defending the idea of free-enterprise when they declaim that business is not concerned 'merely' with profit, but also with promoting desirable social ends; that is, business has a 'social conscience' and takes seriously its responsibilities of providing employment, eliminating discrimination, avoiding environmental pollution and whatever else may be the catchwords of the contemporary crop of corporate or business reformers (Friedman in Hartman 1998: 246).

In expounding on his claims, Friedman contends that the discussions of the social responsibilities of businesses are notable for their analytical looseness and lack of rigour. To the question of what does it mean to say that *business* has responsibility? Friedman responds that only people can have responsibilities. In this vein, a corporation, which is an artificial person, may have artificial responsibilities, but *business*, as a whole, cannot be said to have responsibilities, even in a

vague sense. He argues that the notion of social responsibility in business shows the fundamental misconception of the character of a free economy. The function of *business*, for him, is economical and not social; accordingly, *business* should be guided and judged by economic criteria only. Actions dictated by anything other than profit-making, within the rules of the game, impair efficiency and represent taxation on shareholders. In a nutshell, for Friedman, 'social responsibility' is a 'fundamentally subversive doctrine' in a free market society, and as such, in a free market society, there is one and only one social responsibility of business: to use its resources to engage in activities designed to maximize its profits so long as it stays within the rules of the game – within the provision of engagement in open and free competition without deception or fraud (Friedman in Hartman 1998: 249).

From Friedman's argument regarding the sole responsibility of the business corporation being bottom-line accounting returns of profit for shareholders, the concepts of 'competing claims' and 'competitive disadvantage', especially, have been invoked to describe the inconsistency with the Friedmanian understanding of the purpose of business that emerges from ascribing social responsibility to the corporation (Smith in Hartman 1998: 252). In response to Friedman's argument, however, N. Craig Smith contends that the arguments against the corporation having social responsibility on the basis of the concepts above cannot be substantiated because the concepts build on an inappropriate socio-economic model of the contemporary relationship between the corporation and society, and their failure to account for social costs and the moral minimum of the negative injunction against social injury. For an extended analysis of the debate here, let us briefly examine Smith's response to the 'competing claims' and 'competitive disadvantage', invoked to describe the inconsistency referred to above. For clarity, 'competing claims' describe a scenario where there are allusions to various entitlements characterised by the diverse and opposing preferences of interested parties. In relation to the purpose of business, the competing claims argument refers to attempts to demonstrate how the supposition that

corporations are socially responsible – which implies that they should include activities denoting social responsibility in their corporate strategy – generates a situation where there is a scrimmage on where to apply the resources and productive means of the business firm. The point here is that the business firm is made to devote its resources and productive means that it is supposed to put to productive operations to activities that denote social responsibility.

In his analysis, Smith supposes that the 'competing claims' argument is flawed because of its overt focus on the profit of the individual firm as opposed to the corporate/common good of society. An important point that may be inferred from Smith's argument here is that overtly focusing on an individual firm's profit, which is often understood in bottom-line accounting terms, does not always translate to the highest efficiency and/or well-being for a corporate firm. This is because there are other recognizable indicators of the efficiency of business other than bottom-line profitability such as the concern for the efficient use of national resources. As such, the point here, as it is for Smith, is that bottom-line profitability is not necessarily the best measure of the effectiveness of business. Further in his argument, Smith opines that Friedman's argument ignores the moral minimum, which is that economic activities that can have unwanted and injurious side effects require self-regulation as measures to prevent these indirect consequences (Smith in Hartman 1998: 253).

As regards the 'competitive disadvantage' argument, Smith notes that the argument is founded on the belief that because social action, such as CSR, will have a price for the firm, it also entails a competitive disadvantage. So, either such works should be carried out by the government or, at least, legislated so that all corporations or industries will be subject to the same requirements. Smith however contends that the 'competitive disadvantage' argument is difficult to accept in contexts where the operations of individual firms result in unhealthy outcomes for society. In such instances, he argues that when the social injury in question is caused by one firm and not by its industry peers, it becomes indefensible to suppose that CSR is inconsistent with the purpose of the corporate firm because it

generates conditions of 'competitive disadvantage' for such a firm. If, however, the social injury is not unique to one firm then the industrial corporation can be expected to work for industry-wide self-regulation. Smith, however, concedes that if the issue regarding inter-industry competition is put aside, the criticism of the competitive disadvantage argument is essentially sound (Smith in Hartman 1998: 254).

