Re-thinking the concept of Ethics for Public Corporate Identity

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ABSTRACT

In current debate a pertinent question pivots on how service systems can develop sensitivity to ethical values. In this perspective, we can assert that, sensitivity to ethical values is fundamental and corporate government (as observer) in designing service systems dynamics and addressing behaviors generally tends to transfer its own values, attitudes, beliefs and knowledge. As a result, observation requires contextualizing.

Considering that the e*thical issue* is a *subjective issue*, it might be more appropriate to discuss observation in terms of ethical judgment. If we analyze a *service system,* its behavior and observer perceptions of its behavior, it emerges that ethical judgment depends on observer ethics with reference to observed behavior.

The aim of this paper is to interpret subjective ethical behavior guided by the values individuals live by and share, in order to foster lasting and defendable corporate competitive advantage from a service system perspective. By confronting this issue, we believe that re-thinking the concept of ethics could contribute to the development of a "healthy culture" in Public companies which would lay the foundations for the shaping of a strong corporate identity.

Keywords: Ethics; Values; Identity; Service Systems.

INTRODUCTION

The concept of corporate ethics is most certainly a widely debated issue. Compared to the profound changes facing enterprise in a global and networking world in the XXI century, growing interest is emerging for the so-called "sensitive issues", which include relevant topics such as corporate culture and corporate identity. The breadth of such interest obliges us to consider each element or event that impacts on enterprise which, by virtue of its nature as a complex social system, tends to create an image within itself (and in its context of survival) which is the

expression of a sedimented culture of distinctive capacity. The shaping of the identity of public corporate identity and its cultural development presupposes, in particular and by virtue of the changing conditions of viability (Golinelli 2000, 2010) in social scenarios, a greater awareness of values and ethical principles. In this respect, reflections for debate are suggested by various elements outlined below:

1. a growing number of proactive consumers/users sensitive to moral issues are beginning to subject companies to critical public opinion and pressure with regard to activities that are questionable in ethical terms;

2. a dearth in guidance (direction) in terms of universal values (ethics) not only at national but also at international scale, (changing values, pluralism, diminishing influence on the part of traditional value-transmission agencies such as the Church);

3. extended Public company governance, i.e. networking, presupposes strong *ethical* links with related suprasystems– *in primis* users – in order to guarantee the system recognition and legitimation (i.e. identity);

4. a renewed interest for human values. Consequently, a focus on subjective and/or collective, *personality*, shifts the onus onto obligations which Public companies must respect to ensure ethically appropriate service delivery capacity and corporate survival;

5. the need to design a politico-economic and politico-social regulatory framework at national and international scale by means of collective synergic commitment;

6. economic-social scenarios often dominated by characters having 'scarce respect for the rules' demand measures to boost moral integrity and individual and institutional respect for the law both in public and private sector enterprise.

These conditions represent the areas of intervention essential for redefining corporate ethics and undoubtedly, for developing a 'healthy' culture in Public companies which in turn, constitutes the basis for the shaping of a reputable *corporate identity*.

THE CULTURAL SYSTEM AS A SYSTEM OF VALUES

Public companies are not associations, technocratically and arbitrarily conceivable, destined to pursue a scope but on the contrary, social systems characterized by a cultural identity reflecting that of the individuals who steer their course in terms of governance and of those who are an integral part of the organization.

This assumption focusing attention on the human component, refers individually and collectively to the concept of value (*wertbezogen*). In philosophical-anthropological terms, Max Scheler (Scheler, 1973) for example, defines the individual as epitomizing 'referential value' by virtue of the fact that man:

-is the bearer of the greatest human value: dignity;

-has a "natural" need for values in order to give support, direction and sense to his existence,

-has at his disposal the capacity to "perceive value" and to "recognize value" and is capable of judging existing values critically.

It is this latter capacity above all that throws a new light on man as a mediator between the different (sub)cultures and their respective values. To the extent that individuals identify themselves with their organization, they too become bearers of collective values (corporate values) and thus, the values themselves become tools of guidance by means of which synergic action and uniform behaviour in the company can result.

In the same way, values also represent the starting point for the informed shaping and development of a corporate culture. The specific element of personality consists precisely in an individual's capacity to judge the range of natural impulse, models of grounded behavior and sociocultural influences and subsequently to decide for himself in which direction his life should go. At the same time, this capacity for independence, a constituent element of

individual freedom, together with the faculty for recognizing values, also enables the individual to question, reject or accept the periodically dominant values in the social system in which he lives and works with their relevant influence on a specific culture.

