
The dynamics of business ethics: a function of time and culture – cases and models

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Abstract

Examines the construct of ethics in general and of business ethics in particular. Provides a conceptual discussion of the dynamics of ethics in society and the dynamics of business ethics in the marketplace. Ethics and business ethics constructs are dependent upon two principal parameters – time and culture. Eventually, ethics and business ethics are about what is perceived as acceptable or unacceptable at a specific time and in a specific cultural setting. What was ethical yesterday may not be ethical today, and what is ethical today may not be ethical tomorrow. Furthermore, both the company's view and the views of others may determine what is acceptable or unacceptable in business ethics. This is a social construction that may differ between the parties involved in a specific context. The discussion is supported by two brief and different cases from the automobile industry. This research contributes a set of generic models that examine business ethics dynamics.

Introduction and research objective

The concept of ethics is a complex one that is predicated on an interchange of views about the individual belief systems among the citizens of any culture. The roots of the term "ethics" emanate from the ancient Greek word "ethikos" meaning "the authority of custom and tradition" (Grace and Cohen, 1998, p. 3). Grace and Cohen (1998, p. 4) mount an eloquent argument that suggests that one can accept "ethical" and "moral" as being synonymous. Other writers, however, do attempt a definition of ethics *per se*.

De George (1999, p. 20) defines ethics as:

A systematic attempt to make sense of our individual and social moral experience, in such a way as to determine the rules that ought to govern human conduct, the values worth pursuing, and the character traits deserving development in life.

While Solomon (1994, p. 9) sees ethics as:

... first of all, the quest for, and understanding of, the good life. Living well, a life worth living. It is largely a matter of perspective: putting every activity and goal in its place, knowing what is worth doing and what is not worth doing, knowing what is worth wanting and having and knowing what is not worth wanting and having ...

Velasquez (1998, p. 11) defines ethics as:

... the activity of examining one's moral standards or the moral standards of a society, and asking how these standards apply to our lives and whether these standards are reasonable or unreasonable ...

These definitions centre on concepts of values and morals, making sense of, or a quest for understanding of, a diverse range of emotions and human interactions. As one can see, not only is it impossible to have a universally accepted definition of ethics, but there are also diverse philosophical views

about those elements that constitute ethics. Various schools of thought exist that approach the issue of ethics from divergent perspectives. These schools of thought can comprise, but are not restricted to, utilitarianism, deontology, egoism, virtue and the ethics of character (De George, 1999). One philosophical perspective is no more acceptable than the others, but each contributes in its own way to possible understandings of the many nuances of the concept of ethics.

Ethics is not a concept that is the creation of the modern world. It has been the focus of philosophical thought over many centuries and across many cultures. The concept of eudaimonia, as espoused by Aristotle, focused on the good life and the virtues that contributed to this good life (Solomon, 1994), while Kant in the eighteenth century formulated his categorical imperative that focused on doing the right thing for its intrinsic sake and not for the extrinsic worth that may be derived from pursuing such a course of action. In the eighteenth and nineteenth centuries a number of philosophers, including its more prominent advocates, Bentham and Mill, proposed the concept of utilitarianism that focused on the greatest good for the greatest number. Debate has raged for generations about ethical perspectives and philosophies, their attendant merits and concerns with various viewpoints since man has reasoned on such issues. Ethics has many of its foundations rooted in the thoughts of Socrates and Aristotle and over time an array of philosophers, including those of the present day, have contributed to this on-going discourse.

Each culture has its own mores of what constitutes acceptable and unacceptable conduct. Each culture has and has had its methods for dealing with infractions of the social norms. Norms which one assumes



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were put in place to enhance social order as the members of the culture perceived that concept. One cannot and should not make value judgements about the norms of societies without first an in-depth investigation of the totality of the society. We should also be wary of judging yesterday's values based on today's standards, for the social actors in what we may now perceive as ethical dilemmas of the past were rooted in the time frame of the world in which they found themselves. Hindsight is a wonderful tool to those who possess it but, as one is living through one's current period of time, then hindsight is not a luxury that is available to one.