In a similar vein, R. C. Solomon claims that from the point of view of business ethics, Friedman misconceives business activity in an amoral way, subsumed under the all-purpose imagery of 'competitiveness'. For him, competition is but one of a large number of relationships that companies have with one another and with other members of the community, and an overemphasis on competition can undermine the sense of community that underlies the sort of cooperation that is necessary for any business activity. He goes on to fairly dismiss Friedman's assertions on the grounds that such talk about the primacy of accounting profits and the obligation to provide them is not only vacuous and misleading, but also blurs the larger picture of the corporation and the other purposes that business is designed for, and for which managers are hired (Solomon 1992: 115).

As a result of these responses against the maximization of accounting profits, a number of approaches that allows for an inclusive interpretation of profits within the idea of corporate ethics have been proposed. One of such approach is the stakeholder approach, which is countenanced on the grounds that while it remains valid that corporations have a responsibility to not just make profits but also increase their profit margins, it is equally reasonable to view profit beyond bottom-line accounting considerations. Although it has in some areas been considered to be a worldview rather than a coherent and elaborate theory, the stakeholder approach has found a large consensus over the rejection of a narrow conception of corporate responsibility geared only to shareholders. This approach has received commendations for extending the corporation's responsibility beyond its shareholders, because business corporations, involved in varied relations with multiple internal and external stakeholders, bear ethical as well as economic responsibilities for shaping these relations.

According to supporters of this view, this implies that stakeholders' 'voices' should be recognized as having some intrinsic instrumental value for the corporation.

Corporate Ethics through the Virtuous Mean

In proposing the virtuous mean as an ethical framework for corporate ethics conceived within the stakeholder approach, there is the need to recall two important points about business corporations or firms that were alluded to in the earlier part of the paper. Both points concern the goal of the business corporation. While the first has to do with the immediate goal of the business corporation, the second is about the mediate goal. The immediate goal is best captured by what has been assumed to be the purpose of business corporations, viz, profit-making in the sense of bottom-line accounting profits, while the mediate goal has been described (in the earlier part of the paper) as the pursuit of the common good of society. With respect to the concern about the purpose of business, we talk about the corporation's responsibility toward protecting shareholder interest, and in relation to the pursuit of the common good of society, it is to provide for the well-being of especially those affected by its business operations. It is in these respects that we intend to talk about the application of the virtuous mean to corporate ethics. That is, it is on the bases of the purpose of the corporation and the pursuit of the common good that the virtuous mean is proposed as a framework to re-engineer corporate ethics. It is, however, pertinent to state here that these do not exhaust the possible dimensions of how virtue theory – of which the virtuous mean is an integral part – can be applied to the corporation.

To being, business, at least at the theoretical level, is directed towards the empowerment, autonomy and transformation of the lives people live, both at an individual and at a collective level. Many theorists from a variety of fields have produced arguments affirming the above in one form or another. For example, Sternberg avers that "business makes the achievement of other values possible" (Sternberg 1994: 262). In a similar vein, Robert C. Solomon, in his work, *Ethics*

and Excellence: *Cooperation and Integrity in Business*, argues that the practice of business is to promote prosperity, to provide essential and desirable goods, to make life easier (see Solomon 1992). In his view, the very structure of our society, with its nature and values, is created by business, as a consequence of the way business underlies various types of productivity and exchanges possible, and of the way it distributes available goods throughout society (see Solomon 1992). The problem, however, in talking about business and ethics is the equation of business with money, specifically bottom-line accounting profits, and the pressure to increase profits beyond the no-harm minimum.

