

## Example:

# Initial Postings and Weekly Discussion – Week 1

Group members: Student 1, Student 2, Student 3, Student 4, Student 5, Student 6

### Initial Posting – Student 1:

This morning I've seen an interview at manager-magazin.de with Harold Sirkin, Senior Partner Boston Consulting Group. He told, about the end of the economic crisis in North America: "Most US Companies are now well positioned in the real business. They rapidly reduced their staff and their structures with the same speed. Productivity is rising and the profit in the same way. Most corporations have accumulated a lot of cash – a good situation for an start out of the crisis. "

Sounds so a psychopathic nature? Isn't it not more a kind of an economic engine? That what Bakan shows in his movie was more cartoon-like. He overdrew the real situation and pinpointed some misuse, especially in the shareholder-driven US economy. He mixed the human behavior with the corporations structure. In my opinion, he had a thought-provoking movie on the top of his head and its now nice to discuss. The former US president topped this with his statement, that 95% of the companies are acting seriously. But I think, even this human behavior is accountable for all this.

I will argue in two directions. The first is more on the corporations side. Obviously you can find the same economic and financial rules even in an corporation, as well as in smaller or middle sized companies. The US corporations obviously are more profit driven by shareholders, than the European ones. Terms for that are to think very short term, to maximize profits and don't follow the sustainability of your companies products and markets.

On the other hand, can a human being handle psychopathic. Probably that's not in its nature. A bad managed market or financial crisis, wrong annual targets, unqualified technicians or manager and a missing ethic based company culture can cause this kind of stress. And even there, its an human factor, which influences the corporations behavior at all levels of staff. The insider trading executive is included in the same was, as the technician, who does not report technical risks. Under pressure, the staff is acting in an unpredictable way. And nevertheless money makes corrupt.

To keep the right balancing between what shareholders are want and stakeholders can do, could be one key for a successfully acting corporation.

E.g., my company has installed a lot of rules to assure the corporations reliability:

- Compliance and Legislation Rules
- Export Control Rules
- Insider Trading Rules
- Code of Ethics Document
- Companies Blue Book
- Enterprise Risk Management Policy
- several Group Works Agreements esp. for Germany
- Project Program Management (Milestones)
- Personnel Training and Development
- Gallup Engagement Survey

That's probably a nearly complete collection of what you can set up. We use the term compliance for the use of this rules in the daily business. External, corporate and audits by authorities are tools to control the adherence. It can reduce the risk of any misuse, but there is no prevention by 100%.

### Student 2:

Don't take it personally. But I just need to ask if you refer to your company. How does production and delivery of weapon systems fit together with corporate social responsibility? You can answer the official version, just for fun and practice reasons. I will not dig much deeper then.

### Student 1:

Don't forget the most of our products are for civil use. All our things manufactured or traded are in line with legal and companies rules. No doubt about it. That's why I'm feeling convenient to work for. I asked me, "Is it from the ethically point of view ok to do that?" My answer was yes. Be honest, HR is far away from any product. But nevertheless, should everybody answer this question for himself. That's what above. How do you deal with the ethic principles in your daily business?

Student 2:

Do you consider legal to be automatically correct in an ethical way?

Yes, HR is far away from the product but delivers and somehow supports the people who work on the product. But I don't judge and don't have the right to do so anyhow. I am very fine at work, thanks for asking. I work on future coach generations. Coaches are the most consumption efficient means of public transport. And I/we even try hard to improve a lot. But yes, I worked as a sales engineer in our military vehicle division. In this time I did never design or offer vehicles with installed weapon systems on it. This was my personal limit. But nowadays I wouldn't even do this job. Besides this the former military vehicle division of MAN is not in the strategic focus anymore. The main part of it is sold already.

Student 3:

I am a parzifist, but till now mankind still needs to fight. 48% of the US household supports military, which is insane. People are often angst and fear driven, or they want more power. These human ants are sometimes ridiculous. Instead of encourageing, promoting, assisting to a better life, they are destructive, greedy, envious. Might be a matter of the own mindset. The glas is half full!

Teacher:

I want to add the question of Student 1 "How do you deal with ethic principles in your daily business and IN YOUR DAILY PRIVATE LIFE?"

For example: Do you have a look, if a product is "Made in Germany" or "Made in China"? Do you buy cheap products although you know, it can be, it is made by hands of children or do you decide than for a more expensive one?, ...)

Student 2:

- ethic principles in daily business: I answered something to Jens -Uwe already. Besides this our project team is in contact to our person in charge concerning CSR issues in order to anticipate future demands and possible solutions beyond the demands of regulations .
- ethic principles in privat life: Here I try hard as well. At home I use exclusively green electricity, I buy organic food (which producers should ensure better payment, labour conditions, conditions of livestock husbandry and so on), I use biodegradable cleaning agents and so on. It comes to an end if I want to eat oranges, which are no regional food. And I go with friends to restaurants, which offer no organic food as well. (I want social contacts.) E.g. regarding electronic articles I am not really

aware of the history of production, sourcing, mining for raw materials and so on.

A kind of CSR footprint for any kind of product would be helpful and influence the purchasing condition as long as people can afford it and have a bit of a conscience.

Student 1:

From the business side of life I'm trying to act in agreement with my engineers ethic codex. As argued our groups code of conduct is feasible for me. Several years ago, EADS launched one of Europe's most advanced ethics programmes. This programme has now been fundamentally revised. OpenLine is a confidentially run system allowing EADS employees to report any behaviour that would be non-compliant with the Group's code of conduct. The informant's guaranteed protection, the presumption of innocence and the system's management outside EADS ensure full confidentiality. OpenLine should show EADS' commitment to ensuring strict compliance with ethics rules and best practices throughout the Group.

As a private consumer, you can't avoid chinese products. And it does not makes sense from the global point of view at all. There's no discussion about childrens work and environmental pollution. It's more an competitive question to buy an asian electronic device. At the other hand I assume we're selling german products there. But for foods I prefer the locally only. For quality and nature's reasons.

Student 4:

It gives me pleasure that global corporation like EADS supports a way to report ethic abuses.  
In my daily business I'm not involved with child labour problems - thank god.

In my private life I try to buy local food and fair trade products - chocolate, coffee, clothes.... but in the current global markets you hardly can avoid to buy products which are made under cruel conditions.