The objective of this examination in this article is to describe the dynamics of business ethics as a function of time and culture. Accordingly, the focus is on external determinants of business ethics.

Frame of reference

The content of people's lives and their desired lifestyle are a matter of personal choice. These personal values are affected by the environment, i.e. the cultural context. Hofstede (1980) identifies four cultural values: uncertainty avoidance, power distance, individualism versus collectivism, and masculinity versus feminism. Culture may be defined as: "... collective programming of the mind which distinguishes one human group from another ..." (Hofstede, 1980, p. 21). Individuals perform corporate business activities: therefore cultural values are of interest in business ethics, as is the way that time affects cultural values. It is important to note that the cultural context evolves as time goes on. Therefore, culture and time are in part associated. Time influences culture, but culture does not influence time (see Figure 1).

The topic of this article is the relationship between, on the one hand, business ethics, and, on the other hand, time and culture. Other relationships have been discussed in the literature. For example, Stainer and Stainer (1995) discuss the issue of ethics and its interface with productivity and quality. The discussion shows their integration to offer a triadic gain in both economic and moral terms in the pursuit of corporate growth. In conclusion, it is the combination

of productivity, quality and ethics: all of which will establish the management culture of the future (Stainer and Stainer, 1995). Vinten (1998) connects business ethics to the 5Es of audit: economy, efficiency, effectiveness, environment, and ethics. In the past, the ethical audit has been a tool for pressure groups outside the organisation to exercise influence on business activities and management principles. Nowadays, the wider corporate and social responsibilities of organisations have led to the necessity to internalise the ethical audit.

Townsend and Gebhardt (1997) write that the way that organisations go about their business activities, with particular respect to ethics, is increasingly important to their customers. The customers in the marketplace are becoming increasingly aware of, and increasingly discriminating against, organisations that fail to meet the customers' criteria of acceptable versus unacceptable ethical business activities and management principles. Singhapakdi *et al.* (1999) investigates the influences of perceptions regarding the importance of ethics and social responsibility on ethical intentions of marketing professionals. The results indicate a positive relationship between ethical perception and ethical intention, as well as gender differences in ethical intentions of marketing professionals. Therefore, the topic of business ethics is an important issue to discuss and for which to develop generic conceptual frameworks.

In this article, the authors define business ethics as a function of time and culture. The function consists of two generic external determinants generally applicable across companies in different industries. Therefore, there is a genuine justification to examine and develop generic conceptual frameworks surrounding them in the marketplace and in the society.

Business ethics – a function of culture

Business ethics may be seen as a function of culture (see Figure 2), since the cultural evolution in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the marketplace and in society.

Various studies across countries have been performed in the field of ethics on an international level (e.g. Jakubowski *et al.*, 2002; Fisher *et al.*, 2001; Seitz, 2001; Singhapakdi *et al.*, 1999) and a national level (Peppas and Peppas, 2000; Fernandez-

Figure 1
The relationship between time and culture



Fernandez, 1999). Singhapakdi *et al.* (1999) argue that corporate ethics are of pivotal importance in international business, since an individual's culture influences their ethical decision making. The study reveals some significant differences between the countries examined. Failures to address these differences between cultures may affect the success in the marketplace.

Vinten (1998) argues that business ethics has the potential to become a significant aspect of corporate strategy and culture. Business ethics has to be considered internally and externally in the ethical audit. After all, an ethical audit is merely an extension of current legal and regulatory requirements in the business environment.