The foregoing, however, it is safe to say that the motivating objective for profit-making is itself an indication of an ethical code. It reflects an ethical principle, which demands a certain kind of behaviour consistent with the belief that everyone and everything within the corporation should be directed by the immediate goal of profit-making principle. But as a result of the demand of this principle to increase profits, numbers become more important than anything else, everyone and everything in the corporation becomes valued in mathematical and numerical terms. And when people or things are valued for their contributions to increased profit margins, they are identified numerically and are treated as such. They are considered expendables, and become necessary and relevant only as much as they can efficiently contribute to raise the bottom-line profit of the corporation. When this becomes the case, they have been objectified for utility; and, according to Karl Marx, the well-known social and economic theorist, they have been *commodified*.[2] In these senses, they are treated as objects or commodities and valued simply for their contributions to production. This explains the problem with the *Friedmanian* ethical imperative. It is too myopic, too focused on bottom-line accounting profits, and because of this, it values other factors necessary to the sustenance of the corporation, such as the well-being of the host community of the corporation, only insofar as they are useful for production, as well as for rationally and numerically determining profits. It also reflects *Friedmanian* value

system in respect to how people and the world, especially the world of nature that provides the raw materials which go into productivity. It is evident that the values that *Friedmanian* principle encourages are focused exclusively on utility – usefulness to production. But the question that seems important to ask here is whether it is conceivable to have a value system that appreciates people and things for their own positive existence, their *own presence* in the world, rather than how they are useful, and still make it possible for corporations to meet their responsibility to shareholders? Asking this question implies the need to reconstruct the notion of profit-making, understood in the bottom-line accounting sense, in light of the understanding that the goal of the corporation transcends the immediate generation of profits for shareholders to include the mediate goal of the shared good of society.

A promising approach to attempt a response to the above question is to recast the social responsibility of the corporation in relation to the virtuous mean. For clarity, the virtuous mean depicts the condition of equity in terms of safeguarding the interests and benefits of all stakeholders in the corporate business world, rather than a numerical determination of the interests and benefits of stakeholders. In this vein, the understanding of profit is not simply *that* that is usually associated with the rational-numerical bottom-line accounting understanding, but to a broader understanding that rests on the stakeholder (rather than the shareholder) approach to managing the diverse interests that usually characterise a corporation.[3] In this regard, profit-making would involve considering the various interest of stakeholders in determining what amounts to profit for the corporation. While, for instance, profit may mean returns on capital investments for investors, it would mean a different thing for the host community of the corporation, as it will equally mean a different thing for customers. There is however a possible challenge that corporations may have to address in stretching the understanding of profit beyond the bottom-line understanding. This is that it may happen that in a given circumstance where a corporation is not able to address the various needs of the stakeholders, it (the corporation) is

cut in the web of determining the stakeholder's interests to protect at that given instance. For example, there may be a need for a corporation to increase production output based on demand. This may eventually lead to re-adjustments in the corporation's activities that may affect both its internal and external stakeholders. The question that this raises is whether, for instance, it is to its employees, who may have to bear the task of extra hours of labour in order to increase output or to the community that may have to bear the consequences of the increased use of natural resources or to all stakeholders that may be equally affected in one way or the other that the corporation has a duty to protect their interests?

As it may often happen that it is impossible to satisfy the needs of every stakeholder in a situation like this, some have suggested that corporations may want to deploy a strategy that prioritizes the corporation's provision of social responsibility of the corporation. But, thought differently, rather than talk of prioritizing activities that characterise its social responsibility, such a situation may be addressed by deploying the Aristotelian concept of the 'mean'. Corporate decision in this context of the application of the 'mean' would not end up creating an advantage or priority for any one stakeholder, but would rather create a balance in the plethora of stakeholder interests. Indeed, the rationale to deploy the Aristotelian mean in such contexts is evident in the fact that society is characterised by various forms of conflicts, most of which are due to mishandling of the competing interests – such as the unregulated profit making goals of corporations (Capitman 1973: 118) vis-a-vis the desire to preserve their environment as their means of livelihood by host communities – of various groups and individuals in society.