**Initial Posting – Student 2:**

A worldwide used tool to assess psychopathy is Prof. Dr. Robert D. Hare's "Psychopathy Checklist-Revised", which is more complex than the few characteristics mentioned by Joel Bakan. Two big characteristics of psychopaths are poor behavioral controls and impulsivity, which are not considered by Bakan. But the general behaviour of corporations is quite predictable. Thus the characteristics mentioned by Joel Bakan don't make a person nor a corporation necessarily being a psychopath. (Another example: psychopaths show the narcissistic characteristics, but narcissists don't have all of the psychopathical characteristics.) According to the definition of psychopaths I do not agree with the position on Bakan's description. But there is another story. Today's corporations are institutions with huge influence. From history we know more institutions with big influence, such as religions and states. Behind all of these institutions are/were human beings, who have made the rules and are/were human beings, who act or did act in more or less outstanding positions. Have some of these human beings psychopathical characteristics? Dr. Belinda Board (psychologist) worked on a research study in 2005. In that time she found a high degree of psychopathical characteristics at the UK top managers. Her study examined personality disorders at criminals, mentally ill persons and top managers from UK. The examined top managers are as narcissistic and obsessive as the comparison groups are. But the top managers are even more egocentric and theatrical. On the other hand the top managers showed less antisocial behaviour. Such people can be equipped with intelligence, smart appearance, motivation for power and a lack of integrity. Then earnings become number one objective, which is common practice of the biggest corporations in this world's capitalism. Some people of corporations (not only some of the top managers) show several psychopathical characteristics in different forces, but are not necessarily psychopaths in total. These psychopathical characteristics are part of the corporations as the affected people are part of the corporations. In this context corporations can be seen as partly psychopathical. Thus Bakan's description is partly right but not totally right. According to their managers and employees in charge some corporations may show more psychopathical characteristics (e.g. Kik) than others (e.g. Interface).

**Student 3:**

Impulsivity is not that bad. Good ideas concerning business or humanity grew out of impulsivity. Jesus was impulsive, Gandhi was impulsive, it is an emotion, which might create good things. The UN founded in 2002 Global Compact, Corporations which intend to be integer will be member, and of course we have companies like Kik, Enron, etc. where the leaders are poor people, full of greed, swagger, swank and pride. Humans are just in the beginning of their evolution and it will take some decades to change their attitude.

**Student 2:**

I don't think impulsivity is generally bad either. Nevertheless following impulsive characteristics belong to psychopathy (acc. to Wikipedia): necessity of stimulation, parasitic lifestyle, insufficient control of behaviour, previous display of behavioral problems, missing realistic and long-term targets, impulsivity (in sense of furious anger), irresponsibility, ...

**Student 3:**

Maybe let's define the word impulsive, if a good person full of integrity, dignity, responsibility, sustainability, charity etc. is impulsive he/she will follow the rules of humanity. Not everything is just black or white. Plato suggested in his State, that philosophers should rule the state, and that they first need to study philosophy and mankind to be able to rule rightly. Maybe it starts with our education, in the kindergarden, in school. The new generations need to implement the idea of responsible behaviour in their soul and mind, like the monks in Tibet.

### Student 5:

Good point! The top-managers of our corporate world might indeed feature psychopathic traits. Their exceptional abilities might just be the other side of the coin of their moral (and other) deficits. Maybe their lust for power compensates their inability to relate to others. And maybe their extreme workloads cover up some kind of emptiness they feel deep inside. But can we stop here? Shouldn't we ask, why exactly those people are promoted to these positions? And how we can change the rules of the game so that people will rise to top-level jobs that have a true feeling of responsibility?

I guess teaching our top-managers the principles of business ethics would just make as much sense as trying to teach me to work 16 hours a day, seven days a week

### Student 2:

Regarding exceptional abilities:

- A few weeks ago I heard Prof. Max Otte saying at a lecture that "the management board members are not always the brightest. And in such cases intelligence is not the criteria to be a member of the board." This made me thinking.

Why are exactly those people promoted to these positions?

- One issue is the existing salary system. There is a survey of the Technische Universität Karlsruhe and Technische Universität München. The result: just four per cent of the bonuses of the 300 most important on the stock exchange listed corporations depend on ethical values.
- Besides this there are so called successful psychopaths, which take resources from others. Prof. Dr. Niels Birbaumer (Institut für Medizinische Psychologie und Verhaltensneurobiologie, Universität Tübingen) said: "We forget the successful psychopaths as they do not appear in the studies. Science and social environment do not see them because they are not criminal. They are not violent and not brutal. Therefore we don't know them. But they have a huge influence on our society. And this influence has never been examined." And Prof. Dr. Robert D. Hare said: "Successful psychopaths look the same like all the others and seem to behave like we do. But in the long run they have just their own interest in mind. I use the term social perpetrator." He thinks just one of 100 psychopaths is put behind bars and said further: "They can often be quite charming, manipulative and pretend to be something that they are not. It probably needs a long time till you are realising you have been abused and abused."

How can we change the rules of the game so that people will rise to top-level jobs that have a true feeling of responsibility?

- I think the group of successful psychopaths needs to be examined first before we can draw reputable conclusions.
- Besides this a common change to a salary system, which has a focus on ethical values and sustainability criteria would help to come to another behaviour already. It might be not authentic from the beginning but is a first important step.

Ethic training sessions on their own will not be very successful, I agree.

Student 4:

That sounds very interesting, can you post your source?  
Thanks!

Student 2:

For which of the issues do you wish to get the source?

Student 4:

The source of the quotations, like Prof. Dr. Robert D. Hare ones.

Student 2:

This is the source of Prof. Dr. Robert D. Hare's quotations I wrote about:  
<http://www.youtube.com/watch?v=iCaXUFJUSZo> (link to part 1 of 9).

Student 6:

A former colleague of mine was dealing with the topic "management by random" in his doctorate. That's the thing.. How are top managers chosen or promoted to these positions? It is most likely an internal manager, who can decide whom to choose to a certain position and therefore good connections is the most important help nowadays. But also in interviews or assesment centers you cannot certainly be sure to have chosen the right person. Job candidates know nowadays all possible questions that might be ask in interviews or tasks that might have be done in assesment centers. People can always cheat other peopl e. Same thing with ethical characteristics. MAnagers could fall into old patterns and only see the profit, even if they have the task to care for corporate social responsibility. In my opinion, it should be easier to degrade or fire managers after for example one year, if the do not meet all expectations (economical ones and ethical ones). Usually, managers are only fired, when they have made really fatal mistakes (for the second of third time).

