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BUSINESS MEETS THE CLASSICS: BANDO'S INTERNATIONAL FOODS VERSUS ARISTOTLE'S *NICOMACHEAN ETHICS* AND CICERO'S *ON OBLIGATIONS*

Charles H. Patti
Queensland University of Technology
BRISBANE, QUEENSLAND, AUSTRALIA
Anthony T. Sallustio and Michael Rosenfeld
Pace University
NEW YORK, NEW YORK, U.S.A.

Abstract

Educators, accrediting bodies, and employers often cite the benefits of interdisciplinary learning and teaching; yet, it is seldom practiced in higher education. This is particularly true within the domain of case teaching where the majority of cases focus on a single issue or decision point from a single discipline. Business ethics and social responsibility are two areas of increasing importance in business curricula and they provide the opportunity for educators to stimulate interdisciplinary thinking. This paper illustrates how learners can use seminal writings of Aristotle and Cicero in moral philosophy to build a framework for making ethical business decisions.

KEY WORDS: Ethics, social responsibility, interdisciplinary learning, case learning, moderation and the mean, honesty, expediency, moral ambivalence and conflict.

INTRODUCTION

In *Winners Never Cheat,* author, philanthropist, and business leader Jon M. Huntsman tells us that, "Business should be fair, share, don't cheat, keep your word, tell the truth, and treat others as you would like to be treated." [1] Huntsman's book is just one of hundreds published in recent years in the wake of the scandals of Enron, WorldCom, Tyco, and others. These books, along with articles in the academic, trade, and popular press have had a strong influence on business curricula in higher education. For example, the accrediting guidelines from the Association for the Advancement of Collegiate Schools of Business (AACSB) as well as those from EQUIS (European Foundation for Business Education call for coverage of ethics.[2] Indeed, these movements have affected business curricula: courses in business ethics and social responsibility are increasingly prevalent in business programs throughout the world. Despite the presence of these courses, business faculty struggle to find meaningful and engaging ways to stimulate learners to embrace concepts of ethics and to integrate them into their learning and maturity as future business leaders. The purpose of this paper is to demonstrate an innovative, interactive, and interdisciplinary approach to thinking about ethics in business decision making. The paper illustrates how learners can use the writings of two of the most significant thinkers about ethics and social responsibility (Aristotle and Cicero) to build a framework to approach a difficult, contemporary business decision.

WHERE THE CLASSICS MEET BIF: BUILDING A BRIDGE TO INTERACTIVE, INTERDISCIPLINARY LEARNING, PART I

As pedagogical tools, cases have long been used to facilitate active learning and to contribute to the development of higher order learning objectives such as problem solving and critical thinking. Today, cases are available in a variety of paper and electronic formats and are often used in conjunction with other learning tools, e.g., field trips, guest speakers, expert panels, secondary sources of information such as databases and syndicated services, and text and selected readings. The fundamental reasons for the use of these supplemental learning tools are to provide learners with: (1) basic information about the concepts underlying the case, and/or (2) additional insight to stimulate thinking and analysis of the case situation. For example, in the “Standard Machine” case, the case scenario is supplemented with the opinions of four industry experts.[3]

Because of the immediacy of most business case situations, learners tend to see potential solutions emerging from current business success models. Thus, brands such as iPod and Harley Davidson (models of cult branding); WalMart (model of supply chain management); or Saturn and BodyShop (models of integrated marketing communication) are frequently used to guide learner thinking about solutions to case problems. Similarly, learners often look to the popular business literature for insight. *The Tipping Point, Good Business, The Culting of Brands,* and *Freakonomics* are just a few recent examples of books that have captured the interest of business managers and learners seeking solutions to cases.[4] Although the views and models described in these contemporary sources provide examples of success or even failure (as described in *Ten Deadly Marketing Sins),*[5] we propose that guidance for more insightful solutions to business situations can often be found in the Classics, which often provide the foundation for contemporary thought and practice. In the example below, we first provide the Bando’s International Foods (BIF) case and then commentary on the contributions of Aristotle and Cicero to the fundamental issues in the case—how today’s businesses can make decisions that intersect their self-interest in profit with the best interests of society. By providing the case dilemma and then the commentary on selected writings of Aristotle and Cicero, several positive learning outcomes emerge, including:

1. Learners come to understand that approaches to problem solving—and even the solutions themselves—can emerge from a range of sources, from the Classics to the contemporary (most often based on the Classics).
2. Learners see that contemporary problems, challenges, and opportunities are usually variations of the dilemmas faced by organizations for centuries. This ability to see patterns of organizational and individual behavior is critical in terms of sorting out problems from symptoms and critically analyzing alternative courses of action.
3. Learners begin to understand the relevance of context and environment in the development of solutions. For example, the scope of difference in the BIF case and life in 400BC-40BC is largely in environment and context rather than relevance of the issue. By reading Aristotle and Cicero, learners quickly see that these thinkers were concerned about the same ethical dilemma as Tom Henson, CEO of BIF.

