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REVIEW ARTICLE

EUROPEAN BUSINESS ETHICS: STILL PLAYING DEFENCE?

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Business Ethics: A European Perspective. Managing Corporate Citizenship and Sustainability in the Age of Globalization

Andrew Crane and Dirk Matten

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The Atlantic Divide

At a business ethics conference in the United States in 1999, I observed with fascination the unravelling of a clear difference in what has been called *Lebensführung* (the Weberian term roughly translated as "the manner of living one's life") between Americans and Europeans. There was a panel discussion on the marketing of guns with fingerprint-proof handles. The esteemed panel of North American scholars led a lively debate, taking clearly opposing stances. At a certain point in the discussion, it was noted by all the panel members, almost as an aside, that, of course, none of them contested the basic right of citizens to bear arms, this being a part of the U.S. Constitution. In the room there were about six Europeans, who were squirming in their seats at much of the discussion, but did not want to appear as rude interlopers by challenging the flow of the debate. Certainly, in my head, and, I subsequently found out, in the minds of my fellow Europeans, there was an obvious, screaming question: "Why should people be allowed handguns in the first place?" This anecdote is symbolic of the different starting places for discussing business ethics in Europe and America. In the U.S. *marketing* handguns was a legitimate focus of discussion. From a European perspective, *handguns* themselves were questionable and worthy of a lengthy debate, without which discussing *marketing handguns* would seem, at the very least, frivolous. The legal, historical, and cultural terrains of Europe and the

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U.S., while clearly sustaining some similarities, are riddled with differences that make the foundations for business ethics disparate.

As a committed European business ethicist, I was delighted to hear of a new text on our subject, subtitled "A European Perspective." Like the authors, Crane and Matten, I too am frustrated with the overwhelming dominance of Business Ethics textbooks emanating from America (1). In this article, I review the textbook in light of a European versus a U.S. perspective. While considerations of Asian, African, South American, and other approaches would be interesting, they are beyond the scope of this review. In general, there are three reasons why I welcome specifically European business ethics texts.

The first of these has to do with language. There is such a dearth of good teaching texts written outside of America in the English language, that any teacher is inevitably drawn to using the American sources available. English is usually seen as the primary "international" language in Europe, at least as a *lingua franca*. Students in internationally oriented business schools on the European continent are usually expected to read English-language texts; indeed, some courses in the Netherlands, Germany, and Spain, for example, are taught in English. There are perfectly good texts written in languages other than English—for example the Dutch book by Jeurissen (2000)—but, unfortunately, these are only really accessible to the particular domestic language group or those fortunate enough to speak several languages. It is usually to American texts that the European teacher seeking an international perspective turns to support business ethics courses. There are, of course, some texts in English by UK authors, but sadly, UK English as a medium does not guarantee a European perspective. Not since the dated text by Harvey (1994), called *Business Ethics: A European Approach*, has such an explicit European platform been sought for an English-language business ethics textbook.

The second reason concerns the version of business ethics that comes from American texts. It is no surprise that even those American texts purporting to be international in orientation (e.g., Donaldson 1989 and De George 1999) view the world from a U.S. perspective that is culturally different from the European perspective. Inevitably, this means drawing on the legal frameworks in that continent, the social institutions and the cultural perspectives. Despite the assumption of an increasingly globalised, homogeneous Western world, a European reading these books is conscious of being more an observer of a world seen from a different angle than a participant. One is left with the feeling that "this book is not meant for me." Given that the aim of business ethics teaching is to encourage students to internalise the subject, this is not a particularly propitious start. Crane and Matten, a Briton and a German both working in the UK, have good European credentials for speaking to European students.

A third reason for a need for more European business ethics texts is that U.S. texts tend to be written by philosophers. This is no surprise since the field of business ethics in the States is dominated by philosophers, approaching business ethics, quite reasonably, as a subset of applied ethics. In many institutions in Europe, on the other hand, business ethics is often also treated as a social science, drawing on organisation studies and sociological roots. Other European teachings would draw on particular

philosophical traditions (for example, discourse ethics at the University of Valencia, or praxiology at the University of Warsaw), or, indeed, religious perspectives embedded in some of Europe's Catholic universities. Hence, U.S. textbooks are often seen as taking a disciplinary approach unfamiliar to European students. The Crane and Matten textbook, on the other hand, is not primarily a moral philosophy book: it adopts an approach rooted in sociology and related perspectives.