Fisher *et al.* (2001) deal with the stances that Indian and UK managers take towards ethical issues at work. A total of eight ethical stances were defined based on two dimensions: degree of ethical integrity, and dialectic of ethical purpose. The tentative findings are that the Indian managers' ethical stances were similar to those of Western managers, but they were more likely to experience ethical tension between their personal, espoused stances and those they took at work. Hood and Logsdon (2002) examine the nature and extent of similarities and differences in cultural values among managers in three nations. One component of culture is ethics. Three additional cultural factors are considered, namely: attitude toward work, problem solving, and view of human nature. This aspect of a culture exists as a potentially strong influence on the organisation's success in the marketplace and society. Bucar *et al.* (2002) develop a conceptual framework for the examination of cross-cultural differences in ethical attitudes of business people based on the assumptions of integrative social contract theory. The study reveals the relevant cultural and economic norms that are predictive of the level of the ethical attitudes among societies and at the same time they point out the more subtle impact of social institutions on ethical attitudes of different groups within a society. Sen (1997) examines the role of cultures in influencing norms of business behaviour and argues for the need to recognise the complex structures of business principles and the extensive reach of moral sentiments.

Generally, the theoretical framework has indicated the importance of business ethics as a function of culture. In particular, business ethics may therefore be seen as an inter-personal, intra-organisational, and inter-organisational function of culture.

Business ethics – a function of time

Business ethics may be seen as a function of time (see Figure 3), since the time-dimension in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the marketplace and in society. In the literature, time as a principal function of business ethics is not usually spelled out explicitly.

Kilcullen and Kooistra (1999) focus on the changing role of business ethics and corporate social responsibility in the business environment through time. The study indicates that there is a change among organisations from unacceptable towards acceptable ethical business activities and management principles, although there are others who still continue to behave unacceptably in the marketplace and in society.

Orwig (2002) argues that the traditions, values, and demands of a religion can contribute a profound sense of certitude to one's ethical practices, not only in one's occupation, but in all aspects of life. Pava (1998) writes that increasingly many business practitioners and academics are turning to religious sources as a way of approaching and answering difficult questions related to business ethics. Religious "ethics" is affected by the time of application, although evolution may be slowed down by the guidelines of ancient religious artefacts.

Giocalone and Knouse (1997) argue that businesses should use a holistic approach to ethics. Ethics require the implementation of three important processes: anticipatory, maintenance, and reparative. For an organisation to be fully committed to ethics, its leadership must foresee what potential problems might occur and then act in a way to prevent such problems from occurring by implementing three sub-processes: organisational, job-related, and cultural. Feldman (1998) concludes that stable structures of meaning are needed over time to find a traditional and thus legitimate base for the evolution of business ethics. Yamaji (1997) states that business ethics should not just be a corporate code, but implemented in the line of business as a corporate philosophy

Figure 2

Business ethics – a function of culture



and he attempts to show that these activities are ahead of the times, resulting in great prosperity for the corporation. McDonald and Zepp (1989) write that over time organisational strategies can influence the ethical behaviour of employees, with respect to such areas as code of ethics, ethical policy statements, leadership, ethical ombudsperson, ethics committees, realistic performance and reward plans, and an ethical culture. A growing number of organisations are devoting time to business ethics.

Generally, the theoretical framework has also indicated the implicit importance of business ethics as a function of time.

Generic conceptual frameworks of ethics and business ethics

This section introduces generic frameworks that define and structure two principal parameters of ethics in the marketplace and society, namely time and culture. It is followed by theoretical implications on business ethics based on the same parameters.

The dynamics of ethics

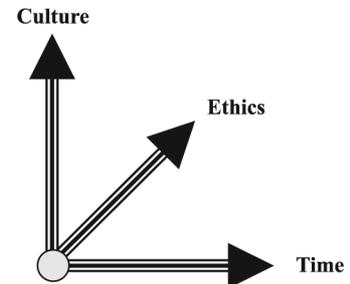
Two principal parameters influence the dynamics of ethics in the marketplace and in society. These are namely time and culture (see Figure 4). As time moves on, culture evolves and as a consequence ethical standards change. In conjunction, these two parameters create a generic conceptual framework and also contribute to describe the dynamics of ethics, in the extension business ethics.

