

Editors' Introduction: Building Ethical Institutions for Business

The *Business Ethics Center* of the Budapest University of Economic Sciences organized the *16th Annual Conference of the European Business Ethics Network (EBEN)* on 29-31 August 2003 in Budapest, Hungary. The title of the conference was "*Building Ethical Institutions for Business*" which allowed the participants to reflect on and debate the role of institutions in the transformation of business into a more human and ethical form.

Ethics in business is not only about personal choices, nor about organizational or corporate habits and behavior or even about global developments. Ethics in business is facing increasingly institutions of various kinds, social, economic, political, by which ethical possibilities for business are greatly influenced, positively or negatively. We can think of new alliances between public and private players, or of the current system of financial transactions on a global scale. The conference was about the moral quality of institutional arrangements, be they existing or newly to be developed, and about how to manage them in a morally sound way.

Ethical institutions as meant in the title are broadly conceived. They include institutional arrangements at all levels of economic activities, from *individual* and *organizational* to *societal* and *global*, which aims at providing frameworks for cooperation, reconciling interests, elaborating norms, and monitoring business activities. The scope of conference included 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 in understanding ethical institutions?

More than 120 scholars and practitioners participated in the conference representing 25 countries. Keynote speakers included *János 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 Foundation) 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), *Zoltán Valcsicsák* (Levi Strauss), and *S-P Mahoney* (Irish Embassy Budapest).

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

The conference website including the papers and abstracts can be found at <http://ethics.bkae.hu>

The main sponsors of the conference were *ING Group, Levi Strauss Foundation* and *MOL Rt*. We got additional financial support from *Antenna Hungaria Rt., Richter Gedeon Rt., Iris Embassy – Budapest, National Science Foundation (OTKA),* and *Budapest University of Economic Sciences*. Our cooperating partners were the *Hungarian Association of Managers* and the *Foundation for Business Economics (VTOA)*.

For featuring the conference, reviewing the submissions and selecting the papers we were helped by *Heidi von Weltzien Hoivik* (President of EBEN), *Henk van Luijk* (Founder and Former President of EBEN), and *Jane Collier* (The Judge Institute of Management, University of Cambridge).

The selected papers of this special issue are arranged in four sections.

1. New Perspectives

This section contains the following papers: “On the ethics behind ‘business ethics’” by *Dag G. Aasland* (Agder University College, Norway), “Business ethics, a matter of good conduct and of ... good conscience?” by *Jean-Pierre Galavielle* (Université Paris 1), “Circles within a Circle: The Condition for the Possibility of Ethical Business Institutions Within a Market System” by *Robert Elliott Allinson* (Chinese University of Hong Kong), “Dostoyevsky’s Grand Inquisitor as a Mirror for Business Ethics” by *Luk Bouckaert* and

Rita Ghesquiere (Catholic University of Leuven), and “Parrèsiastic Stakeholders: a Different Approach to Ethical Institutions by *Suzan Langenberg* (Project 21, Belgium).

2. *Corporate Social Responsibility and Corporate Citizenship*

This section contains the following papers: “Corporate Social Responsibility Theories: Mapping the Territory” by *Elisabet Garriga* and *Domenec Mele* (ISEE Barcelona), “The Fair Trade Movement: Parameters, Issues and Future Research” by *Geoff Moore* (Newcastle Business School), “Institutional Conditions of Corporate Citizenship” by *Ronald Jeurissen* (Nyenrode University), “Corporate Citizenship - How to Strengthen the Social Responsibility of Managers?” by *Kor Grit* (Erasmus University Rotterdam), and “Stakeholders as Citizens? Rethinking Rights, Participation and Democracy” by *Andrew Crane*, *Dirk Matten* and *Jeremy Moon* (Nottingham University Business School).

3. *Methodologies*

This section contains the following papers: “Conflict Management Approach to Business Ethics” by *Johannes Brinkmann* (BI Norwegian School of Management, Oslo) and *Knut Ims* (Norwegian School of Economics, Bergen), “Benchmarking of Corporate Social Responsibility: Methodological Problems and Robustness” by *J. J. Graafland*, *S.C.W.Eijffinger* and *H. Smid* (Tilburg University), “Female Managers’ Ethical Decision-Making – A Multidimensional Approach” by *Johanna Kujala* (Tampere University of Technology) and *Tarja Pietiläinen* (Life Works Consulting, Tampere), “Resolving Conflicts over Ethical Issues: Face-to-Face versus Internet Negotiations” by *Robert van Es* (University of Amsterdam), *Warren French* (University of Georgia) and *Felix Stellmaszek* (University of Erlangen-Nürnberg), and “New Tools to Foster Corporate Socially Responsible Behavior” by *Antonio Tencati*, *Francesco Perrini* and *Stefano Pogutz* (Bocconi University Milan).

4. *Institutions*

This section contains the following papers: “Economic Ethics and Institutional Change” by *Antonio Argandoña* (IESE Business School), “On the Importance of Implementing Ethics in Business Organizations” by *Eberhard Schnebel* and *Margo A. Bienert*

(Stuttgart), “Sustainable Corporate Finance” by *Aloy Soppe* (Erasmus University Rotterdam), “Towards Whistle Blowing As An Institution” by *Wim Vandekerckhove* and *M.S. Ronald Commers* (Gent University), and “Corporate Social Responsibility Starts at College” *Heidi S.C.A. Muijen* (Free University of Amsterdam).

We believe that the selected papers contribute significantly to the understanding of *functioning ethical institutions* and to exploring opportunities for *designing new institutions*, which fits in the new economic, political, and social reality of the 21st century.

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