THE BUSINESS DILEMMA: BANDO’S INTERNATIONAL FOODS (BIF)[6]

When Tom Henson started Bando’s International Foods (BIF) six years ago, he had no idea that he would be taking on McDonald’s and the other giants of the fast-food industry. But that’s exactly what happened. BIF experienced much success in the past six years, but now Tom and his management team is facing a very different type of challenge.

BIF BACKGROUND

BIF is one of the fastest growing new companies in the highly-competitive, fast food industry. On a worldwide basis, the three largest brands are McDonald’s (operating in 199 countries), KFC (over 80 countries), and Burger King (58 countries). Each day, these three companies serve over 60 million people worldwide. The popularity of fast food is further evidenced by the fact that on any given day in the U.S. about one in four people eat at a fast food restaurant. Despite the popularity of fast food, the industry is not without its challenges, including the most recent concern about the link between the growing worldwide problem of obesity and the propensity to eat fast foods.

Although the three industry leaders dominate the market in terms of size, marketing expertise, and extensive distribution networks, BIF has been challenging the leaders in selective markets. The success of BIF has been based on four factors: (1) a unique product; (2) an uncomplicated product line; (3) a low cost of operation; and (4) a strategic focus on selective markets.

Unique Product and Limited Product Line

BIF's main product is a sandwich of grilled beef, chicken, or pork, smothered in mozzarella cheese and mild, red peppers, wrapped in a pita-type bread and then lightly deep fried. BIF offers only one complement to these sandwiches—fried plantain chips and a dipping sauce. In addition to the sandwich and chips, Bando's serves a variety of fountain drinks, bottled water, and draft beer (where allowed). Initially, industry analysts predicted that Bando's limited menu would severely limit its potential; however, quite the opposite has happened. The main target market for BIF is 18-39 year-old males and females who are attracted by the quick service, the fresh, tasty sandwich, and low price that BIF's menu offers.

Low Cost of Operation

The simple and limited product offering means that the BIF stores operate with less than one-third of the space required for the average fast-food retail outlet. Also, the limited menu means that cooking, heating, and storage requirements are minimal. Even though the sandwich is prepared fresh (upon order), much of the preparation can be staged in advance: the bread is sliced; the meat and peppers are lightly pre-grilled, and the cheese is ready for insertion into the bread for the light deep frying. Training food preparers and servers is straightforward, thus minimizing training costs.

Strategic Selection of Markets

A common marketing approach for challenger brands is to select the most profitable and most accessible markets first. This is exactly what BIF did when they entered the market. In the U.S., for example, BFI first entered the third largest group of markets (ranked 151-200), thus their first entry markets were Las Vegas, Nevada; Austin, Texas; Dayton, Ohio; Tucson, Arizona; and Columbia, South Carolina.

These four factors (a unique product, an uncomplicated product line, low cost of operation, and a strategic focus on selective markets) plus the increasing tendency to eat out, have helped BFI become successful. The company's shares became available for public sale in March 2004, with an opening price of $5.50. In September 2004, the stock was trading at $7.25 and the future looked good.

BIF AND THE DECISION TO USE PALM OIL

An early decision made by Bando's was to use palm oil in the preparation of their sandwich. Palm oil is about 50% less expensive than vegetable oil and consumer taste tests have shown that there is a preference for taste of products cooked in palm oil. Palm oil is also plentiful because of a favorable, long-term contract between the country of origin (Malaysia) and Bando's. The only problem with palm oil is that it is 45% saturated, thus the Bando's sandwich is 40% higher in carbohydrates and fat than any comparable items from any of the company's competitors. Given the current high interest in low-carb diets, this was of immediate concern to Bando's; however, market studies of their customers showed that the segment that they are serving is much less concerned about fat or low-carb diets.

At the same time, Bando's management is fully aware of the growing problem of obesity, particularly among young people, and the contribution that their sandwich is making to this problem. On the other hand, it would be expensive for Bando's to switch from palm oil to vegetable oil. Furthermore, the taste tests that show the preference for sandwiches fried in palm oil might mean that a switch would reduce demand.

At a recent board of directors meeting, this issue was brought up by Bando's Director of Public Relations, Jane Simpson.

> *"I think it's time we faced up to the problem we have. It is clear that our product is contributing to the obesity problem in the U.S. and in the other countries in which we*

operate. I believe we should place an advertisement in the daily newspapers in the major markets we serve and tell the public that our sandwich might not be the most healthy fast food for them. Further, we should immediately switch to vegetable oil and explain why. By doing this, we will gain the public's trust and secure our future for the long-term."

Ed Bradborn, the Director of Marketing, had another view. He said,

"If we switch to vegetable oil, I can organize an advertising campaign to try to convince our customers to continue to buy our product; however, our research shows that they don't have much interest in the healthy attributes of vegetable oil. Therefore, I don't see the point of investing money in advertising that is of no interest to the customer. Our market research studies show that our primary customers don't care about this issue and that they much prefer the palm oil recipe."

Bill James, the Director of Finance, said,

"I think both of you are missing the point. The fact is that if we change to vegetable oil, our earnings will immediately decline by 38%. Such a reduction will undoubtedly send our stock into a tailspin, particularly when our competitors see what we've been doing. They will attack us—either directly or indirectly—and that will further depress sales and profits. My recommendation is to keep quiet about this. We are selling a perfectly healthy product and one that consumers of fast food, particularly the ones we serve, enjoy very much. Why should we risk the investment that shareholders have made in our company? Our main job is to produce a profit for our shareholders and we have been doing that very well. In fact, we are being most responsible to society when we do what we are in business for—to make a profit for shareholders."