Student 5:

Your statement meets my opinion too. And to fully agree, it was good to include the employees. Maybe, the manager is only motivated by salaries and target income, but the same should be discussed for employees.

**Initial Posting – Student 3:**

The corporation is a book or movie which reflects mainly the bad sides of a corporation. Of course Bakan tells us that a corporation is needed, but that it is

Irresponsible - it puts others at risk in pursuit of its own goals.

Manipulative - it manipulates people an opinion in pursuit of its goals

Grandiose - it always insisting that it is the best

Reckless - it refuses to accept responsibility for its actions

Remorseless - it cannot feel remorse

Superficial - it relates to others always in a way that does not reflect their true selves

Put this all together, and you have a psychopath.

Bakan mentioned that The Corporation is like Frankenstein's creation, well whoever read this book by Mary Shelley knows, that the creation was no beauty and Frankenstein its creator never taught him anything. He learnt his first lessons in life by living under the footsteps of a families house, there he learnt what love, giving, respect and all virtues are. The creator of the monster was horrified in first place and detested his creation. Well maybe within all of us is a Frankenstein and if we create a Corporation we need to set up the main and important basics like integrity, honesty, responsibility and so on. A Corporation has got a moral conscious. The Bertelsmann corporation for instance was founded by the Mohn family and they made an initial public offering like Anita Roddick with Body Shop. Reinhard Mohn was prepared and many shares were bought by employees, his stock exchange destiny was still to be a company with deep corporate responsibility. Of course a corporation wants to gain free cash flow, and in a world of exchanging goods that's a normal side effect. Like Milton Friedman said: *"There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition without deception or fraud"* Free competition is good and here I would add with responsibility and sustainability and without deception or fraud. Bakan is right, that nowadays we have companies which use cheap labor, producing dangerous products, harm the biosphere, and much more detestable things. Well mankind needs rules, and corporations too. Penalties need to be very high, the mindset within a corporation needs to be changed. We all know what morality is and moral standards are and that they are shaped by all humans through their realization how life should be and the ideas of happiness within a right society. Some would say the ideals for the human condition were codified into religion as the uncertainty of the afterlife is the strongest enforcer of human activity. The future generations need to implement this moral, ethical point of view into every corporation. I believe that market forces, and here I mean the aggregate of all of the markets in which the corporation interacts, will react to corporate full disclosure and provide the discipline to enforce ethical behavior. Thus, the best way to enforce good management of the corporate carbon footprint is to require full disclosure of a standardized report of the corporate carbon footprint that can be readily compared with the report of a competing enterprise. The markets will shun the weak performer and support the strong performer.

Responsible - it puts nobody at risk in pursuit of its own goals.

Artless - it openly follows its aim to win with integrity

Grandiose - it always like to be best, but do not need to be the best

Careful - it is responsible within all for its actions

Merciful - it helps wherever it is needed

Profound - it always act sustainable toward the environment

Put this all together, and you have a perfect corporation.

**Student 2:**

I want to emphasize the need and importance of business ethics (economical, ecological and social). Otherwise we will see pure oligarchy and exploitation. Do you consider corporations psychopathic or rather not?

**Student 3:**

In some ways aren't we all psychopathic, Business ethics, yes indeed they are very important. Did you ever read Fritjof Capra "The Tao of Physics"? Here you might find some answers concerning my ideas of ecology, economy and humans. Mankind need to be more humble concerning everything.

Student 2:

No, I haven't read "The Tao of Physics" yet. But thanks for the hint. I might go for it one day. Back to the roots: I ask you for a clear answer to my question.

Student 3:

Well I gave you the answer, you just need to look behind the words. Never mind, I am more the artist and you are more the technical person. Ok to go back to your question and I have to regret, but thinkings and opinions never can follow a pattern like in Math, but anyway, yes I believe we need ethics and rules. But each countries has its own ethical ideas, so we would need a worldwide business ethic to build up. No I do not think that a company is psychopathic, just read my statement and you find the answer by yourself

Student 4:

I like your statement, because i also believe that the mankind/corporations need more rules like the "International Bill of Human Rights", because we are human - gods cruel creature of the night. On the other side I think markets are not able to regulate themselves. We need a basic change of the society (seeding out ethic rules and let them (protected) grow - (intrinsic) Longterm effect ?) or with enough international pressure - play cops and robbers.

Teacher:

Hello to everyone,

you agree that business ethics and rules are very important. Do you have an idea, how you can communicate business ethics rules to your employees?

Student 2:

This issue must be raised, communicated, tracked and supported by the top management. Otherwise it is just one of many topics. The top, middle and lower management must act according to ethic rules. They should be positive examples. A company can not behave in a consistent ethic way if the management acts different. I guess giving examples is a kind of communication too.

Student 6:

I agree with Jan, that the responsible people for communicating CSR to the employees are the people of the management. They need to strengthen activities to

keep CSR in mind of every single employee and to let it live by everyone, e.g. by adjusting it as a part of an apprenticeship or a trainee course. For new employees CSR should be a part of the vocational adjustment. Like key figures of the economic situation and the tracking of internal targets of a company are communicated in almost every corner of a company's building, CSR activities could be communicated in the same way or could even be a part of a target agreement for managers as well as for skilled workers.

Student 5:

I have thought the teacher asked "everyone". Now I am not sure anymore. If it was your question: SORRY!

Student 3:

I guess she asked everyone and I just support your answer.  
Here I would name the categorical imperative of Kant who said "Act only according to that maxim whereby you can at the same time will that it should become a universal law."

Student 1:

Ethic rules must implemented (e.g. as Vision, ethics codex) and keep alive from the top of the corporations management. In my previous business live I didn't see any special training in ethics for the employees. Ok, probably you can book any course from the training catalogue. But its generally part of the companies culture und trained "On the job". Tools to do that are e.g. annually employees review, engagement survey and coaching sessions. I see ethics and social behavior more as an part of the entire society. "Ethics as Engineer" was part of my university study and nevertheless as I grown up in the former GDR, ethics and social behavior played a greater role, as in todays primary school (as far as I seen it from my children). I think, thats the right place to educate it. But nice to discuss it in a global context.