It is a truism that whatever is valid with respect to an individual's personality is also valid with respect to the culture of social systems such as Public companies. The corporate culture of an organization defies any external influence and cannot passively absorb conditioning. On the contrary, it can only adapt to influence on the basis of the company's objectives, propositions and judgements. In this sense consequently, values are the focal point for defining and qualifying the viability of a Public organization, legitimated by its relevant suprasystems guiding it in ethical terms, in the direction of re-organizing corporate culture and corporate identity.

The concept of an *ethical* Public company starts from an informed awareness of individual and collective values. In other words, an ethical stance aimed at shaping a social identity represents the necessary condition under which a Public organization or one not necessarily Public, can combine awareness of its independence with professional commitment to adopt clear cut, shared rules of behaviour (Parfit, 1984). In this respect, what is needed is a common intent to devise a regulatory definition of ethical values in order to bind and regulate the social system as a whole and as a consequence, Public companies.

ETHICAL SELF-COMMITMENT AND IDENTITY

The extent to which members of social systems declare themselves in favor of ethical guidelines and adhere to them determines the reliability of reciprocal expectations concerning actions and behavior (Putnam H., 1978). Reliability is a decisive factor in trust building and in an economic sense, cuts the costs of transactions that derive from having to put in place mechanisms of surveillance and control. An ethical conscience consequently, has to be intrinsic to the Public system and its subsysystems in order for them to work smoothly and efficiently. Coherently with this functional element, it should also be underlined that a number of 'good reasons' exist for Public companies to embody ethical commitment and corporate identity.

Since enterprises are in themselves social systems interacting with other social systems and with individuals, clearly, ethically relevant behavior strategies should fundamentally find their reason for being in natural inclination albeit expressed through various forms of interest and social participation (Walzer, 1987). Such capacity for recognizing or perceiving Public organizations as part of global social context and interlocutor of other social systems, represents a decisive step towards the shaping and/or re-positioning of corporate identity (Trout, Rivkin, 1972).

Ethically oriented and clearly *identified* companies become systems that are 'capable of acting' in a viable sense wherein members of the organization put their own cultural and moral heritage at the disposal of the corporate community. 'Productive' action consequently, represents merely one aspect of action *tout court* which finds its legitimation and consensus both in ethical and moral terms. To the same extent and for the same reasons underlying a company's capacity to act, it is also rendered morally responsible by virtue and effect of the personality and ethical status of its components (Wiggins, 1987).

Man is not only the subject of ethical acts, but also the interface of moral responsibility. Companies therefore have moral obligations both towards their *partners* and other external groups of reference – clients, suppliers, public opinion, the natural environment – as well as towards their own company members.

Hence the recognition and observance of basic ethical principles such as the consideration and safeguarding of a person's dignity, respect for individual freedom, self determination and related human rights. From this pathway, non-negotiable rights and moral duties emerge which regardless of cost and benefits, are *a priori* valid to the same degree for all the *stakeholders* involved, including Public companies (Sciarelli, 2002).

Public corporate identity is envisaged as an 'ethical custom' or routine which hinges on voluntary self-commitment and – in line with Kant (1959) – on appropriate ethical action (Heidegger, 1981).

As for individuals also for Public companies ethical self-restraint is one of the factors determining corporate identity: in enjoying freedom which is positive by means of adapting governance to ethical standards, i.e. 'moral laws' the independence of an organization and a framework of its human resources emerge. By transferring this relation to Public companies, ethical self-commitment, evident by virtue of coherent behavior, can contribute to

strengthening   corporate identity in a context of high impact objectives, content and social aims. Public companies as viable organizations well aware of the weight of their morally responsible role, have however, not always been capable of expliciting an ethical pathway, perhaps due to problems with governance or obstacles in terms of service management. This has hindered their building and establishing a corporate identity that reflects clear moral and social substance. The crux of the problem can obviously be attributed both to the way of *conceiving,* and of traditionally *interpreting* Public companies. In other words, the difficulty in building an *ethical Public corporate identity* can be traced to corporate policies which have rendered *management* lax and inefficacious. This stresses the crucial importance of attitude towards system *governance*, the only tool capable of delineating Public corporate identity and influencing corporate behavior in ethical terms. Where efforts to put in place morally responsible governance of a Public company do not become an integral part of its administrative policy, individual attitudes can soon risk negative outcomes and quite often provoke loss of integrity and questionable moral behavior (Resnik, 1987). To avoid unproductive outcomes from ethical commitment in Public companies, conflicting outlooks on corporate goals should obviously be resolved. In this respect, ethical value expressed through corporate identity cannot be detached from best practice addressed to the goal of 'creating widespread profit for the common social good' (Hartman, 1949).