Business Ethics: A European Perspective has been written for Europeans studying business ethics. This is explicit in the title and the opening remarks of the introduction, the aim being "to provide a student-friendly, comprehensive overview of business ethics from a distinctively European perspective" (1). The three core themes of the book are globalization, sustainability, and corporate citizenship. In discussing these concepts, the authors draw particularly on sociologists such as Beck and Giddens. Personally, I welcome this approach, since much of business teaching, in my experience, makes use of these concepts. The definitions offered for the three core themes are as follows. "Globalization" is defined in terms of deterritorialization, as "the progressive eroding of the relevance of territorial bases for social, economic, and political activities, processes, and relations" (16). "Sustainability refers to the long-term maintenance of systems according to environmental economic and social considerations" (24). Corporate citizenship "describes the corporate function for administering citizenship rights for individuals" (69). Because in this review I want to deal mainly with the European nature of the book, I may not do justice to these three foci, since they are dealt with systematically and interestingly in the text.

The book title on the cover is "Business Ethics," with the first subheading added on the first page as "Business Ethics: A European Perspective." It is on the next page that the full title is presented as "Business Ethics: A European Perspective. Managing Corporate Citizenship and Sustainability in the Age of Globalization." It would be overstating the case to read anything into this organisation, which is likely to be just a publishing decision, but it does highlight the status given to the European focus—the question raised for me is, Does this book give a nod to "Europe," or is it a genuinely refreshing European perspective on business ethics? The answer, I conclude, lies somewhere in between. This book is thoroughly "European" in that it draws on European case examples and, on the whole, deals with topics relevant to Europe—some strengths and omissions that I have noted are discussed below. However, Crane and Matten fall short of making this an unapologetic European business ethics book. I will discuss this issue later.

Can We Speak of European Business Ethics?

First, we need to establish in more detail whether it is credible to write a specifically "European" business ethics book. In addressing this question I refer back to an earlier article (Spence 2000), in which I posed two questions that it seems pertinent to repeat briefly here, and consider Crane and Matten's responses: 1) Can Europe be treated as having a common perspective? and 2) Is there a European difference?

Taking the first point, Crane and Matten acknowledge early on in the text that "in terms of economic conditions and business activities, this [Europe] is an extremely heterogeneous entity" (27). They focus on a common intellectual and cultural heritage as the basis for their aggregation of Europe into a "distinct world block that is differentiated from that of North America" (27). I support the view that, taken in comparison to the U.S., or indeed to other continents and countries, Europe looks internally similar. However, it cannot be ignored that there are significant differences within Europe, a fact illustrated by many of the examples given throughout the text. Not least of these are the differences between Western Europe and those countries that are still going through a period of transition from the old Eastern bloc. The acknowledgment of the changes in Central and Eastern Europe since the removal of the Iron Curtain is a welcome inclusion, although they tend to focus on eastern Germany to the exclusion of the countries that have recently joined the European Union (Czech Republic, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, and Hungary) and those still "in waiting" (Bulgaria, Romania, Turkey, and Croatia). In answer to the question as to whether there are sufficient similarities within Europe to justify a European approach to business ethics, the answer, I argue, is yes, there is adequate common ground (especially given the backbone of the European Union) for a logical contribution to be made. However, this does not mean that authors can dodge the question of the clear differences which permeate the common European heritage. Crane and Matten have a degree of success with this.

The second point, as to whether there is a European difference, is of most interest to me. The common features that Crane and Matten state to be pertinent in comparing Europe to the U.S. in terms of business ethics are a collective, rather than an individual, responsibility for ethics; government, trade unions, and corporate associations as key actors (rather than corporations); the negotiated legal framework of business as key guidelines for ethical behaviour rather than corporate codes of ethics; social issues relating to the framework of business (as opposed to individual misconduct) as the key ethical focus; and a multiple stakeholder approach rather than a focus on shareholder value (28). These points are certainly fair, in my view, and the authors make a good attempt at reflecting them in the book's content. This works particularly well in the chapters on civil society and on government and regulation. These have a genuinely different feel and are evidence of the difference in approach when compared with contemporary U.S. texts. Indeed, the structure of the book, with two broad sections—the first on "Understanding Business Ethics," the second on "Contextualising Business Ethics"—gives a slant to the discussion that is in keeping with a European perspective. Minor disappointments for me, however, were the inclusion of privacy (237) and drug testing (238–40), which have distinctive Anglo-Saxon if not American overtones and are staples of equivalent U.S. texts (see, for example, Desjardins and McCall 1990).