Student 6:

I like your statement and I believe, that the mindset of future generations will surely be different of today's managers or employees, because not only the media highlights, what are the current and future needs of the society and what are the requirements for companies, but young people already learn at school or later at university about the importance of business ethics. But we will still have to wait for this basic change for much more time, therefore I think, that clear regulations and laws are necessary to push companies to act more responsibly and sustainably.

### Student 5:

Although this discussion is slowly drawing to its end here's some fundamental objection: I flatly deny that ethics can be learned. We might be able to learn facts about ethics (the same way we can learn to follow any kind of manual or prescription) but a person that has no sense of ethical behaviour will never be able to learn to be an ethical person. After all, following a set of rules (like a code of conduct) because people expect you to follow it has nothing to do with ethical behaviour. Ethics is a state of mind, not a set of prescriptions that you can follow. Ethical behaviour is when you feel what's wrong and what's right and act accordingly. Let me just present two arguments to support my opinion that ethical behaviour cannot be learned. First, learning is a process that is associated with seeing and understanding causal relations. We see and understand how a hammer hits a nail and drives it into a wall. We can discern cause and effect. Thus, we learn how to hammer. But can we see and understand ethical behaviour? I already mentioned that ethics is a state of mind. If for example we see somebody taking care of his elderly parents we cannot say whether this is ethical behaviour because we don't know anything about the causes and motivation. We cannot see into anybody's mind. Maybe that person just wants to inherit the elderly couple's fortune (which I wouldn't count as ethical behaviour). As we cannot see and understand states of mind, we cannot understand and learn how ethical behaviour works and comes about. Second, let's imagine a person that has no sense of ethics and virtue whatsoever. Someone who hasn't got a bad conscience about misleading marketing, child labour, and selling weapons. And let's imagine we present that person with an ethical prescription, an ethical problem or an example of virtue. Having no sense of it, he will be completely incapable to grasp what he is confronted with. Ethical problems will simply not resonate in that person. To teach that person ethics would be just as much as teaching a blind person to see. So, since ethical behaviour cannot be taught, there are just two possible ways out of the dilemma we face. One is to make firm rules and to make sure that they are kept. In that case, we would not care whether they are kept because of ethical considerations or because people want to further their career or avoid punishment. The effect is what counts. The other option would be to take the ethical qualities of a person into account when we appoint the leaders of our companies. However, this would entail the problem I discussed above: How can we know about someone's integrity and ethical disposition, if we cannot know about the causes of his actions. Well, actually some of these issues are discussed in Plato's dialogue Protagoras. 2400 years and still the same questions. Gosh, I'm happy that progress in science is faster than in philosophy.

### Student 3:

You are right with your statement, that if a person already grown up and never learnt in his family about what is right and wrong, hardly will be able to get a sense of ethical behavior, but we need to regret this person for his lack of mercy, happiness, love and all those other virtues, he/she will never feel real glee. You are right, that we need rules to lead these poor people to behave social and as responsible as they are able to.

On my opinion it starts with the birth and the education one get through the family. And sometimes people are insane, just sick in mind. They need help. On this earth we have got this ambivalence, hot and cold, good and bad, night and day, ying and yang...

Consciousness each person develops by his/her own, through reading philosophers, listening to different mindsets, watching and reflecting. In the end we need rules, like

kids need rules, taxes need rules, corporations need rules, but they need to be flexible and always in progress.

Student 3 (to Student 6):

I conform to your conclusion, that we need regulations and laws. But concerning our environment we need to change the mindset very quick. Squeezing out our earth just to gain money is far away of being human. Trading is a necessity in life. And as the UN preserved our earth today with their decision. A deal to protect the world's ecosystems over the next decade has been agreed by the United Nations at the biodiversity summit in Nagoya, Japan. Ahmed Djoghlaif, executive secretary of the Convention on Biological Diversity said: "History will recall that it was here in Nagoya that a new era of living in harmony was born and new global alliance to protect life on earth was established." Lets hope and believe he is right.

Student 6:

I fully agree, that we absolutely need to change our mindset regarding the preservation of our environment, otherwise it would not be reasonable to have children anytime. I think, the events this year beginning by the earthquake at Haiti, followed by the oil pollution in the US or the flood disaster in Pakistan have already demonstrated, where our ignorant behaviour leads us...  
We need to change this immediately.

Student 3:

I guess we approach our theme all from different direction, but actually we seem to have a common sense within ourselves. Student 5 mentioned humans are not able to learn ethical behavior, well so we inherited it.

**Initial Posting – Student 4:**

My opinion is - Under the assumption that corporations can be viewed as a person or a sum of persons - I can't agree with the position on Bakan's description. They are not acting psychopathically; they act like humans. Why I think so? If you have to make the decision how to invest your money and you have only two options: One is to invest into a stock with a return rate of 3%, the second is to invest into a stock with a return rate up to 20%. I believe most of the people would choose the option two, because they can earn much more money. But why they/you need more money, because of the present society. Society is the sum of all human beings, which includes the intrinsic wishes, too. If we take a deeper look into the present society I think we can see that the borders between high, middle and lower class are moving towards each others, but not in favor for the middle class. Maybe a long term effect is that the middle class go the way of the dodo bird. So the evolution leads us to use our survival instinct to jump over the border into "the garden of paradise", which is the intrinsic wish of the most people (This correlates with the Maslow's hierarchy of needs). Now I correlate this with the assumption that a corporation is a person and this person is a part of the society (sum of corporations). So every corporation uses their survival instincts to reach their wishes, which means to be successful or with other words: Jump in the garden of paradise. If I now employ this on the structure of a global acting corporation, I can see: They are founded by humans and they are run by humans, so they must act like humans. Another thing is: Bakan's wrote: Irresponsible, manipulative, grandiose, reckless, remorseless, superficial are the typical characteristics of a psychopath, but I think you can find all these characteristics also in every person, but with different shaping (read Sigmund Freud: Id, ego, and super-ego). That means, if you sum up all people characteristics, I think the answer is: The humanity is a psychopath. Robert Hare, a psychologist, also wrote a book with the title: Without Conscience: The Disturbing World of the Psychopaths Among Us. That's my opinion try to convince me by arguing.