Clearly, BIF is facing an ethical challenge. Resolving the challenge is complicated by the fact that there is significant disagreement among company executives on the next course of action. The situation facing BIF is not unusual—every day, business leaders make decisions that affect themselves and the organization's many stakeholders, including employees, the local community, and society in general. How are such decisions made? What are the guiding principles and what are the sources of those principles?

IDEAS FROM THE CLASSICS

Aristotle (384BC-324BC) and Cicero (106BC-43BC) pondered and wrote about abstract ideas like justice, virtue, happiness, moderation, the life of the mind and human fellowship and their impact on human conduct. As philosophers, they raised numerous questions and did not always reach unequivocal conclusions. The complexity and ambiguity of their writings may baffle us more than provide concrete solutions to ethical dilemmas. Neither presents an abstract moral orthodoxy that furnishes a right or wrong way to act in all situations or a particular one. Each recognized that ethics is an inexact science that is filled with contradictions and ambiguities because good and evil can overlap and involves making choices that are not arrived at easily. The ultimate responsibility for the validity of a decision reverts to the person who makes it, but at the same time, it also reflects the moral climate of society as a whole which plays an important role in the very process of decision making. Although written centuries ago, Aristotle's *Nicomachean Ethics* (*NE*) and Cicero's *On Obligations* (*DO*, from the Latin title, *De Officiis*) are still relevant to the moral enigma and paradox presented in the BIF case. However, the modern reader should not expect unequivocal answers; what we hope for is guidance in raising more questions that will enable us to view the many ethical dilemmas that face business leaders every day.

The edition of *NE* used[7] is followed by eleven short appendices on related subjects and a glossary of classical Greek terms used by Aristotle and their meanings. Many Greek words have numerous nuances and an abstract word like "knowledge" might be translated in different ways to signify different types of knowledge, like wisdom or practical skill. The edition of Cicero's *DO*[8] is a translation by P.G. Walsh who also wrote the introduction. Many translators have used the word *duties* to translate the Latin term *officiis*. Walsh explains his preference for his choice of the word *obligations* (p.xvii). Direct citations from *DO* contain British spellings of certain words.

TWO PRE-SOCRATIC PHILOSOPHERS: HERACLITUS AND PROTAGORAS

Before examining the ideas of Aristotle, it is appropriate to look at the thought of two philosophers who dealt with notions of moral relativism nearly two centuries earlier. Christopher Shields studies their thought in *Classical Philosophy. A Contemporary Introduction*. Heraclitus draws attention to the weaknesses of human knowledge and sums up the tendency to confuse appearance and reality in his simple statement: “Nature loves to hide”. Humans and animals are conditioned and bound by preferences and perspectives they bring with them to the natural world. Hence, asses prefer garbage to gold and pigs value mud over water. The same holds true for humans: “In general, how I view and value the world is at least in part a function of who and what I am. If I seek to transcend my subjective self to attain objective knowledge, I am bound to fail, because I cannot become something I am not merely by willing that this be so” [p. 10]. Equally important is that the world is in a constant state of flux, the idea for which Heraclitus is best known and which he summarizes in his famous example that no man can step into the same river twice. However, flux is not just diachronic, which is change through time, but also synchronic, which is change at a particular time relative to the context of comparison. This is where Heraclitus forecasts Aristotle’s concept of the mean. Humans are both wise and unwise, depending on whether we compare them to gods or to apes. Change results from a shifting perspective: lifting a forty pound sack is easy for a muscular grown man but difficult or impossible for a small child. Outcomes - perhaps including moral ones - are determined by the perspectives we bring to the situation.

Protagoras was a leading Sophist whose relativism posed a threat to the idea of moral authority and whose Measure Doctrine endorsed the idea that humans themselves determine the standards for right and wrong [p.25]. In brief, the Measure Doctrine “holds that humans determine what is the case for humans” [p. 26]. There is no reality outside of appearances: “What appears to me to be so, is so, for me; and there is no reason to doubt either the reality of what appears to me or my ability to know that reality directly” [p. 26]. Thus, every individual, every group, determines its own notion of rectitude at any point in time.

ARISTOTLE

Background

The *NE* (which is named for the author’s son Nicomachus) is made up of ten books that systematically present Aristotle’s thoughts on moral goodness, virtue, justice, the nature and importance of friendship, pleasure and the life of happiness. Ethics and politics are practical sciences founded on the notion that humans are primarily social beings who make choices as they interact, but, as sciences, they are inexact. The purpose of a work like the *NE* is to learn how to act like good men (see *NE* p. xvii). We choose to live or act in a particular way because we believe those choices are founded on virtue and will lead to happiness; but there is no political or ethical system that is perfect and universally applicable. Moreover, our beliefs in religious tenets may or may not have a bearing on how we live.