In more concrete terms, the concept of social responsiveness has been deployed to describe the act of responding to stakeholders by considering more than just the firms' own wants and needs. One important point to emphasise here is that systematic appraisal of the needs of stakeholders can position the firm for higher profits. In this regard, Patrick Primeaux has described what he refers to as the quality of a 'successful' firm. He posits that a 'successful' firm is one that

meets the needs of its market environment; and if such market environment demands socially responsible behaviour, a firm may only be successful by demonstrating this behaviour (Primeaux in Hartman 1998: 258-259). In a similar vein, a study by Stephen Erfle and Micheal Frantantuono found that firms that ranked highest on a variety of social issues, including community outreach programmes, environmental care, advancement of women's rights, and promotion of minorities, had greater financial performance in terms of operating income growth, sales-to-assets ratio, sales growth, returns on equity, earnings-to-asset growth, returns on investment, returns on assets, and asset growth (Makower 1994: 70-71). This goes to show that there is some relationship between social responsibility/responsiveness and profitability, as social responsibility/responsiveness of the corporation contributes to employee commitment, customer loyalty and other vital social concerns of any firm trying to increase profits. It should be obvious, from this, that the acts that depict ethical concerns and social responsibility cannot just be a reactive action of the corporation to issues as they arise; rather, firms ought to include actions and operations that portray ethical concerns and social responsibility in their business strategies. As such, the two sides that must ultimately be balanced are the self-interests of the corporation – with its main goal of maximising bottom-line accounting profit – and an ethical consideration of how the corporation's activities can affect society (Sawyer 1979: 78).

From the foregoing, it can be argued that the purpose of a business corporation is not exhausted by the protection of shareholder interests. Its goal should include the promotion of the shared good of its stakeholders, which entails channelling a significant aspect of its exertions towards the goal of human and societal development. This acknowledges that the true destination of material goods, revenue, profits and efficient use of resources for organisational survival is the well-being of the individual and society. Thus, if an organisation is dedicated solely to bottom-line accounting profit, then even if it happens to pay good wages and to produce socially useful goods, it remains morally deficient, because such an organisation only

'happens' to produce socially useful goods but does not do so deliberately. Sternberg, while contending that "the defining goal of business is to maximise owner value in the long term by selling goods or services," (Sternberg 1994: 32) placed emphasis on the point that business is a prime contributor to overall public good. Furthermore, she argues that "business plays a vital role in financing higher values in society like autonomy and empowerment" (Sternberg 1994: 261).

There is a growing conviction that as business and society become more interdependent through globalization, the common good needs to be emphasized. In so doing, the common good needs to become the focal point of the mission of business in a world that is besotted by every type of conflict, especially those resulting from the profit-maximization approach to the purpose of the business corporation. The point in this is that if corporations design their social responsibility activities along the lines of what may be described as 'corporate virtues,' issues like environmental pollution, corporate fraud, and the like, will at least gradually diminish. In this regard, Richard Barrett contends in his book, *Liberating the Corporate Soul*: *Building a Visionary Organization*, that only organizations, that, in the 21st century, will complete their transformation and live out values that support the common or common good, will survive. Corporations that cannot move beyond self interest will find themselves struggling to sustain themselves since an organization's performance is directly related to its ability to tap into its human potential (Barret 1998). Naughton et al. also noted that, although the idea of the common good does not provide a micro-blueprint, it could serve as an orientation or moral compass that directs organizational activity toward human development. Simply stated, the common good for business is those organizational conditions and operations ordered toward human development (see Naughton and Bradly in Donahue and Moser 1996).