**Student 2:**

I have a lack of understanding. You started "... corporations ... are not acting psychopathically; they act like humans ..." and wrote at the end "... humanity is a psychopath ...". Isn't it a contradiction? Maybe you can help me to understand more by answering following questions. You wrote that humanity is a psychopath. Do you mean every single person? And as you stated corporations act like humans: Are all corporations psychopaths then? What makes a person or a corporation being a psychopath in your eyes? How much irresponsible, manipulative, grandiose, reckless, remorseless, superficial has the person got to be? What do you think about the relevance of the exploitive characteristics, which must be shown by a psychopath (Wikipedia)? What does this change in your evaluation?

**Student 4:**

Isn't it a contradiction? -> No why? I think its ok, its a kind of ambiguity. You wrote that humanity is a psychopath. Do you mean every single person? - No, i wrote: ...but with different shaping (read Sigmund Freud: Id, ego, and super-ego). That means, if you sum up all people characteristics, I think the answer is: The humanity is a psychopath.

Are all corporations psychopaths then?

- Yes of course! They are controlled/run by humans.

What makes a person or a corporation being a psychopath in your eyes? -> The sum of all people who worked for this comp.

How much irresponsible, manipulative, grandiose, reckless, remorseless, superficial has the person got to be?

- i dont know, i'm not psychoanalyst.. maybe 10% 30% 20% 20% 20%?

What does this change in your evaluation?

- Nothing

Student 2:

Corporations are not acting psychopathically but all corporations are psychopaths. I don't get it. Sorry for my lack of understanding. Please help me if you can in few sentences.

Student 3:

It is a good idea to jump in the garden of eden. Of course it's a different one as before, because we already eat the apple, the forbidden fruit. What is the garden eden like? Dostojewski wrote in his dream of a ridiculous man about this and in the end ying and yang appeared again, unfortunately.

Student 4:

The garden of eden.... hmm... in words? -> A place where candies grow on trees, little birds fly around and sing... or with other words a big mansion on the Cayman Islands, with the ark of truth at the port.

Student 3:

Good idea, reach the Cayman Islands and do not pay taxes, chilling. But it would get boring and we wouldn't be able to make some changes in the world. Have you got a better idea?

Student 4:

I think we all must support the change of society. We need new/changed ethical values, so that the Cayman Islands are not longer interesting.

Student 5:

Coming back to your observation about investment decisions between options that yield either 3% or 20%. According to polls, most people in Germany opt for the significantly less than 3% on a Sparbu ch and shy away from the 20% they might earn in the stock market. Well, this certainly has to do with their perception of the risks in stocks. However, I believe this also has something to do with a notion of satisfaction that people feel once they reach a certain level of income. Being satisfied with what they have, most people see no need to gamble for more. Well, under the paradigm of shareholder value corporations are never satisfied. They always demand more. So I think your thesis that corporations act just as normal human beings is not completely correct.

Student 4:

As you wrote this only fits for the German's and we all know that the "Krauts" are little bit strange. I can agree you in some parts (the 3% swabian grandmom investment brooker), but i think this class is dieing out.

Student 2:

Yesterday, I discussed with a friend about the german unemployment statistics and that there's a pack of lies included. Why? You be right, the humanity is a psychopath. Probably act the Employment Agency in the same was as a corporation. For a small -sized company wrong reports are a disadvantage, but all things are visible and could drive such a company into bankruptcy. But in a corporation it is missing. You can ma nipulate reports, without (or in many cases more or less) any financial effect. The humans are acting in such a way in order to get more influence or to secure their jobs. What I not agree is the future of the middle class. Sure, there is any movement in t his scheme, but you have had the german point of view only. Chinas middle class is growing rapidly and this has a major influence to the worlds class structure. From the global POV, the middle class is growing up and the poorer man are going poorer.

**Initial Posting – Student 5:**

Joel Baken's thesis that corporations – if metaphorically understood as persons – feature a psychopathic character due to their internal organisation seems striking at first. After all, the examples of corporations that act irresponsible, manipulative, and reckless are all too abundant. However, I doubt that the internal structure of corporations is a good starting point for a discussion of the ills of today's business world. After all, corporations adopt their organisational structures and their behaviour not in a vacuum but in such a way as to survive in what we have come to call "the global marketplace". A company that is swelled with capital, depends on the creativity of its employees and is well ahead of its major competitors such as *Google* might be able to afford responsible and benevolent corporate policies – towards its own employees and the external world. A low-end apparel company on the other hand will win or lose its contracts on the price it offers to retailers – and will thus find itself under tremendous competitive pressures. It is much more difficult for such a company to act responsibly. *American Apparel* would be an example of an apparel company that tried to implement responsible policies, offering living wages to its employees and refusing to source out production to Third World countries. It was punished by the marketplace. So the structures of markets rather than the structures of corporations should be in the center of our discussion. Coming back to the metaphor of the corporation as a person: Even a benevolent and rational person might be forced to act as a psychopath if it is starved out and its basic needs are not met. To send that person to a psychiatrist to get his "internal structure" right would not help at all. Rather, we would have to improve the structures of the environment in which that person lives.

So, what does that mean for our business world? Corporations act within a regulatory frame of reference. Until the 1970s such regulatory frames were set by national governments and effectively determined the policies of corporations. After the 1970s deregulation and (certainly more important) the globalisation of the economy brought about by technical revolution began to eat away on the effectiveness of national regulatory frameworks. Rules could be avoided if companies relocated headquarters, production, or both to those countries that offered the weakest legal restrictions. Countries began to weaken their legal restrictions (and to reduce their tax bills) to avoid a relocation of companies. Companies that refused to relocate were frequently squeezed to death by their competitors. The business world grew more anarchic and corporations adopted tougher policies to survive in it. As far as corporate responsibility is concerned, it could only be kept up where it paid out.

Now, what about Joel Baken's suggestions to improve the mental health of our corporations? To improve the regulatory system would certainly be a good idea and I think we should definitely push into that direction. However, this is more easily said than done. It would require an international harmonization of rules – something that is quite difficult to bring about since those countries that undercut internationally agreed rules (like for example the Cayman Islands do in a financial setting) will reap extra benefits. As long as such countries are not punished in some way (maybe by restricting their market access) free-rider behaviour will continue. Baken argues that the political system should be insulated from the influence of corporate money. This is maybe the most realistic of his suggestions. Lobbying and campaign contributions can be restricted even on a national level. Yet, the US Supreme Court just ruled out legislation limiting campaign contributions as unconstitutional and the growing complexity of business legislation makes it difficult for politicians to do without the advice of corporate lobbyists. During the current financial crisis, the promise of Wall Street campaign monies and the fact that politicians did not get to grips with the intricate technical details of the financial sector restricted the ability of the political system to come on top of speculative excesses. Lastly, Baken puts forth the idea that public companies might be less inclined towards corporate "insanity" than private ones. In my opinion, this is beyond the point. If public corporations stand in direct competition to private ones, their behaviour will inevitably tend towards that of their competitors. Even if state-run, they cannot afford to pay higher wages, be more environment friendly, or offer better working conditions. Once state monopolies are abolished, privatisation is just the next step.