The Unavoidable Look at Strengths and Weaknesses

No book review would be complete without consideration of a selection of strengths and weaknesses of the subject matter. Many but not all of the points I wish to raise relate to the "European-ness" of the text discussed above.

Crane and Matten do well in tackling head-on the issue of defining the variety of terminology around the subject of business ethics, including morals, ethics, corporate social responsibility, corporate citizenship and, of course, business ethics. Other authors are unfortunately rather glib about defining these terms. Here, some clear summaries are given, referencing more substantial academic sources. They use both philosophical and sociological sources, which it would be nice to think the more motivated students would follow up and consider further.

The book is very well written, clear, and easy to follow. In this respect it is eminently suited to undergraduates studying business ethics, and perhaps postgraduates studying the field for the first time, although some significant additional reading would need to be adopted. There are many useful references for the student to follow up, and the indexing and bibliography are extremely detailed and well done. Page numbers are not always included in the references, which is a shame for students. It is a relief to see the essentials, such as a good gender balance in discussing different cases, employed.

An excellent aspect of the book is the use of short case studies for the reader to consider in light of the relevant chapters and theories. These were so interesting that I found myself skipping ahead to read the next case study! In particular, the variety of levels of analysis, from the individual rogue traders Nick Leeson (Barings Bank) and John Rusnak (AIB Bank) in banking and finance (138), to corporate culture perspectives such as Shell (176) and political corruption in France and Germany in relation to ELF and Leuna (431), is likely to stimulate and retain student interest. I was very pleased to see the use of ethical dilemmas with which many students could readily identify. It is a concern of mine that many business ethics vignettes or scenarios for students to work on put them in the shoes of people with whom they are unlikely to be able to identify, such as the financial controller of a multinational company. Any analysis they give at such a level is bound to be hampered by a very vague appreciation of the pressures that such a high-powered executive has to deal with. One dilemma in particular, "No such thing as a free drink?" (10), puts the student in the role of someone dealing with a friend who works in the bar and gives him free drinks without permission. The variety of questions, cases, and exercises for the student to do is commendable.

Chapters that I really enjoyed were generally those which brought in the European perspective most clearly, and often would not be found in such detail in other texts. These included the one on consumers (including sustainable consumption), civil society (although this focused in most detail on pressure and lobby groups), and government and regulation. A good example of a useful European perspective not found in other English language business ethics texts is the discussion of the Rhenish model of capitalism versus the Anglo-Saxon model, in the chapter on corporate governance.

The Rhenish model is characterised by a network of large investors focusing on long-term perspectives including the expansion of market share and employee retention as well as shareholder value (which dominates in the Anglo-Saxon model) (118–19). This has important implications for the employees of many European organisations, and helps explain the common culture of employee participation and co-determination. Crane and Matten point out in their chapter on employees that the detailed legislation protecting employees' rights offers protection to working Europeans, but that this is not always in keeping with the dominant self-regulatory approach emerging in the globalised economy.