One question that follows from all these is how might the conceptualization of the common good shape a virtue-based approach of the corporation? To answer this, we must distinguish between 'comprehensive' and 'role-specific' virtues. A 'comprehensive'

virtue, such as honesty, impacts virtually everything that a corporation does, especially, all its social interactions. But a 'role-specific' virtue may affect only the activities associated with a specific role, such as that of a departmental head. The 'comprehensive' virtues are needed by the corporation as a whole and they constrain the way the role-specific virtues operate; the role-specific virtues are essential for those in the relevant roles (see Moore 2005).

Another point of concern is how these virtues may be acquired in the context of corporate practices. The acquisition of virtues is understood to involve some form of training and habitual actions. In the corporate context, the virtues will be acquired through corporate education, training, mentoring and practical experience. They would, however, be constantly refined and developed in light of the overall goal of the corporation. Cultivating corporate virtues enables corporations to focus on *being* a certain kind of corporation rather than on a narrow concern with *doing* the right thing. In this sense, the desire and need to build a corporation's character, it may be said, corresponds with a state of *being*, rather than a state of simply *performing*. And it is supposed that it is in relation to the former state (the state of *being*) that a corporation can fulfil its true potentials that may not be accomplished or satisfied by a state of *performing*. Thus, the implications for business and society for developing strategies that are virtue-based have far-reaching consequences in that the primary focus should not be on exterior performance but on developing the necessary interior character.

In all, the virtuous mean constitutes a comprehensive theory of business and a context in which strategies can be developed to attain the necessary robust and sustainable competitive advantage. It provides a powerful philosophical and theoretical foundation for the study of the success of corporations. It can also provide for a theory of (unconstrained) profits, in the sense that the profits that can be realized are *morally superior* to those attainable under the traditional neo-classical understanding of profit making or profit maximizing.[4] It offers a more appealing, practical, unified and comprehensive theory of ethics in business than traditional approaches. This is because its

principles are amenable to the development of corporate habits and long-term goals, extending beyond actions that are oriented to the immediate goal of bottom-line accounting profit to the detriment of long-term and remote ends and goals, both for corporations and individuals. While traditional theories of the business corporation attempt to ground morality in subjective preferences in decision-making directed by principles and rules, the virtue-based approach provides the sensitivity and appreciation of circumstances and opportunities that are not emphasised in traditional approaches, and under which agents cannot properly apply the rules and principles proposed by traditional theories.

Concluding Remarks

This paper has been an attempt to explore the potentials of the virtuous mean in developing an improved business environment by re-evaluating the central concerns of business corporations. As an approach to corporate ethics, the virtuous mean offers possibilities for a more unified and less atomistic approach to role morality than traditional analyses based on contractarian, Kantian or Utilitarian values. Indeed, the virtuous mean offers a fresh approach that may offer new insights into the roles and responsibilities of corporations. In contrast to other normative frameworks in the Western tradition, the virtuous mean, with its focus on social context and a shared sense of *telos* or purpose, connects readily to communitarian ways of seeing the world. This may be contrasted with the individualism of traditional moral theory. In corporate ethics, for instance, this is illustrated by the idea that the company or the workplace is a collective with a common purpose rather than a random group of individuals bent on individual gain. This expresses the belief by virtue theorists that there are certain traits of character, particular attitudes and dispositions, which are valuable in themselves and which correspond with the idea of how best to live well in a community of shared goals. These qualities or virtues form “an interlocking web of intrinsic goods” (Oakley and Cocking 2001: 15), which, when taken together with the important quality of practical wisdom or judgment,

enable us to make the most of our public and private lives. They set us on the path of leading a flourishing human life rather than simply equipping us with the knowledge of what the good life represents.

There are many situations in business corporate contexts (e.g., accountancy, real estate and insurance, and property valuation) where the difficulty is not with deciding what the right thing is but being motivated to do it. Corporate virtues will both enable corporations to see what is desirable and morally appropriate and motivate corporations to do it. The reason for this is that the virtuous act results not from duty or obligation but because the corporation has been able to consider the good of all consigned, which requires a balanced judgment of the right action to take. For example, a real estate corporation, oriented only to a Kantian-style code of conduct, as far as business decisions are concerned, is likely to focus on compliance. A virtuous real estate corporation, however, not only recognizes the complexity of and the potential conflict between the customer and client relationships but is minded to act fairly in respect of both.