Actions and practices that were once acceptable have moved through the stages of being seen by some individuals as initially questionable; then through a ground swell of public opinion as not desirable and, finally, they have crossed from the ethical realm into the legal framework of the culture, where governments have legislated against these practices. Over time, they have gone from an accepted norm, to conduct that is unacceptable and to be shunned. There are numerous examples of such conduct in Western democracies. This list is not definitive, nor exhaustive, but includes slavery, child labour, environmental pollution, bribery, insider trading, corporal

Figure 3
Business ethics – a function of time



Figure 4
The dynamics of ethics through time and culture – a generic model



punishment, drink driving and the death penalty. However, there has also been societal conduct that has gone from being unacceptable to now perhaps being not only socially acceptable, but enshrined in law. Some of these issues are freedom of speech, freedom of association, freedom of religion, birth control, single parents, children born outside of traditional marriages, divorce.

As time has progressed and society has made material advances, that of itself has created new ideological structures in the minds of citizens. The growth in education in industrialised economies has led individuals to question what they see around them and to articulate their views in such a way that members of society continually challenge society's moral precepts. As time passes and cultures evolve and become more complex, the by-product of such developments are a re-examination of the social constructs that underpin the time-held mores and values of the dominant groups within society. People ask why and why not, as they challenge the boundaries of societal acceptability at that point in time.

Consequently, reigning values, norms, and beliefs construct current ethics. Therefore, ethics might be seen as an on-the-spot-account that reflects society in general and business ethics reflects the marketplace in particular. The future discussion in this paper is restricted to business ethics in the marketplace, which means that ethics society is beyond the scope of this conceptual discussion. Although the topic in focus is restricted to business ethics, parts of the conceptual discussion also may be applicable to ethics in society in general.

The business ethics gap

Business ethics is rooted in the concepts of the philosophical underpinnings of ethics. The focus is on the same philosophical questions, but with business activity as the medium of interaction; thus, the conceptual discussion of business ethics is linked to a micro level in

society. This means that the company's view is the point of departure for the forthcoming discussion of business ethics in the marketplace. The others' view may be customers, suppliers, and/or other publics.

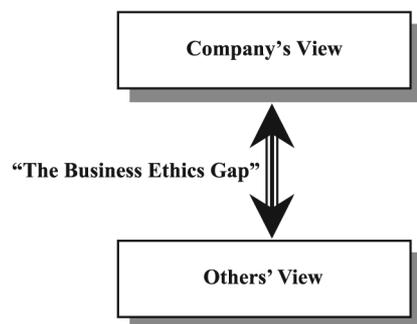
A company's view should at least be congruent with others' views. If there is no congruence between the company's view and the others' views dissonance occurs. This dissonance is referred to as "the business ethics gap" (see Figure 5). Preferably, there should be a positive business ethics gap, i.e. the company is a step ahead of the current values, norms, and beliefs in the marketplace in particular, and/or in the society in general otherwise, an unethical situation might occur. A negative business ethics gap occurs when the company is a step behind the current values, norms, and beliefs in the marketplace and/or in society.

Business ethics is a perceptual and dyadic phenomenon that changes over time and depends on existing values, norms, and beliefs held by the involved parties. Eventually, business ethics is about what is perceived as acceptable or unacceptable conduct in business, at a specific time and in a specific cultural setting. What is acceptable or unacceptable is determined by both the company's view and the others' views. This is a social construction that may differ between the parties involved in a specific context. The most troublesome ethical dilemma for a company occurs when it is a step behind current values, norms, and beliefs in the society in general and in the marketplace. In particular, this situation might have a severe impact on the company's business activities.

Dynamic business ethics scenarios

The social construction consisting of a company's view or others' views in the current marketplace has evolved and will continue to evolve through time and as culture changes.

