

# "Corporate Governance and Social Ethics: How to Face Cultural Diversity"

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Leonard Lessius (1554-1623), who was born at Brecht in the province of Antwerp and who was active at Louvain as an instructor and writer, studied for two years in Rome with Suarez. Under the influence of this renowned late scholastic thinker and in correspondence with many other specialists throughout Europe, Lessius worked to explore the requirements for just social activity -- at a time when new international markets were opening and when new economic patterns were developing within Europe. Lessius' most famous work De iustitia et jure (1605) explored the corresponding sections of Thomas Aquinas' Summa Theologiae II-II on the basis of keen observations concerning the nature of "market" -- observations deriving from his experience of the port of Antwerp and clarified by his collaboration with actual commercial practitioners.

The overall effort of this paper proceeds from a concern to articulate the bearing of corporations within civil society. Civil society is that critical space (between the regions of the familial and political life) where ethics is worked out. The thought of Will Kymlicka here contributes insights with respect to the ways in which contemporary dynamic societies depend on the interactions of cultural groups -- be they ethnic or national collectivities. How these cultural groups can come to regard each other draws on the triad of activities outlined by James Tully. By examining cultural recognition within civil society, I hope then to re-articulate the Catholic heritage that focusses on solidarity and subsidiarity so that a social ethics emerges which has practical bearing within the turbulent world of international business.

What has Catholic social teaching to say about corporate governance? As markets grow more international, as production involves plants and offices even more widely scattered, and as, at the same time, electronic information transfer causes distances to disappear, the life of the company becomes more complex because of the greater degree of diversity among those who contribute their work. Managers must address the cultures of the persons who come to the firm as customers, vendors, and employees, while the company strives to shape its own culture. This paper will focus on the variety of peoples who make up the work force. The paper will offer ways of approaching what Kymlicka calls "societal cultures" among the employees. Such cultures provide persons meaningful engagements across the full range of human activities. Culture is an irreducible and constitutive aspect of business.

In the course of corporate governance, managers craft the company's culture through the exercise of will. They govern on the basis of decision. This sort of exercise of will may strike one as a given in the contemporary business world. However, in this connection, I wish to emphasize several particular points: those who seek in the Catholic tradition materials for developing a carefully situated social ethic will find

Baroque resources that can inform the prudential deployment of will across ranges of social activities. Further, this exercise of will is both "productive" and "completing." That is to say, the will of the entrepreneur or manager must not remain merely lodged in retreat at his/her home but can engage effectively in the world of the company -- however complex. Finally, the manager's will is not simply effective, it also brings to a form or "constitutes" the varied and contentious elements internal and external to the firm. It is the will that an ethics can train; it is the will's exercise that the business world assesses.

The exercise of will as understood on the part of Catholic social ethics of the Baroque period highlights the importance of the habitual exercise of decision within social structures -- such as the market framework that Lessius assessed. This decisive exercise of the will engages and transforms the rapidly shifting world constituted by variably interlocking systems that are built upon diverse cultures. Cultures are overlapping, intersecting, and even internally negotiated. The productive, completing will works in the face of diversity when it "recognizes." When carefully and fully executed, the habit of decision engages the cultures confronted with attention specifically directed to the historical trajectory and particular emblems of each culture. Individuals stand within more than one culture. Each culture is itself contested and transforming. In terms then both of individuals and of groups, cultures call for the exercise of will.

Several comments concerning the use of "culture" should be made at this point. Culture is understood here in a manner congruent with the common vocabulary of "the culture of the firm." Yet the culture to which this paper refers extends beyond the conduct of managers and also includes a greater variety of business activities than those which mark high-tech R & D. The culture that managers shape depends on the participation across varied ranges of the work force -- no matter what their specific tasks. Such participation indicates the quality of the subsidiarity that will be discussed shortly.

Culture understood in this sense may provoke incomprehension or even resistance on the part of some business people. After all, in order to protect individuals and in order to maintain the requisite freedom of the firm, do we not separate culture from business, the way we keep religion partitioned from politics?

No. To ignore the cultural forces at work within the firm is to render one's business fragile in the face of varied, emergent resistance or to burden it with otherwise avoidable costs. The goal offered here is participation amidst diversity in a cultural community. The firm is such an organic unity. In what follows, I sketch a set of activities through which business remains free and individuals protected, while these persons benefit the firm's specific ends.

The exercise of will is, of course, not restricted to managers. Many members of any given group manifest the capacity and desire for decision. The exercise of will on the part of each worker is, to be sure, a key matter for Christian ethics, for democratic practice, and, in particular, for the apt of operation of the firm in complex and shifting

markets. Insofar as the firm stimulates the development of free (liberal) persons, the more will it provide a stable foundation for its own processes.