So, where does that leave us? We have seen that even a cataclysmic event like the financial crisis could not trigger a big bang of corporate responsibility, sustainability or market regulation – and it seems unlikely that any such big bang will ever happen. Our best chance to impose corporate "sanity" is to push for regulation (though that might be difficult) and to demand it as customers. If customers base their decisions not only on the price of products but take into account how they are made, corporations will be forced to take those conditions into account too.

Hope, I posted the right thing in the right place!

Teacher:

Whether you posted "the right thing" will be decided by the other group members. All I can do is to state, that you definitely posted it at "the right place".

Student 2:

I understand in your text that corporations are forced by the market to act in a psychopathic way. Which psychopathic characteristics do you think are really applicable for corporations in this context? And would you say after all corporations are psychopathic, partly psychopathic or not at all?

### Student 5:

To answer that question we should maybe first dissect the word psychopathy which is a compound of psyche which means soul and pathos which means illness or disorder. So a psychopath would be somebody who suffers from an illness of the soul – someone with a distorted personality. Well, do corporations have a soul or personality? I guess not. I take Bakan's description of corporations as psychopaths as a metaphor, not as a medical diagnosis. For that reason I think that a fixed checklist of characteristics will not help us to discern whether corporations (specific or in general) are psychopaths, semi-psychopaths or sane. It is just striking that some of their behaviour seems very much like that of a psychopath. And here I would subscribe to more or less all the point on Bakens list: from "irresponsible" down to "superficial". My point is a different one: Currently, lots of books are published that see corporations (specific or in general) in much the same way as Bakan does, even if they use different names or metaphors for what's wrong with them. For example take a look at Perkins' Confessions of an Economic Hit Man. There seems to be a widespread feeling that something is wrong. Now the question is: Is it the corporations themselves or is it the structures in which they operate? I guess it is the structures. Competition with out limits drives companies into actions that might be described as pathological.

### Student 3:

As you mentioned, communism wasn't the right way. I agree that we as customers are as responsible as the corporations concerning which way they intend to go with their enterprise. Regulations need to be made too. Like the ten commandments. People, mankind needs rules, ethical rules, business rules, accounting rules. People think different, in China it is meant to be clever to cheat on other business people. So like Shakespeare's Hamlet said, there is nothing good or bad, but the thinking which makes it so...

### Student 5:

I guess, you are right. Notions of morality change from society to society (and over time). Things that would be completely acceptable in one place might be unacceptable in another place and vice versa. I think that makes an international harmonization of rules so difficult. Nevertheless, we have to try...

### Student 3:

Yes you are right, maybe we will find the right path on this earth.  
Quod erat demonstrandum. Anyway give it a try.

### Student 6:

I think, it's a very good fact, that cultures, history and education of different nations need to be taken into account when talking about

business ethic rules.. this seems quite difficult to me to handle..  
but people are already very open -minded and interculturallly  
educated, maybe this development continues..

Student 1:

American Apparel is owned by Endeavor Acquisition Corporation, an investment trust. It's probably a good idea to sell the label "Made in LA" as corporate social responsibility. But nevertheless, the idea is to get a maximum of profits. The market is very competitive and the competitors are manufacturing their textiles in Mexico or China. I'm afraid all advantages are a business model to increase the corporation socially responsible index. Time off or other listed benefits are already US standard. And I don't believe, that all 10k Employees are located in LA Down Town (American Down Towns are ever looking like European industrial zones). But nevertheless you could interpret this concept as a contribution to societies. What I'm not agreeing is that we should force the regulatory system. I see there already a lot of internal rules, financial, social and "naturally" principles in place. Corporations should make it sustainable. A further overregulation isn't the right way from my POV. As Alexandra argued, the mankind has a great power to influence the corporations social behavior. E.g. loses Shell its "license to operate", as they tried to sink the Brent Spar (I know the US Marines sank Battleships with green arguments). Sustainability in the use of rules and the risk to lose the license to operate by the publicity should be enough to drive the corporation's social engagement. At all, a good 360-grade perspective in your statement.

Student 5:

Do you really think that the public outrage against Shell after the Brent Spar incident turned that company into a sustainable and responsible one? I doubt it. Sure, they are not going to sink rusted oil-platforms anymore. But I guess they will continue to pollute in settings where public outrage must not be expected. Just take a look at what they did in the Niger delta. That was Brent Spar ten times over! Public attention can only focus on a limited number of issues at the same time - and Nigeria was simply not a very likely place to rank within that number. So they didn't give a damn about environmental concerns - and got away with it. I agree with you that there's no lack of regulation in places like Germany. But in places like Nigeria there certainly is!

Student 1:

What I tried to point to, was the licence to operate. That's not a licence in generally and globally. Even the inhabitants can influence the corporations operations locally. You be right, that would'nt work globally. But the global raising middle class could be an opportunity to transfer this european mindset into their behavior.