While this paper countenances the attempt of applying virtue theory-based corporate ethics to building corporate character, it would quickly add that such an attempt equally poses some challenges. One of such challenges is that as a potential outcome of higher profit under the virtue theory-based approach to corporate ethics, corporations could actually be interested on bottom-line accounting profits, while pretending to pursue the common good of all shareholders. In order to prevent this, the suggestion is that corporations should view gaining profits and productivity only as means, and as such, keep in view that their organizations are ordered toward higher ends (the common good). I would like to state here that from extant literature, the attempt to apply a virtue-based approach to business practices has continued to develop as it continues to gain the interest of scholars in Applied (Business) Ethics. As a result of this, there is the need to engage in more work with the intent of applying some of the propositions already being advanced to concrete business practices and situations, as a means of subjecting the theory to test.

In all, it is the submission of this paper that if the prescriptions of the virtuous mean are taken into consideration in business operations, a desirable revolution would take place in business and society. This is because the prescriptions of the virtuous mean can revolutionize the way in which corporations conduct business, in that it constitutes (arguably) the ultimately sustainable competitive advantage. For one, it aligns with the understanding that the community has a right to expect certain actions from the corporation, but those expectations can only become part of corporate ethics if they are ethical; that is if they meet with a moral obligation for the corporation (see Fieser 1996). What society does, therefore, is help to identify certain specifics about the content and characteristics of the responsibility of the corporation within a given time and circumstance. This responsibility is, however, social, at least, in the sense that it must be open to the rendering of account to the people and communities toward whom it is exercised. Such rendering of account includes explicitly stating the company's commitments and possibly embodying them in an appropriate management system, providing transparent information, and submitting to the oversight and approval of relevant stakeholders (see Argandoña 2004: 49). In light of this, it is to be noted that corporate ethics is not to be taken only as a legal or statutory obligation; it is also to be seen as a moral obligation because its enforceability derives from ethics, and not only from the law, and also because it goes beyond what the law demands. It is therefore voluntary, though not discretionary in the sense that corporations can take it or leave it as they choose. It is normative or prescriptive: that is, the company 'must' take its responsibilities into account as a moral obligation (an obligation of conscience), whether or not that obligation is backed by the force of law or social norms.

Notes

1. In my analysis, I do not make a distinction between profit-making and profit-maximization, even though such distinction may exist. For one, making profit does not by implication translate to maximization. That is, a business operation may generate profit without such profit necessarily being the maximum that could have

be generated. Again, why profit-making may not result in ethically prohibiting acts, the maximization of profit often results in such, even though not necessarily.

[2.] See Karl Marx, *Capital* (New York: 1967): Karl Marx's sense of 'commodity' is any object which satisfies human wants and is produced by human labour with a view to exchange.

[3.] The stakeholder approach, rather than the shareholder approach, among others, has been taken to better represent the goal of the corporate firm, particularly when the overt goal of the common good of the corporation is put in proper perspective. For clarity, it is pertinent to state that the common good, in relation to the corporation's activities, is seen as the good of all affected by the operations of the business firm. These include the host communities, patrons of the operations of the corporate firm, employees and so on. That corporations have the obligation to pursue this goal is justified by the no-harm principle, which requires of corporations that they ensure that their business activities do not leave society and its members worse off. As such, all those who would otherwise be affected by the operations of the business firm come within the consideration for which the common good should be made.

[4.] Both the bottom-line accounting and common good notions of profit have their moral underpinnings. While the morality of the bottom-line accounting notion takes it that the corporation, as a matter of duty, ought to make returns to its shareholders who have made investments in the operations of the corporation, the morality of the common good notion of profit takes it that profit represents different interests for those (shareholders) whose lives are especially affected by the operations of the corporation. As such, the corporation is seen to have the social responsibility to ensure that its activities do not violate the no-harm principle.

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