Two personal hobby-horses of mine are the limited discussion of competitors in business ethics texts and the usual complete absence of mention of small and medium-sized enterprises (neither really mentioned in, for example, McEwan [2001] or Fisher and Lovell [2003]). The first of these considerations, ethics in relation to competitors, is given fair treatment as part of chapter nine, which also looks at suppliers. In my view, competitors are legitimate stakeholders of a firm, with corresponding rights and duties. Crane and Matten concur with this perspective and deal with issues arising from over-aggressive and insufficient competition. I am somewhat less enthusiastic about their treatment of small and medium-sized enterprises (SMEs). While they do get a mention in relation to the low take-up of codes in SMEs (149), in supply-chain management (329), through the work of Business in the Community (65), and regulation (418), corporations are the predominant unit of consideration and these defined as being shareholder-owned (38). It is noted that it tends to be small businesses which are owner-managed and therefore governed in a different way from those which have separation of ownership and control. What they skate over, however, is how prevalent this business form is, encompassing more than 90 percent of private European firms. (To be fair, this is a lack in just about every business ethics book I have seen.) On the positive side, one of the ethical dilemmas puts the student into the shoes of a small firm owner-manager (394). Nevertheless, the book at least demonstrates that ethics in SMEs may present different problems, which is more than most of the business ethics research published does.

The authors of *Business Ethics: A European Perspective* have clearly worked very hard to use examples from countries other than those from which they hail. Their bibliography includes not only English-language publications, but references from French- and German-language literature. This in itself is a pleasure to see in an English-language text, since I often fear that great swathes of literature are simply ignored because of a paucity of language skills. Nevertheless, it must be said that there is rather a leaning in emphasis towards northern European countries, and, with the exception of eastern Germany, away from the East and to a lesser degree the South. The choices of case studies help balance this a little, with cases on ELF and Leuna (431–33) that incorporate the former German Democratic Republic and the Ilisu dam in Turkey (445–48), and there are many examples from across Europe. In their conclusion, the authors ask how Eastern European countries will develop in terms of business ethics, but some indications are already in place that they could usefully have explored (Vasiljevienė and Jeurissen 2002). I can't be too critical of this, because the

northern European bias is precisely my own, too. It is, of course, an impossible task to fully represent every corner of Europe, and none of us has limitless time to master the necessary languages and be familiar with the literature. This is where I would argue that collaboration with people from other countries is the best way forward to ensure a fair "European" coverage. The book would, I believe, have benefited from a third author to help skew the perspective away from the predominant Northern, Western European viewpoint.

It is a delight for me to see this book, as mentioned above, as one based in management and organisation studies with deeper academic roots in sociology. While personally I see this as a great strength of the book, the down side of this is that it will not suit all those wishing to adopt a European business ethics textbook. Many will be looking for a much stronger input from philosophical theory, and will see the pluralistic stance of Crane and Matten (77) as a weakness.

An argument could be made that Crane and Matten have sidestepped the challenge of considering religion in their text. In a fifteen-line footnote (30), they give a thumbnail sketch of how Catholicism and Calvinism have influenced the organisation of economic life in Europe. Max Weber's Protestant ethic gets a mention in relation to sustainable consumption as does the usury issue for Muslims. It seems to me that to look at religion as one of the "contextual issues of business ethics," which their book claims to address, would have strengthened it greatly. Furthermore, in contemporary Europe, we see a whole host of issues arising related to the increasing melting pot of different cultures, and religions, from first, second, and third generations of immigrants well embedded into business life. I have not seen any business ethics textbook take this on, but I would like to have seen it here.

I was a little surprised not to see more on communication technologies and ethics—this could easily have been another chapter, since there seem to be grounds for arguing that there are at least some characteristic ethical issues in a virtual environment. They acknowledge that new ethical debates are associated with new technologies in light of intellectual property rights, citing the Napster case, but could usefully have given further details (320). Electronic surveillance is also mentioned in the section on privacy (240–41). Furthermore, in the chapter on civil society organisations they note that the sophisticated use of technology in the mobilisation of anti-globalisation protestors is an important aspect (368), but don't take the opportunity to consider the impact of technology on global communications and business operations in more detail.

A further missed opportunity is the clear acknowledgement of the important role of trade unions in Europe which is not really followed up by any extended discussion beyond occasional referencing. For example, they are referred to in relation to employee participation, the Rhenish model, regulation and inclusion in the discussion on civil society organisations. Perhaps a case study on an example which brought out trade union involvement might have helped bring together their thoughts on trade unions as important contextual issues for business ethics in more detail.