Figure 5
 The business ethics gap – the gap between a company's view and others' views



Based on these two views and what is perceived as acceptable or unacceptable in these views respectively, one can create three scenarios of business ethics (see Figure 6):

- 1 A *congruence scenario* refers to when both parties perceive that the issue in focus is acceptable, i.e. it is ethical, or alternatively unacceptable, i.e. it is unethical.
- 2 A *positive dissonance scenario* refers to when the company's view is a step ahead of the others' views, i.e. there is a positive business ethics gap.
- 3 A *negative dissonance scenario* refers to when the company's view is a step behind others' views, i.e. there is a negative business ethics gap.

The latter of the two dissonances causes dilemmas in the marketplace, while the former may lead to long-term benefits in the marketplace. Based on the scenarios, in a pragmatic sense, business ethics could be seen as a dyadic perception between a company and other parties that depends on the business ethics gap between the company's view and others' views, where a no-gap scenario or a positive gap scenario is ethical and a negative gap scenario is unethical.

The dynamics business ethics model

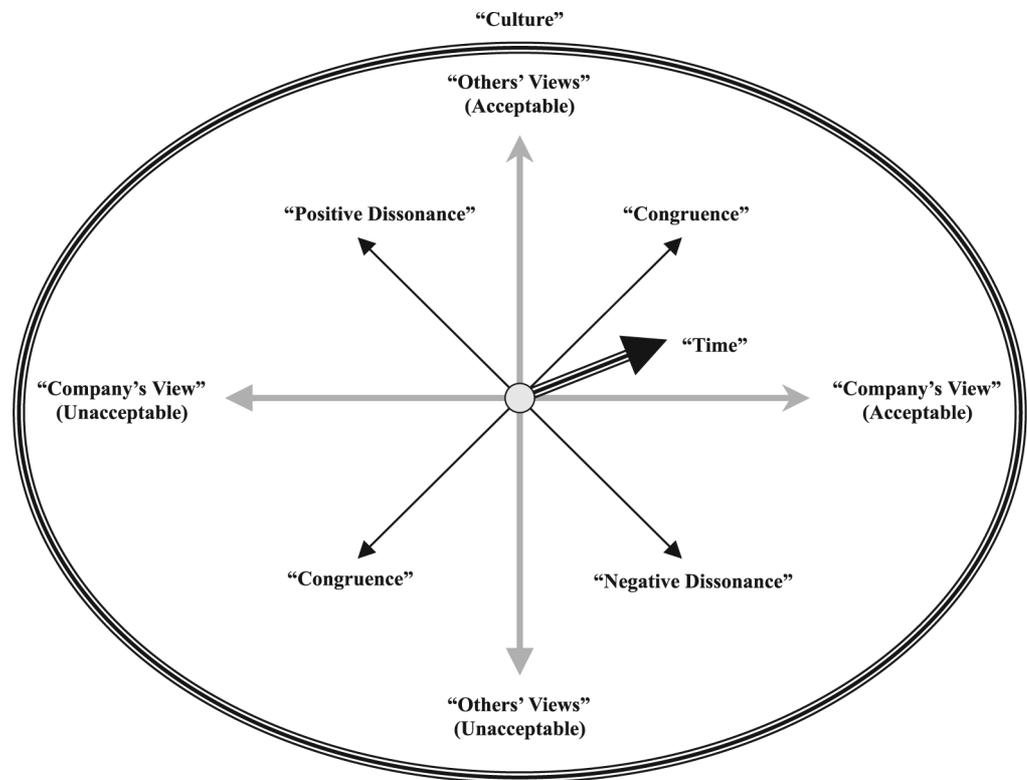
The dynamics of business ethics is dependent on the four principal parameters that are illustrated in "the dynamic business ethics model" in Figure 7:

- 1 *Time* refers to the contention that as time evolves business ethics change in the marketplace.
- 2 *Culture* refers to the contention that as culture evolves business ethics change in the marketplace.
- 3 *Company's view versus others' views* refers to the contention that business ethics is a perceptual and dyadic phenomenon through time and culture.
- 4 *Acceptable versus unacceptable* refers to the contention that business ethics is a