The exercise of choice on the part of individuals depends on the rich operation of a societal culture. One tradition of liberal thought asserts that the development of human personality is dependent on participative membership in one's cultural group. Tully approaches the interaction between culture and personal activity along another, connecting avenue. The maintenance of liberal values requires a culture that not only prizes the autonomy of individuals but also supports their self-respect.

The firm enables workers to hold onto this self-respect when it maintains an aspectival space. The firm assists in the shaping of such a space when it acknowledges the bearing of the distinct cultures found among its employees. Such an acknowledgment will help form employees who are capable of freedom and self-respect. Such an aspectival space -- established through the recognition of distinct cultures -- sustains persons who can be motivated rather than actors who require stimulation. The aspectival recognition of cultural distinctiveness sustains persons who reason and engage in discourse while at work and for the sake of the job. The workplace shapes differences critical to identity. The firm's recognition sustains persons who have self-respect and on this basis can accord respect to others, thus reducing some sources of conflict.

Parallel to the managerial exercise of will is the will of the workers to establish a culture. A group's culture emerges as a result of its members' ordinary, daily activity. The bricolage, the imaginative adaptation on the part of its members corresponds to the managers' entrepreneurial activities. The widely disseminated imaginative activity can be called upon by the company both to form and enrich its collective life as well as to further its business ends. With Castoriadis one can read the widely spread activity as the "institutional imaginary" through which the structures of a culture are maintained. The character of this institutional imaginary -- difficult to locate and resistant to formulation -- gives a contemporary articulation to subsidiarity.

Managers and workers can together inflect or cadence these cultural emblems so as to alter (1) social space, (2) the boundaries upon effort, (3) the character of service, and (4) the attitude toward technology. On the basis of multiple memories and conflicting interpretations, these four ranges of corporate life are re-formed as managers and employers articulate and exchange emblems.

How might the consistent interpretation of imaginative activity, that is, culturally articulated and practiced values, further the usual goals of the firm? In several ways. A group of managers that is able to face and interpret the variety of tradition-informed voices can bring them to a discourse which could then more adequately grasp some of the complexities in a multi-cultural and international market. Further, the efforts to engage in discourse across the cultural lines found within the firm can elicit a greater commitment to subsequent decisions. In addition, the progressively more adequate understanding of new or minority cultures can give the presently hegemonic tradition a better grasp of the potentials and limits of its own background.

Similar to the will of the manager, the will of the worker is deployed both in the effort of labor and in the work of cooperation. When the corporation acknowledges the cultures represented by its employees, it thereby contributes to the processes through which these persons advance their exercise of free choice and responsibility.

Along with Kymlicka I affirm that integration within a cultural life enables and promotes the exercise of will on the part of individuals. This cultural life is not a private but rather a liberalizing matter. Beyond Kymlicka's position, I argue that the incorporation of cultures and diverse cultures within the firm sustains the life of this liberal institution by integrating within its processes the potent wills of its constituting participants.

The constitution of the firm has traditionally drawn on the model of (1) propertied liberalism, (2) nationalism, or (3) communitarianism. In the first model the firm is constituted on the basis of property -- see the firms held by the nineteenth-century industrial barons. In the national model the identity and cohesion of the firm are secured through a local allegiance around a range of particular products and production facilities -- one can think of rubber works in Akron or lace production in Flanders. In the communitarian model different arrays of voice and activity are brought to a unity. Each of the three traditional models of constitution only awkwardly incorporates diversity. The goal on the side of the managers is to accommodate a variety of cultural particulars without generalizing or totalizing. Corporate constitution is not, obviously, restricted to the delineation of some formative document. Rather, constitution entails ongoing activity. The managers in constituting the firm must engage in three particular activities. These I will clarify in a moment.

A critical move on the part of managers which they can undertake in order to avoid the impasses connected with a property-centered or a national or a communitarian model of culture is not to see culture as some commodified or circumscribed essence but rather to regard it as an aspectival interaction. Both with respect to those who enter the firm already bearing a particular culture and also for the firm's own emergent culture, the interaction cannot be seized and demarcated. Rather, the interaction constantly proceeds through ordinary activities that bring the varied, tradition-informed perspectives to the daily encounter.

The managers can appropriately utilize the received cultures when they interpret these latter as themselves constitutions, (i.e., regular forms for common life) -- already and currently achieved in the institutions and customs of the employees. Managers can acknowledge and strive to grasp the distinct views deriving from the history and social formation of each significant group within the firm. The members of other groups will then be willing to contribute to the constitution of the firm's particular and changing perspectives.

An aspectival approach to culture accepts both diversity and strife as regular features of collaboration. Such an expectation, on the one hand, reduces the fear of difference and of conflict. On the other hand, activities undertaken in a common aspectival space

become, as noted earlier, thereby more adept at responding to -- even anticipating -- the rapid shifts found in contemporary markets. Today's exercise of ethical will requires what some strands of Baroque thought offered -- a skill in negotiating diversity-based conflict.