Aristotle: Type of Judgment and Means

Barnes points out that Aristotle distinguished between two types of judgments. The first is a *substantive moral judgment* that certain types of humans or actions are good or bad. The second type is a judgment *about* the substantive judgment, for example, whether it is factual or objective. This type of judgment is called meta-ethical and the major contribution of *NE* is to meta-ethics [pp.xviii-xix]. However, the distinction between ethical and meta-ethical judgments is often blurred. Like some modern existentialists, Aristotle believed that the most we can hope for is a roughly accurate generalization. It is an illusion to think that we can find absolutes that are universally true because there are always exceptions (pp. xx-xxi).

Aristotle is well known for his doctrine of the *mean* which is treated in Book 2 (he did not use the modifier “golden” which was added by later writers). Moral goodness is acquired by habit. Nature constitutes us to receive moral virtues but their full development is achieved through practice. We become just or brave by performing deeds that are just or brave. Correct conduct is incompatible with excess or deficiency and this is what leads us to the doctrine of the mean or moderation. The mean is a mid-point in reference to measurable quantities:

> *"For example, if ten is 'many' and two 'few' of some quantity, six is the mean . . . But the mean in relation to us (italics added) is not to be obtained this way (p. 40)".*

Aristotle uses the example of giving food to an athlete. Assuming that ten pounds is a large allowance and two a small one, it does not follow that a trainer would proscribe six (the mean) because this might be too much for one in the early stages of training and too little for the experienced and well-trained athlete. The mean is not an absolute immutable principle that applies universally: what we seek is the mean *relative* to the individual. The reason for seeking the mean is that it preserves perfection, while excess and deficiency destroy it (p.41). Hence, ethical decisions become a matter of individual choice. Your food can be my poison and my snack your banquet. Virtue is a mean, determined by a rational principle, that lies between two kinds of vice: excess and deficiency and is applied by a person of good character and intelligence to a set of circumstances. But Aristotle recognizes that not every action admits a mean: those that directly denote depravity like theft or murder are evil in themselves, not in their excess or deficiency. These are actions that cannot be committed with the right person or at the right time or in the right way because they are always wrong [pp. 42-43].

How do we determine the correct mean in a particular case? To answer this question Aristotle comes back to what he said in the beginning of Book 2, namely, that moral goodness is achieved through habit and practice. Being good is difficult because it is hard to find the mid-point:

> *"It is easy to get angry –anyone can do that- or to give and spend money; but to feel or act towards the right person to the right extent at the right time for the right reason in the right way – that is not easy, and it is not everyone that can do it. Hence, to do these things well is a rare, laudable and fine achievement"* [*p. 48*].

Anger is an example: it is not easy to determine the right way to do it, with whom, on what grounds or for how long. If we display a deficiency of anger, we can be said to have patience which can be a virtue. Similarly, if we act in excess by displaying our tempers, we can also be considered virtuous [p. 49]. This is not based on a general principle of ethics external to us but on our personal perception:

> *"If a person of good character feels he is getting too angry; he does not, in a particular case, refer to a general principle of ethics"* [*p. 49. note 2*].

In summary, we practice at excess and deficiency to arrive at a mean that is suitable:

> *"This much, then, is clear: in all our conduct it is the mean that is to be commended. But one should incline sometimes towards excess and sometimes towards deficiency, because in this way we shall most easily hit upon the mean, that is, the right course "* [*p. 49*].

CICERO

Background

Cicero's last philosophical work written in late 44 BCE bears the Latin title *De Officiis*. Many translators have used the word *duties* to translate the Latin term *officiis*; Walsh explains his preference for choosing the word *obligations* [p.xvii]. The word *officium* is troublesome. When Cicero was criticized by his friend Atticus for its use, he suggested that Atticus give him a better word. Zeno, the founder of Stoicism, and Panaetius, Cicero's main source, used a Greek word that meant "an action in accordance with reason" but in the Latin of Cicero's day the word *officium* had a different nuance because it meant "that which ought to be done" in relation to one's duty towards others in a particular social context. Atticus pointed out the difficulty of speaking of one's *officium* towards the state as opposed to *officium* towards an individual or group [Morford, p. 89].

The work is addressed to Cicero's son Marcus, a not too diligent or disciplined student of philosophy in Athens. Cicero speaks to Marcus directly with parental authority, an important concept in Roman life, in the form of a letter and maintains a tone that is personal and urgent [Morford, p. 88]. There are three books: Book 1 treats the subject of *honestum* (virtue or honorable conduct), Book 2 explores *utile* (the useful or expedient) and Book 3 examines conflicts between the two. Cicero's main source is the Stoic Panaetius but he carries matters a step further than his predecessor: Panaetius never reached the third stage of conflict, although he had expressed the desire to do so [p. xvii]. Cicero also draws on Plato's *Republic*, but in typical Roman style, is more practical than utopian [see pp. xiii-xiv]. Aristotle's *NE* is also an important source, particularly for the treatment of generosity in Book 1 [pp. xviii-xix].