Figure 6
 The dynamic business ethics scenarios – a typology of a company's view versus others' views

		Company's View	
		Acceptable	Unacceptable
Others' Views	Acceptable	Congruence	Positive Dissonance
	Unacceptable	Negative Dissonance	Congruence

Figure 7
 The dynamic business ethics model through time and culture



perceptual and dyadic phenomenon through time and culture. What is perceived as acceptable tends to be ethical and what is perceived as unacceptable tends to be unethical at a given time and in a given cultural context.

It is important to note that these four parameters are mutually dependent. For example, time and culture influence the other two parameters, while culture is dependent on time.

The dynamic business ethics model through time and culture is applied in the context of two classic cases. One case is based on Volvo's positive dissonance (i.e. a step ahead of the understanding of business ethics in the marketplace) in terms of the prophecy of automobile safety in the 1960s to the current situation of congruence in the twenty-first century. The other case is based on Ford's negative dissonance (i.e. a step behind the understanding of business ethics in the marketplace) in terms of its cynicism with respect to automobile safety.

section are complemented by two cases from the automotive industry. These cases illustrate the influence that time and culture have on acceptable and unacceptable ethics or business ethics. One of the cases illustrates a vehicle manufacturer's capacity to foresee unacceptable ethical behaviour, a so-called positive dissonance scenario. This case shows the importance of staying a step ahead of the dynamics of ethics and business ethics through time and culture in a company's business activities. The reigning management philosophy in this case may be described as "Value Our Lives to Value Others". The other case illustrates another vehicle manufacturer's lack of ability to predict unacceptable ethical behaviour, a so-called negative dissonance scenario. This case shows the danger of staying a step behind the dynamics of ethics and business ethics through time and culture in a company's business activities. The reigning management philosophy in this case may be described as "Failing Our Responsibility to Drivers".

Case illustrations – the automotive industry

The conceptual frameworks of ethics and business ethics described in the previous

The Ford case – "Failing Our Responsibility to Drivers"

In 1979, Ford was the first US corporation indicted on and then prosecuted for criminal homicide by the State of Indiana over its Ford Pinto (Hoffman, 1998, p. 342). The Ford Pinto

is a classic case of a company not being in touch with the expectations of outside publics and pursuing policies that were self-deprecating, and that showed little to no regard for the safety of others. Lee Iacocca of Ford was quoted at that time as saying that “safety doesn’t sell” (Helms and Hutchins, 1992). Gioia (1992) says that this attitude had come from a belief in Ford that a previous attempt to “make sales a safety theme had been a dismal failure in the marketplace”.

The Ford Pinto case came to light as a result of the investigative article by Mark Dowie in *Mother Jones* magazine (1977a) and his subsequent article in *Business and Society Review* (1977b). The articles examined the Ford Pinto and the policies in place at Ford. The revelations in the articles shocked the sensibilities of the community. To think that one of the USA’s largest carmakers had calculated a cost-benefit analysis on causing death and/or injury to its customers against a recall and repair of the cars was amazing. It had even decided on a cost for a human life of US\$200,000. To have then decided that it would be less expensive to fight the lawsuits than to do the repairs (Dowie, 1977a) brought into stark reality the lack of ethics embodied in rampant commercialism. Profit was the driver and safety was definitely relegated to the back seat or, perhaps even more appropriately, the trunk. In Ford’s defence, it should be noted that at the time this cost-benefit analysis was acceptable to the US regulatory body, the National Highway Traffic Safety Administration.

As time dragged on, more information, however, came to light that would only compound Ford’s culpability in this matter:

- In pre-production Ford discovered safety problems with the Pinto tank in rear end collisions that led the car to catch fire.
- Ford had already patented a safer fuel tank, but for reasons of design and space chose not to use it in the Pinto.
- Ford lobbied against and managed to delay the implementation of federal regulations that would have stopped the Pinto problem earlier.
- Ford looked to find other reasons for the deaths of occupants of the cars: it suggested impact rather than the burns.
- Ford provided a Canadian-made Pinto for government testing without revealing its origins; in Canada the rear impact standards were more rigorous than in the USA (Dowie, 1977a).