#### Initial Posting – Student 6:

After having watched the film and getting more firm with the definition and the characteristics of a psychopath, I do not agree with the statement, that all corporations are basically psychopaths. Of course, the film shows very desperate examples of bad things, that corporations did in the past, which could indicate some psychopathic characteristics like being reckless or irresponsible. And if you just take these examples mentioned in the film you could easily get the opinion, that a corporation acts antisocially and without any moral or emotional functioning. But in my opinion the most dramatic examples have been chosen. Corporations are described as monsters and sharks, which is a little exaggerated. Child labour or wilful health damage and destruction of the environment cannot be blamed to every single corporation. Even if one can find some parallels in the behaviour of corporations and psychopaths (e.g. the "exploiting facts"), there are other characteristics of a psychopath like unpredictability and impulsiveness which do not apply for corporations, I think. One fact, that has expressly been pointed out in the film, is that the main goal of corporations is to create profit and to serve the expectations of the share holders. But at least the main goal of every business venture is to create sales volume and in the end to create profit with the products they have invented. The corporations are in this issue more influenced than other companies and most therefore do nearly everything to serve their share holders. Their expectations are the maximization of the corporation's profit, which means the profit maximization of every single share holder. Thus since every business venture has been set up to create sales and profit it is very comprehensible to me, that companies moved towards low cost countries after the liberalization of the global trade. People in the so-called Third World or in the emerging nations offer everything that they have, which is their cheap labour. Of course, companies exploit this and try to make the best profit from this fact. When one company starts using this advantage, others follow, in order to stay competitive in their cost structure and to gain the maximum possible profit to meet the expectations of the share holders. Not only production is relocated, also sourcing processes are increasingly angled to low cost countries. This is today's business and most likely the result of the globalization and means, that companies in nearly all industries need to compete with other firms from all over the world, no matter which wages are paid there and how much natural resources cost and which of them are available. I always thought that marketing is an essential instrument in order to introduce and popularize a company's product and to make people attentive on it. In the film marketing is almost described as a characteristic of a psychopath, which I do not agree. This matches with my phrases in the beginning, that a company's main goal is to find customers for their products in order to earn money. So of course, they do their best to advertise their products. After all the installation of corporation and other companies in the former Third World has also contributed to their economic growth as well as to knowledge transfer. However, the gap between rich and poor people will surely stay for many more years (even if people in LCC already require higher wages and salaries and their wealth has already increased) and suppression has always been alive (e.g. slave trade) will for sure always be alive, if you cannot limit it by legal restrictions. I do think, that things are unfair in today's business world and I know very well from my experiences, that child labour still exists, but I do also think, that there are always bad apples (in every part of the life). The question is, how to avoid this? And since the term and the guidelines of corporate social responsibility exist, things have already changed. Companies do more and more sustainable business and environmental protection. To conclude I would say, that corporations in general act economically, even if this is sometimes reckless, but their behaviour does not seem to be psychopathic to me.

#### Student 3:

With all your contemplations you are to certain extents right, but within all your notions not even a single word about ethics, humanity, sustainability and integrity was mentioned. Do you think, that the world is just money, shareholder value, EVA, IFRS and making profit? What do you think, why a Warren Buffet put 98% of his profit to a foundation, helping human beings in different ways.

Purchase of course need to be global, but not on cost other lives. Raising up the economical level is good and that is a good reason to get international.

#### Student 5:

Don't know about Warren Buffet's motivation but in the case of George Soros its pure bad conscience

#### Student 6:

Of course I do not think that the world is just money and I do not want to trivialise any companies that exploit people for their own profit. I also thought, that my comment might be too "pro corporation" or against corporate social responsibility, but in fact I just wanted to state my position, that I do think that all corporations are psychopaths. I think, that some

actions like relocation of production in low cost countries came up by the economical drive of a company and the need of staying competitive. This is in my opinion no psychopathic characteristic, but an economical force. Of course, there are bad apples, who exaggerate their avidity for profit and market share and harm therefore other people and / or their environment, because they have the power to do so. However, I just wanted to answer the question in a clear way, I did not want to trivialise the need of corporate social responsibility. I do think, that sustainability and humanity is very important for all people of all nations and that exploiting others for someone's profit is disastrous. But would not say that a corporation, which works sustainable is no psychopath and on the other hand all the others are psychopaths. Nethertheless, I think that corporate social responsibility does already exist at a lot of companies, even if it is still taken advantage of low wages and salaries. Now it's up to everyone to find the bad apples and to go for a better world... Of course, we do need more legal restrictions here. I think the corporations acted more wickedly in the past (from which the examples in the film result). Since initiatives and international rules for CSR (e.g. environmental and employment protection) have been set up and companies became more conscious to this topic, because their customers require it, things have already changed. It is not only the "good tone" (= translated literally from German) to do CSR and companies do not only use it to strengthen their position towards the customer base, but they also have learned from the events in the past. Therefore in my opinion companies do see the need of CSR. However as stated before CSR is very important for me, but I did not assume, that I have to go further in detail of the topic CSR and I did not want to extend my initial posting too much

Student 2:

Can you tell me (former) Third World countries with sustainable growth and know ledge import, which is caused by corporations? Just in case you can't tell or find more examples of exploitation: Who or what is responsible for this way of acting of the corporations?

Student 1:

I wouldn't use the term "Third World". Actually its a ques tion of Low Cost Countries. That could be Poland in the same way, as Pakistan. As described by Loretta, to find new low cost resources (human or material ressources) is one driver for companies to act in this way. Isn't it?

Student 2:

I don't hink the expression "Third World" is appropriate as well. It is just clear to most of us, what we are talking about as it is in common use. But "LCC" is even worse because it is trivialising. Poland is certainly on a completely different level than Pakistan is, in almost everything.

Student 6:

Yes, you are right, the term Third World is probably wrong at this place. We should already talk more likely about emerging nations. In fact, today one does not talk about Brasil for example being a developing country, but an emerging nation. My basic understanding is, that companies moved towards countries, where wages are very low, with the motivation to produce their products as cheap as possible. Later on companies also discovered the purchasing power of many of these countries (e.g. China), which made more and more companies establishing production sites for the local market.

Student 2:

I am not sure anymore if all of us have the same countries in mind when we talk about "Third World" countries. Thus hereby I change my last statement to this issue.

Student 6:

As already mentioned to Student 1 I have maybe made a mistake to describe emerging countries as "former Third World countries". I was thinking of countries like India or Brasil, whose industries are growing. Today's Third World countries are for me the poorest and least developed countries in the world like many African countries. Nevertheless I think, that the Indian economy grew a lot during the last decades. Whether this is in every point sustainable is doubtful. Knowledge import has surely taken place, otherwise there would not have been that growth rate in some "low cost countries". There are also cooperations between German and Indian universities for example, which has probably not been influenced by a certain corporation, but by the demand of today's global business, because also medium-sized companies act globally. I am sorry, but I don't understand quite well your second question. Could you give me a hint, what the connection between the sentence (examples of exploitation) and the last question is? Thanks.

Student 2:

Thank you for your answer and interest. My questions were a result of the Third World vs. emerging markets issue and are invalid now.