Cicero, Book 1: Obligations, Justice, and Fellowship

In Book 1 Cicero asks if all obligations are absolute or if one takes precedence over another. Like Aristotle who distinguished between ethical and meta-ethical, he differentiated between good in two senses: the absolute and the intermediate. Absolute obligation defines what is right; intermediate obligation is when a plausible reason can be found for undertaking an action [p. 5]. The intermediate obligation appears to be more pragmatic than Aristotle's meta-ethical judgments but is similar in that it seemingly requires a decision from an individual or a group that has a common interest. Cicero raised three questions: (1) What is the contemplated right or wrong and what are the contrary opinions? (2) Does the course of action make life or wealth better? (3) Is the useful in conflict with what is right? [pp.5-6]. Human obligations to others are twofold: do no harm and do not tolerate harm that is being done [p. xix]. *Honestum* is synonymous with *virtus* and is subdivided into four cardinal virtues: wisdom, justice, courage and temperance. The four are interconnected and have obligations that arise from each [p. 8]. The primary function of justice is to ensure that no one harms his neighbor unless he has been unjustly attacked; its second purpose is that communal property serve communal interests and private property private interests [p. 9]. It is relevant to say something about Cicero's economic conservatism because it connects him to modern capitalism. Morford points out that his rhetoric is both political and ethical and appeals to the conservative and complacent mindset that prefers a policy of *laissez-faire*. In times when strong leaders and change are needed, Cicero's conservatism would be out of fashion. Such times have existed since the end of World War I. Autocrats like Hitler or Franco would have little use for Cicero [pp. 94-95].

The foundation of justice is good faith. Community injustice must be avoided but Cicero does not oppose accumulation of wealth and property as long as it does harm to no one [p. 10]. Cicero then approaches the subject of generosity which as Walsh points out is largely based on Aristotle's *NE* (p. xix). Nothing is more in accord with human nature than generosity, but there are pitfalls. It should not harm its recipient or others: it is wrong to steal from the rich to give to the poor. Secondly, we must be sure that our benevolence does not go beyond our means and that it is apportioned according to the recipient's worth [p. 17-18]. Based on what Cicero says about the last point, he is probably thinking about the Roman concept of *amicitia* (friendship) which, linked to a system of patron/client, played a key role in the social and political order of his time.

Cicero then takes up the very important question of community and human fellowship a topic that has deep and important connections to Stoicism. Not only was his main source Panaetius a Stoic, the philosophy appealed to the Romans because it was inseparable from how their culture worked. Service to the community and participation in public life were central to how the Roman state functioned and were entwined with institutions like the patron/client relationship and daily life in the Roman forum [see*Latin Literature*, Routledge, 2002 by Susanna Morton Braund which contains interesting details on the importance of militarism, masculinity, spectacle, politics, etc. in daily Roman life]. Furthermore, while the Peripatetic philosophers like Aristotle held the view that we seek knowledge for its own sake, Stoics like Cicero believed that the pursuit of learning is connected to virtue and that the welfare of the community supersedes the prestige of the individual. As Walsh points out, public life is always a higher calling than seclusion [p.xx]. Cicero believes that the life of learning and the pursuit of virtue find justification in service to the community. Moreover, the community is essential to humans and separates them from animals. He quotes the poet Ennius to make this point: "The friendly soul who shows one lost the way,/ Lights, as it were, another's lamp from his./ Though he has lit another's, his own still shines". There are many layers of friendship that pertain to state, family and household [pp. 19-20]. Even if distinctions and judgments about our obligation to recognize community can be fuzzy, Cicero is convinced of its importance:

> *"Indeed, knowledge and contemplation of the world of nature would be feeble and unfulfilled if no practical action were to flow from it. The action which does follow is seen to best advantage when it protects men's interests and is therefore concerned with the fellowship of the human race. It must accordingly be ranked higher than that from knowledge" (p. 52).*

Knowledge is isolated and barren, even without merit, unless it protects society and fellowship. But the distinction between commitment to community and isolation from it does not mean that the pursuit of knowledge has no value. Cicero gave examples of teachers and others in public life, including himself, who have dedicated themselves to the acquisition of knowledge but furthered the interests of humanity at the same time by educating youth to become better citizens and leaving a legacy of writings after their deaths. Human association and community take precedence over the thirst for knowledge, but Cicero appears to leave some room for choice:

> *"So every obligation which effectively safeguards men's association and fellowship with each other is to be preferred to that which is inherent in reflection and the search for knowledge" (p. 53).*

It will be important to keep this principle in mind when we look at Cicero's cases in Book 3 and evaluate the conclusions he draws from them.

<u>Cicero Book 2: Pursuit of Virtue, Justice, Good Sense, and Private Possessions</u>

The subject of Book 2 is summarized in the word *utile* or what is useful. Cicero was motivated to write about it because the meaning of the word had declined to a point where the useful and the honorable had become detached and would not be. His position was that the honorable is useful and vice versa and that the two concepts are entwined with the just [pp. xxii and 57-58]. The pursuit of virtue requires moderation and restraint: emotion and impulse must be fettered by reason [p. 60]. Fortune plays a role in success or failure and fear must be banished to fulfill our aspirations [pp. 60 and 62]. Trust among humans is essential and it is inspired by our sense of justice and good sense [pp. 65-66]. Once again, the meaning of community comes into play:

> *"every ordered course and direction of life needs the help of other men … and this is hard to attain unless you project the image of the good man"* [*p. 67*].