Ford genuinely believed that a jury would be sympathetic to its cause. However, when these juries found against the company and awarded massive damages, the company

decided to settle on a strategy of settling the claims in cases where they could not establish and prove driver negligence (Dowie, 1977a).

The Ford Pinto case is one that exposed the company to public vilification and civil damages. Not only was Ford blamed by the media, but the reporting of the company’s unrepentant attitude was done in terms of “personalising the harm and adopting a vocabulary of moral deviance” on behalf of the company (Cavender and Mulcahy, 1998). It was a case where Ford’s safety practices and its attitude towards safety left it at odds with the prevailing societal views.

One may have assumed that such a corporate trauma would have increased company sensitivities to safety and all that it stood for in the minds of the consumers and society at large, yet, in 1980 Ford was again in the spotlight with its transmission problems. Ford’s transmissions caused the car, sometimes when idling, to slip out of park and into reverse. Ford again knew about the defect and had lost lawsuits because of it, but they did not want to fix it as doing so would publicly admit a fault (Larsen, 1998).

On 16 January 1996 Ford was again at the forefront of a product safety liability suit. The Tebbett judgment in the US Supreme Court allowed Rebecca Tebbett’s family leave to sue Ford for not equipping her 1988 Ford Escort, in which she had died in 1991, with an airbag. Her car had been travelling at 30 miles an hour, when it veered off the road and hit a tree. It was claimed that an airbag would have saved her life. Airbags had been available since the early 1980s and, as was Ford’s *modus operandi*, it had lobbied and fought against government initiatives to install them in its cars. It had, however, installed them in its more upmarket Lincoln, leading to the charge that it valued its more wealthy clients over others. Tebbett’s car also had an expensive state-of-the-art sound system, but no airbag was fitted because, at US\$225 per vehicle, Ford deemed that it was not appropriate (*International Commercial Litigation*, 1996).

Also in 1996, Ford again was involved in the largest auto recall in the USA, because this time its ignition switches had a propensity to trigger steering-column fires. The insurer State Farm Insurance launched legal action to recover its out-of-pocket claims from these auto fires, claiming that Ford knew of the faulty ignition switches for years before they eventually implemented a recall (Larsen, 1998; Mokhiber, 1998). As had been the case in the past, Ford adopted the strategy of denying the allegations.

Ford has been dogged since the Ford Pinto incident with an ongoing problem with auto safety. It has fought each charge as it has arisen in a manner reminiscent of staging a “litigious” heavyweight fight where the plaintiffs were fighting out of their “economic class”, but invariably obtaining at worst a “points decision” in the courts. As Wood (2002, p. 71) contends:

Unfortunately, some companies use the “legal” rules to thwart real justice. If companies have to resort to protracted legal action from court to court, and then serve notice of appeal on appeal, they consequently need to examine closely the precepts of their corporate morality.

Over an extended period of time, it appears that Ford has tended to display a disregard for consumers with respect to safety issues. This disregard seems to have been endemic in the company. One could even speculate that in terms of its concern, or should one say its lack of concern, for safety?, Ford may well have stood for: *Failed Our Responsibility to Drivers*. They established a negative business ethics gap and appeared not to be able to reduce it, yet they still sold large quantities of cars. Such are the vagaries inherent in the business world.

The Volvo Case – “Value Our Lives to Value Others”

There is much less written in both the academic literature and the popular press about Volvo compared with the amount written about Ford. There may be some obvious reasons for this situation. One reason is that Volvo is a European entity as compared to Ford which is a US company that has been an icon of the twentieth century in the USA and, therefore, less is written about Volvo. The other reason is definitely the fact that Volvo’s notoriety in the safety area is for positive rather than negative reasons. The populist press makes more of bad news stories than of good news stories.