Consequently, a responsible attitude and self-commitment on the part of Public companies as a whole, should on the one hand be anchored to the company's corporate *commitment policies* and on the other, to its *public corporate ethics* istitutionalized by means of adequate measures for translating theoretical into practical ethics (Lecaldano, 1995). Only under such conditions can ethical commitment unfold and be substantially deployed in the process of building credible Public corporate identity.

ETHICS AND IDENTITY

At first sight *ethics* and *identity* appear as two contradicting concepts. For example, if we intend corporate identity as nurtured by processes of particularization and differentiation and ethics as an element of universal value, then we would be hard pressed to create *public corporate identity*.

This apparent contradiction however, is easily reconciled in an opportune shift from a perspective of simple conceptual analysis to the explanation of behavior induced in individuals and/or organizations in their contexts of reference (Di Toro, 1993).

Public corporate identity has to stem from behavior embedded within a system of relations, linked by action that is both *ethical* and '*engineeristic'* (Sen, 1987).

In its 'ethical', sense, identity links up with the capacity on the part of Public organizations   to address their economic-social action to goals of social wellbeing and the common good, regardless of standards of efficiency. In its '*engineeristic'* sense on the contrary, identity is associated to governance of a technical and deterministic nature, addressed to ascertaining the efficiency of the ways and means of achieving social wellbeing (Catturi, 1990).

Evidently, taken independently, the two approaches – *ethical* or '*engineeristic'*– cannot guarantee Public corporate identity. What is needed therefore, is balance as concerns behaviors where one approach compensates for deficiencies the other and thus contributes to the concreteness and depth of a recognizable ethical identity. We can quite legitimately maintain that ethics and identity represent fundamental characteristics of social systems; the one is capable of reconciling the different various situations in the context, achieving widespread consensus; the other enables clear cut and recognizable imprinting in terms of corporate behavior.

It is worth noting that specific culture is also a constituent element of Public corporate identity that can be traced to regulatory systems of behavior and to the ethical values that characterise its members.

What is needed in short, is a recognized code of ethics that defines a series of corporate values which in turn, determine corporate identity, and reflects the particular identity of the organisation. Public company ethics has to be seen from an *integrated* perspective or in other words, in the culture and individual behavior of its human resources and in the corporate culture and behaviour characterizing the organization as a whole, within its context of reference.

In short, an ethically conceived Public company is capable of enhancing its integrity, legitimation and recognition status.

In any event, the issue still remains in terms of devising a framework of Public companies envisaged from a traditional perspective transposed to a Public social organization, ethically oriented towards widespread social wellbeing. What is required is the devising of an effective mode of representing the effective ethical dimension within an adequate framework underpinning the particular context in which the company operates and to map behavioral frames in order to reconcile efficiency and meeting the relevant supra-systems expectations.

CONCLUSION AND IMPLICATIONS FOR FUTURE RESEARCH

It is evident that Public companies are sensitive to acquiring social status, which is associated to the prestige they are attributed outside the firm. That is why greater respect for the environment and integrity in their dealings are some of the goals to aim for, in short, (Corporate) Social Responsibility ©SR.

©SR/(Corporate) Social Responsibility indicates a shift in focus towards a service system that interacts with the social environment and is, in other words, in harmony with social needs (values and emotions).

In order to devise an innovative interpretative key in terms of ethics in service systems, it can be assumed that the average increase in scale of ethics for any individual is strongly influenced by the average increase in scale of ethics for their related suprasystems. This means that we have to distinguish between g*overnment in an individual sense,* where linked suprasystems are underpinned by human (constraints) and *government as such* where specific supra-systems are not linked but imposed by contextualized systems (rules).

It should be pointed out that the limits of our research lie in the fact that the study at present is merely descriptive, not being grounded on empirical findings.

However, it is our intention in future studies to illustrate and analyze an integrated framework based on the SSME+D (Spohrer et al., 2007; Spohrer and Maglio, 2008; Maglio et al., 2012) and the Viable Systems Approach (VSA) (Golinelli 2000; 2010) proposing the same as an innovative interpretative key for *service system viability* in order to qualify ethical behavior.

In particular, we intend to show how the integrated framework is characterized by subjective understanding. This means that it is not possible to grasp reality in its objectivity and entirety as such, but only as a subjective and approximate understanding of the notion. In other words, *service systems viability depends on the cognitive variety of the observer* (Barile, 2009).

The reason for deciding on such an approach stems from our belief that it suggests a potential response to a relevant question: How can service systems develop sensitivity to ethical values? From our perspective, we argue that the growing *risk of dissonance* between service systems might depend on categorical values and interpretative schemes, but above all on the particular articulation of the informative variety model proposed in a relational context.

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