Finally, Cicero is a strong advocate of maintaining private property and the freedom to maintain control over one's private possessions [pp. 80-81].

<u>Cicero Book 3: Do No Harm to Others</u>

The subject of Book 3 is the conflict between *honestum* and *utile*. Most of this section is devoted to cases that illustrate the conflict. Cicero begins by repeating some basic principles. Unlike the Academy and Peripatetic School which place the honorable above the useful, Cicero makes them equal. A cardinal rule is to do no harm to others and avoid undermining the alliance of members of the human race. What is useful to the individual is identical to what is useful to the community, otherwise human fellowship ends. These matters are not a human invention, but are consistent with the law of nature [see pp. 91-93]. At the same time, an essential goal is to avoid dishonor:

> *"Many situations frequently arise to perplex our minds, because they have the appearance of being useful to us. The difficulty in contemplating these is not whether we should forsake the honourable because the benefit is so great (that would be despicable), but whether the apparently useful can be embraced without incurring dishonour"* [*p. 98*].

Further on, he concludes:

> *"The abiding rule, then, must be that the dishonourable is never useful . . ."* [*p. 101*].

<u>Diogones vs Antipater</u>

The remainder of Book 3 is devoted to an examination of cases that present a conflict. Some are judged by the Stoic Diogenes of Babylon and his pupil Antipater who always take opposing points of view. In the first case [pp. 101-102], a good man shipped a cargo of corn from Alexandria to Rhodes during a time of shortage, hunger and high prices. He knew several merchants were also shipping on the same route and saw their ships laden with corn. Should he report this to the Rhodians or simply not divulge it and try to sell his own cargo at the highest possible price? Antipater favors divulging the facts so the buyer knows what the seller does. Diogenes says the only obligation of the seller is to disclose defects in his goods. Antipater responds that natural law imposes a duty on us to promote human fellowship. One's personal interest and the interest of the community are equal. Diogenes retorts that silence and concealment are not the same thing. I am not obliged to tell you what it is in your interest to hear. Antipater replies that one is obligated because alliance between humans is part of the natural order. Diogenes responds that this alliance does not forbid us possessions. If it did forbid it, nothing could be sold and everything would be given away.

A second case [pp. 102-103] involves a house for sale with serious defects that are known to no one but the owner. If the seller did not inform buyers of these facts and received a higher price than was expected, was his action unjust? Antipater: Yes, because he led the seller astray. Diogenes: No: the seller neither forced nor recommended the sale. He put up for sale something he did not like and the person who bought it liked it. If the buyer is free to exercise judgment, how can the seller be guilty of deceit? What would be more insane than putting up a sign that says: defective house for sale!

In these two cases, there is a clear conflict between *honestum* and *utile*: one side defends the first while the other argues that it is honorable to do what is useful and that it may be dishonorable not to do so. However, as with Aristotle, Cicero's conclusions may not be unequivocal. Some of the ambivalence and ambiguity may arise from language and translation. In the Walsh translation, Cicero responds to these cases by saying:

> *"The answer seems to be that the grain-dealer should not have concealed the facts from the Rhodians and the vendor of the house should not have concealed its defects from the purchasers"* [*p. 103*].

But in the bi-lingual Loeb edition from Harvard, the translation places a stronger emphasis on the obligation of the seller: "I think, then, that it was the duty of the grain-dealer not to keep back the facts from the Rhodians". The original Latin sentence begins with the words *non igitur videtur* and ends with the verb *debuisse.* The verb *videtur* is a passive form of the verb *videre* [to see] which, when used in the passive voice, means "to seem". *Debuisse* is the active past infinitive of *debere* which means "ought to" or "must" and thereby implies a degree of moral obligation [pp. 324-25]. Cicero goes on to say that the concealment in these cases is not the same as reticence because it seeks to further a personal interest by keeping knowledge hidden from those who could benefit from it. He condemns this type of concealment and those who practice it but seems to imply that each case must be judged on its own merits. He stops short of saying that concealment *per se* must always be avoided. The conclusion is that:

> *"… it is never useful to do wrong, because it is always dishonourable; and honesty in a man is always useful, because it is always honourable"* [*p. 105*].

<u>The Role of Chance</u>

Another manifestation of ambiguity is arbitrariness or the role of chance. Fortune was touched on in Book 2. In Book 3, he cited cases from Hecato of Rhodes [a pupil of Panaetius] from the sixth book of his work *On Obligations* [see pp. 114-115]. Assume that after a shipwreck, there is a floating plank that could save one person and three survivors near it: a fool, a wise man and the owner of the ship. Does the ship's owner have any more right to the plank than the other two? No, says, Hecato. The owner has no more right to it than he would have to throw passengers overboard while the ship is sailing. While the vessel is on its way to a destination, it belongs to the passengers, not the owner. In a different scenario, there is one plank and two wise men. If one has less value intrinsically or to the state, he should yield to the other. But what if both are of equal stature? In that case, there is no contest, Cicero concludes: "One will yield to the other as if in a lottery or game of chance" [p. 115] – an ambivalent reply that recognizes the role of fortune and arbitrariness but does not show regard for the principles of human fellowship and not doing harm to another that Cicero held in such high regard. Therefore Cicero, like Aristotle, did not always provide irrefutable and unequivocal answers for every situation. At best, he could only provide us with notions that are abstract. When we attempt to apply them to practical cases, the waters become cloudy. At the end of Book 3, Cicero seemed to arrive at the idea that *honestum* and *utile* are intrinsically related. It is natural for humans to seek the useful, but when they detach it from the honorable, they defy nature [p. 119]. In order for something to be useful, it must first be honorable:

> *"As to the critics' claim that what is especially useful becomes honourable, the more correct formulation would be to say that what is honourable becomes especially useful, or rather is, not becomes, especially useful"* [*p. 122*].

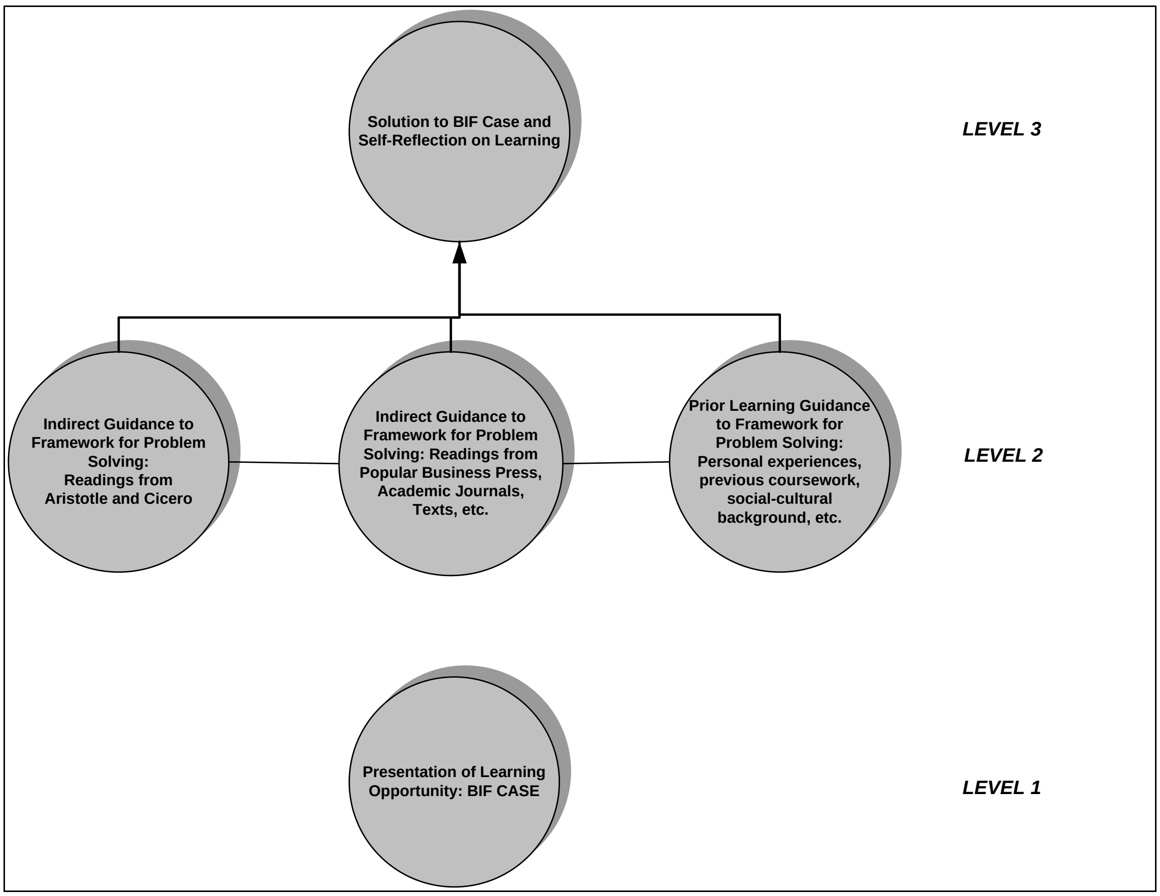
WHERE THE CLASSICS MEET BIF: BUILDING A BRIDGE TO INTERACTIVE, INTERDISCIPLINARY LEARNING, PART II

At this point in the learning process, learners would have been exposed to the BIF case as well as selected readings from Aristotle and Cicero. The following Figure illustrates three levels of learning. *Level 1* consists of the stimulus of the learning opportunity—the case itself, which provides learners with the challenge of facing a typical business situation that involves a decision—and a framework for making that decision. *Level 2* consists of various forms of learning guidance, including the reading of Aristotle and Cicero, other readings from the popular business press and assigned textbooks, and a range of other personal experiences, including prior coursework and the social-cultural backgrounds of every learner.

Level 3 is the development of a framework for developing a solution to the BIF challenge and student self-reflection on the learning experience.

Building the bridge from *Level 2*—and particularly the material from Aristotle and Cicero—requires an analysis of the selected readings and their particular application to the BIF case. The following commentary builds that bridge.