The contention here is that managers, moving beyond the standard models of constitution in order to draw upon the human capital already lodged within the employees who emerge from unfamiliar cultures -- must reconstitute the firm by establishing structures which make possible the regular operations of (a) recognition, (b) continuity, and (c) consent. Such reconstitution does not supplant the present achieved framework of the corporation but, rather, supplements and alters it gradually. The progressive alteration benefits the company by enabling the breadth of its membership to contribute both to the organic life and to the productive provision of the firm.

This triad -- recognition, continuity, consent -- of corporate operations is a contemporary articulation of the long-noted paired principles of subsidiarity and solidarity.

It is at this point that the bearing of social ethics emerges. I would like to regard the conjunction of -- the inter-operation of -- subsidiarity and solidarity as isomorphic with the two elements of a liberal good life. For Kymlicka two presuppositions for leading a good life are: the capacity to lead it from inside one's private self and the opportunity to examine as well as question a range of different views. The two presuppositions, of course, must interact.

Likewise, the final focus of subsidiarity is the free exercise on the part of the individual of the capacities for whose consequences he/she is responsible. Reciprocally, the individual has a grasp of his/her on potentials and of the alternatives available for choice since he/she engages in ready, solidary exchange.

The parallel movements toward the good life -- each tradition focussed around a pair of activities -- recognize that association, education, and expression significantly shape the activity of persons as free and effective. The business firm -- insofar as it mediates cultural exchange, stimulates intercultural training within the company, and secures the expression of particular cultures -- achieves an organization both where individuals may find the good and where the company may benefit.

I stress again that social ethics emerges here from the processes that take place within the membership of a diverse group. The striving for "intersubjective recognition" in the course of "associative relations" has been seen by representatives of a post-modern analysis as a key locus where ethics becomes manifest. Their examination of the surprising and required emergence of common values from within ordinary social processes -- such as those of the business enterprise -- may make it less surprising to see a convergence between two modern movements (liberalism and Catholic social teaching) and may aid in grasping that these values -- both common and personal -- arise through collective and individual activity.

The activity of recognition initiates solidarity. That is, when managers recognize members of a non-majority culture as integral to the firm's life and when employees from an outsider group recognize themselves as participatory in the company's life, then a transformation of the company has commenced. Such recognition entails an effective acknowledgment of the significance of cultural emblems; artifacts and social activities that carry value.

Through recognition the firm acknowledges that a heritage which has been formative in the lives of several of its employees continues to shape them in particular ways. Each member of a culture through a creative hermeneutic appropriates and transforms his/her culture. When managers move to a liminal stance of interpretation, they then mirror from outside the activity of the persons who live within that culture. This brings both sides a degree closer to a transcultural participation. Concretely, such recognitive activity on the part of managers can elicit on the side of those new to the firm a reciprocal recognition of the company's culture.

Through the second corporate operation -- continuity -- managers maintain and respect the continual difference and constant distinctiveness of the cultures, emblems, and persons participating in the firm. When Metz calls upon the theological tradition of anamnesis, he indicates that such recollective activity is constitutive of the processes which bring about innovative knowledge. A continual effort at recalling the resident cultural traditions of the employees could yield rewards in a world shaped by intercultural exchange. The continued respect for the otherness lodged in received cultures depends on the fact that recognition is never definitive in the face of the constantly changing and exceeding person. Both the otherness of those who represent distinct cultures -- especially as they manifest changes emergent from their own freedom -- as well as the need to cooperate with them, lead managers again and again to learn the bearing of these enduring cultures on present business circumstances.

Thus the activity of continuity means that managers must be repeatedly ready to enter into conversation and must be ready to attend to still further descriptions. To be sure, they may and should shape an atmosphere where others respond to the managers' efforts at voiced exchange. The varied constituents of the firm should come to listen to the managers' necessarily rapidly changing views of affairs.

While corporate solidarity comprehends the diversity, subsidiarity in the company elicits contributions from across the diverse cultural lines within the firm. The corporate operation of willing consent requires that managers solicit and attend to the voice and views of the sundry points of concern manifest to specific groups. Subsidiarity is not simply delegation; it is that corporate activity which pursues the coherence of wills. The wills express themselves in and through cultures. What recognition is to solidarity, expression is to subsidiarity. The array of activities connected with subsidiary expression will then develop within employees -- beyond institutional patterns and constraints -- those habits of personal investment and allegiance that mark out good workers and that make for a vital corporate culture.

The use of a number of interpretive social sciences can help train managers in assessing the several parts of vital groups represented in the firm. Managers can do this when they set up systems that establish an equal regard toward the represented traditions. The results of this re-interpretation of some familiar principles will be advantageous to the firm as it is challenged by international complexities. Benefits to the company will derive from the development and incorporation of the employees who themselves represent the shifting challenges of our time.