I was pleased to see that there was a theory section in the book which spells out differing ethical perspectives. Other "European" texts have disappointingly shied away from including even a cursory description of theory. On the other hand, some texts not

written in English are almost entirely bound in a particular ethical perspective (see for example, Peter Ulrich's *Integrative Wirtschaftsethik* [*Integrated Business Ethics*] or Steinmann and Löhr's 1994 *Grundlagen der Unternehmensethik* [*Foundations of Organisational Ethics*]). Indeed, given that the Crane and Matten text purports to be European, it will be seen as sadly remiss by some of my Continental European colleagues in that the authors "sit on the fence" with regard to theory. This is commonly accepted in the Anglo-Saxon world—to present theory and avoid arguing a preference for any one theory over the others. But in Continental Europe I have seen business ethics scholars exasperated and even disbelieving that such an approach can be presented as a serious scholarly endeavour. In short, it is seen as a "cop-out," not the protection of the liberty of individuals to make their own choices that is usually intended. This is an unresolved and ongoing debate in Europe, and one that could interestingly have been further discussed in the text. To their credit, the authors do make clear their own stance, taking a pluralistic approach to ethics and the pragmatic use of theory.

The choice of theories included is pleasing in that they go beyond the usual consequentialist, non-consequentialist and virtue theory collection, also discussing feminist theory, discourse ethics and postmodern ethics. The latter perspective on business ethics they utilise quite well throughout the book, encouraging student reflection. Sadly, the Crane and Matten book has missed a serious opportunity to bring discourse ethics—a very important theory in the German speaking world—to a wider audience. Discourse ethics is based on the work of Jürgen Habermas and Karl Otto-Apel, and has been developed along a variety of fruitful paths in the German literature (see Preuss 1999). The treatment of the theory in the text is cursory—just over one page, and most importantly it is not particularly explored in any of the case examples and hence not brought to life for the students, although there are questions encouraging this in the "Think Theory" exercises. Perhaps this will be done on the accompanying website, but at the time of writing this is not fully functioning. Since the Crane and Matten text purports to be European, it seems reasonable to expect that a business ethics theory relatively recently developed and expounded in the heart of Europe should take a more prominent place. Overall, the theory section was one of the weaker aspects of the book. More detail, or at least references to more sophisticated expositions of the theory would have helped. Furthermore, the use of "Think Theory" prompts to encourage the reader to apply the theory to vignettes and cases mentioned did not really encourage the theory-resistant student to engage. Certainly, this is where the teacher needs to step in, and that is quite appropriate.

In a previous paper (Spence 2002) I have argued that European business ethics lacks confidence. In that case I was referring to the field as a whole. The book by Crane and Matten does not offer a radical new face to European business ethics but is definitely moving in the right direction. The acid test, of course, is whether I will adopt this text for my own teaching. The answer is that I will. It is the best European teaching text we have for business ethics. So far.

Earlier in this article I made the point that American business ethics texts leave the European reader with the feeling that "this is not written for me." On reflection, I

wonder whether business ethics students in Europe will feel that the Crane and Matten book is for *them*. The excellent case studies, research exercises, study questions, and ethical dilemmas are certainly appropriate. But there is something that it took me a while to identify, and that leaves one feeling slightly as if the book is written with an American academic business ethics audience in mind: There is an element of defensiveness. By staking the position of the book in relation to U.S. texts, the tacit assumption is that the baseline business ethics perspective is American. This, I feel, is another missed opportunity. There is no need to assume that students reading the book have read any business ethics texts prior to this one and are already familiar with U.S. approaches to business ethics. Clearly, some of the additional reading they do will be from U.S. sources, and one would expect the sensitive student to note a difference. But it need not be the case that they are left feeling that European business ethics is an add-on to that of the U.S.

The textbook by Crane and Matten is what I would call the next generation in European business ethics texts. First came the texts that emulated U.S. books with readings from the States (Drummond and Bain 1994; Chryssides and Kaler 1993), then came nation-specific texts drawing much from the U.S. but targeting a national audience (Jeurissen 2000; Fischer and Lovell 2003). Crane and Matten take the next step of writing a properly European text, drawing apologetically from the U.S. What I am still waiting for is a European Business Ethics text that does not need to take a defensive stance. At that point, there will no longer need to be a review article questioning whether the latest European Business Ethics book is distinctive from American ones—perhaps by then, we can start looking at the similarities and asking questions about what can be learned from each other.

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