FIGURE
THREE LEVELS OF LEARNING OPPORTUNITIES



COMMENTARY ON LEVEL 2, READINGS FROM ARISTOTLE AND CICERO: QUESTIONS FOR LEARNING DEVELOPMENT

In applying Aristotle to the BIF case, the decision on the use of palm oil falls into the category of a meta-ethical judgment because it is a decision about the validity of an action. The palm oil can be seen as a blessing or a curse: the former because it benefits one set of people (the company and shareholders) and the latter as something that damage others (the consumers). Perhaps a good question for Jane, Bill and Ed is whether or not they can avoid excess and deficiency and arrive at a mean that is suitable for everybody. Aristotle gives examples of how the mean is relative to the individual but seems unclear or ambiguous on a mean that is relative to society as a whole. That seems to be at the heart of the BIF dilemma. Another question that learners should consider: Since consumers are the direct recipients of any potential harm, what role, if any, do they play in the scenario? How can a consumer practice with excess and deficiency as Aristotle suggests? Is Jane right in her proposal for disclosure and is Bill wrong in proposing silence? Another question: Are the hazards of palm oil measurable and scientifically demonstrable in the same way as substances like tobacco or alcohol? Such products carry warnings but have not been banned from sale.

With respect to Cicero, how would he judge the BIF case with regard to the Stoic belief in responsibility to the community and human fellowship, to his concomitant conviction that this belief does not undermine his preference for laissez-faire and the right to maintain control over one's possessions? What would be Cicero's reaction if we cast him as a shareholder, a member of the Board or a BIF customer? How do his notions of doing no harm to others and eschewing the useful that is dishonorable fit into the BIF case? Is there a way to justify the suggestions of Ed and Bill as actions that are not dishonorable? What is also entangled with this is Cicero's idea that what is useful to the individual is identical to what is useful to the community. How should the principle of that idea apply in this case situation? Further, there remains the matter of reticence vs. concealment. What determines when we have the right to the first and don't have the right to the second. Is BIF's sandwich the same as Cicero's defective house that is up for sale?

Answers to the above questions are not straightforward. Yet, the purpose of this interdisciplinary exercise of crossing contemporary business with insights from the Classics is not designed to produce a definitive answer. The primary purpose is to help develop a generation of leaders who are: (1) keenly aware of business ethics in two arenas: public policy (erg., support for failing industries, affirmative action programs, corporate governance) and individual behavior (erg., excellence, role identify, integrity, judgment). Both are clearly important, but until recently, the majority of discussion has been focused on the public policy sector. Recent worldwide ethical failures in business have called attention to the failings within the realm of individual behavior.[9] (2) prepared to face ethical challenges (such as those posed in the BIF case) with a decision framework that is guided by the best long-term interests of the organization. (3) skilled in blending concepts from the liberal arts with those from contemporary business thought.

ENDNOTES

1. *Winners Never Cheat: Everyday Values We Learned as Children (But May Have Forgotten),* by John M. Huntsman, Pearson Education, Wharton School Publishing, Philadelphia, 2005.

2. Association to Advance Collegiate Schools of Business (www.aacsb.org) and European Quality Improvement System, European Foundation for Management Development (www.efmd.org).

3. "The Case of the Pricing Predicament: Standard Machine Company," by Mary Karr, *Harvard Business Review,* March 1988.

4. *The Tipping Point: How Little Things Can Make a Big Difference,* by Malcolm Gladwell, Little, Brown and Company, Boston, 2000; *Good Business: Leadership, Flow, and the Making of Meaning,* by Mihaly Csikszentmihalyi, Penguin Putnam, Inc., New York, 2003; *The Culting of Brands: Turn Your Customers into True Believers,* by Douglas Atkin, Penguin Group, New York, 2004; *Freakonomics*, by Steven D. Levitt and Stephen J. Dubner, Penguin Group, Victoria, Australia, 2005.

5. *Ten Deadly Marketing Sins: Signs and Solutions,* by Philip Kotler, John Wiley & Sons, Inc., New York, 2004.

6. "Bando's International Foods," by Charles H. Patti, School of Advertising, Marketing and Public Relations, Case 02-05, Faculty of Business, Queensland University of Technology, Brisbane, Australia, 2005.

7. *The Nicomachaen Ethics* by Aristotle, translated by J.A.K. Thompson, revised with notes and appendices by Hugh Tredennick, introduction and further reading by Jonathan Barnes [London: Penguin Books, 2004]

8. *On Obligations* by Cicero, translated with an introduction and notes by P.G. Walsh [Oxford and New York: Oxford University Press, 2001]

9. See Soloman, R.C., *Business Ethics Quarterly,* 2(3): 317-339 (enter complete name of article here); Vogel, D. J., (2005, "Is there a market for virtue? The business case for Corporate Social Responsibility, *California Management Review,* 47 (4), 19-45.; Koehn, D., (2005), "Integrity as a Business Asset," *Journal of Business Ethics,* 58: 125-136; and Banaji, R., M.H. Bazerman, and D. Chugh, (2003), "How (Un) Ethical Are You?, *Harvard Business Review,* December: 56-64.

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