Student 5:

I agree with most things you wrote, but there are two things that struck me. First, you said that "the main goal of every business venture is to create sales volume and in the end to create profit with the products they have invented." So a corporation's profit would just be a fair reward for the services it renders to society (i.e. its products or inventions). But what about corporations that render no or very little service to our society but cause quite a lot of harm? For example, what about investment banking? All right, speculation keeps markets liquid but it almost made our whole economy go the way of the dodo bird (what a nice expression that is) and ruined millions of people. And it is perfectly legal. So, is that a business model based on immorality? And is there any possibility to introduce

morality in such sectors of our economy? The other thing concerns marketing. Defining its role as "introducing and popularizing a company's product" sounds a bit like an euphemism to me. I'm just thinking about Haribo's products (which don't have to be popularized any more) with a label on the package saying they contain 0% fat (the fact that they contain almost 100% sugar is not mentioned). Or take McDonald's claim that they sell healthy food. In our textbook there was a lengthy discussion of how they reacted to consumer criticism, but in my opinion the products they sell are unhealthy as ever. Marketing was used to obscure that fact. Sounds quite immoral to me.

#### Student 6:

First of all I'd like to respond to your statement / question regarding my comments on marketing. I agree with you, that marketing is also used to blind people and this is quite immoral, since this is not honest and fair. Some of such examples were described in the film and related to psychopathic characteristics of corporations. It is partly reckless and selfish yes, and it is unfair to convince people buying products with the help of lies. I agree, that marketing is always psychology and that there are many marketing guys who use psychologic points to manipulate people. Did you know, that for example the Actimel advertisement has turned out to be a whole lie (at least the points, that Danone uses to attract the product)? However, marketing needs to be done to popularise a product, but it needs to stay honest and correct. Marketing is certainly an important instrument to get known by the potential customers and needs to be considered like the other facts of corporate social responsibility.. we need regulations and approaches for companies and agencies that play fast and loose with it. Regarding your first statement.. actually, the current situation or the quite new experience, that the whole (financial) world had to make with the investment banks, has not been in the focus of my reflection, but I think it is a very good input, since many people, in fact the whole global economy, had to suffer from the consequences. The investment bankers just made serious mistakes in their daily business based on the fact of getting more successful and powerful and heading for more money.. (in my opinion). But I do not know if they were aware of the results that their acting would cause .. actually I don't think so, thus I cannot imagine that people want to influence the whole global economy negatively. Actually, I cannot believe, that people want so many other people losing their jobs due to the decrease of the economic power. I think, that we also need more restrictions and laws as well as the awareness of the consequences, that may arise from a certain actions, in this sector. Slight approaches have been made during the last year, but it is not enough to avoid a second financial / banking crisis, that we had to experience. Therefore nations from all over the world, and not only the most powerful in economics, need to collaborate and to introduce common international regulations.

#### Teacher:

Hello to everybody,

do you think there is a contradiction between "working with business ethic rules" and "making profit as the main objective of the company"?

#### Student 5:

I think there is at least the possibility of a contradiction. What if the business environment does not allow for acceptable profits in accordance with ethical rules? Let's just suppose, main competitors don't care about ethics and thus undercut our business prospects. That

leaves us with the question whether we should give up and quit or adopt a similar (unethical) strategy. At the very least, we will be under extreme pressure to follow the path of our competitors. Even if we managed to stay marginally profitable, shareholder value ideology will push us towards more ambitious goals. I do not think this is a hypothetical question. Just think about a company that takes contracts from Third World governments where bribery is commonplace. If paying bribes is not an acceptable option for a company, it will effectively have to leave that market.

### Student 3:

Yes, you might be right, that a company which do not maintain the same business habits in a country where fraud is a normal behaviour, needs to leave the market, but I do know an example where a company found a way to pay a sort of bribe, without being infra dig (unconscious). In Russia for instance you sometimes need to pay money to the government to get what you want, so they spent a certain amount of money to the kindergarden. Like that nobody lost his face.

Of course we need corporate responsibility and ethics, but each country is different. Pakistan and Poland as Hendryk mentioned are totally controvers, but thats a matter of politics and religion. In both countries you will find honorable people. Third world countries or Low cost countries, well who knows in 100 years we in Europe might be LCC countries of maybe, which would be the ideal world, all countries have got almost the same standards.

### Student 6:

Nowadays it is often lived as a contradiction. This doesn't mean it can't be changed and it stays in force forever. It seems to be something between very hard and impossible to change the situation rapidly. But how shall we really know without having a go? Interface for example has made first big steps in CSR and publishes tough targets for its own future. And they tell to their own surprize that it can help to raise the profit. Unfortunately I am not in the details yet. ( <http://www.interfaceglobal.com/Sustainability.aspx> ) Thus there is at least no general contradiction between strengthening business ethic rules and making profit. But I see a contradiction if profit stays the main objective of corporations. The targets profit and ethic values need either to be equalized or maybe even better strict legal CSR regulations must be installed.

### Student 3:

I agree with the opinion of Student 2, that business ethic rules need to be strengthened and both, business ethic aspects and the company's economical situation need to be equalized. Companies need to see corporate social responsibility as an advantage in competition. Of course, companies can create enough profit to survive and to guarantee the necessary invests when doing CSR, but mainly corporations might try to avoid it, since it is another cost pool, that could influence their margin, which results in unsatisfied share holders. Therefore the general understanding of CSR needs to change.. the general understanding of the share holders, of the CEO's and all the employees of a corporation and of the customers

themselves. But as stated in my initial posting, I think that many companies already feel these requirements and learned from the past, so that they have already introduced CSR in their companies. The effect need to arrive like many corporations moved towards low cost countries in order to make profit of the advantages and in order not to loose the access to the competitors, that companies produce sustainable and head for good working conditions, adequate salaries, environmental protection and labour protection. So, that one company starts and all the others follow. Then we would have again a clear competition and everyone respects business ethics by trying to make as much profit as possible. Then, other issues like lean production, lean management, lavish processes and a company's structure become important.

Student 4:

Do you think there is a contradiction between "working with business ethic rules" and "making profit as the main objective of the company"?" Yes and No, a good example is maybe MAHLE - a global automotive supplier. Its a Company with a foundation as steering committee. And No: the chocolate industry - they signed a agreement to stop child labor, i think it was 2002, but they don't change anything.

Student 3:

Mahle is very interesting and based on Rudolf Steiners ideology. I guess there are many people out there who try to be ethical and honest.