Safety philosophy

Volvo has a long tradition of focusing on the safety of its products. Volvo was founded in 1927 and the founders of Volvo stated a few years later, when safety issues in the automotive industry were ignored, that (Volvo, 2002, p. 1):

... Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is – and must remain – safety ...

Volvo’s safety philosophy may be characterised as a “holistic approach”. The

objective of Volvo’s safety philosophy is (Volvo, 2001, p. 4):

... to design cars which enable you to avoid traffic accidents, theft and threatening situations whenever this is humanly possible – and which protect you and your passengers, should an accident prove unavoidable ...

It is not the individual details that determine car safety, but an overall consideration of the issue (Volvo, 2001, p. 4). For example, car safety has to provide the driver with technology that enables him or her to drive more safely and avoid accidents. Car safety has to consider the design of cars which give everyone travelling in them effective protection, should a collision prove unavoidable. This protection must function in real life and cover the most representative types of accidents at a wide range of speeds and involving many different collision objects. The unfortunate trend towards an increasing number of car break-ins and thefts has accentuated the need for effective techniques to keep thieves at bay. The growing problem of threats to the car owner’s person has also stepped up the call for greater personal protection.

Consequently, three areas are applied to fulfil Volvo’s safety philosophy:

- 1 *active safety* (i.e. driving safety) – the characteristics and equipment which help the driver avoid accidents whenever possible;
- 2 *passive safety* (i.e. crash safety) – the whole of the car body and the interior are designed to protect all the occupants when an accident takes place; and
- 3 *protection* (i.e. for people and property) – designed to improve protection from car thefts and threats to the car owner on his/her way to and from the car (Volvo, 2002, p. 1).

Way of working

Volvo is one of the few car manufacturers in the world that has its own accident research team. Since 1970 (when Ford was producing the Pinto), almost 30,000 accidents have been analysed where Volvo cars have been involved. The standards for safety required by Volvo are far more comprehensive than the legal standards that are mandated. They go beyond the law and lead public perception to what is possible in car safety. The aim is to save lives, alleviate the effect of injuries, or, preferably, to prevent accidents ever occurring (Volvo, 2001). The Volvo car safety centre employs approximately 100 people. The centre includes the accident research team, technological development, testing, calculation and design. Real-life conditions can be recreated in many different ways.

Before the time comes to crash two cars in a full-scale test, the systems have already been tested in the super-computers, in the unique crash sleigh or in one of the components rigs.

Volvo applies a systematic method with the aim of constantly enhancing the level of safety in its cars (Volvo, 2001, p. 4). It may be described as a circle, a never-ending process, which starts and ends in the real-life traffic environment. The way in which the cars behave in the traffic is the starting-point for the safety work. The internal requirements are more comprehensive than the current legal standards. These requirements are based on knowledge of the demands and threats that characterise the traffic environment. The next link in the chain is product development, in which product components, systems and complete designs comply with the set requirements. This takes place in the form of intimate collaboration between product developers and safety experts. As the work of developing a new model continues, tests and evaluations are constantly conducted to ensure that the systems and designs comply with the specifications. This is a prerequisite for production work to begin on a new car model. These production vehicles bring the process back to where it started, i.e. with the customer on the road. The circle ends and a new one begins.

Accordingly, the circle is a process which involves human beings, cars and the environment: everything that happens before, during and after an accident. This process consists of components such as traffic environment, setting requirements, development, test, and production (Volvo, 2000).

Test methods

Tests and evaluations play a key role in the product development process. When a new car is developed, Volvo strives to check that it complies with the internal requirements. There are a number of methods to ensure that the car is as safe as the customer expects it to be. The tests are conducted in every area of crash safety, driving safety, and protection for people and property (Volvo, 2001, p. 5). Volvo conducts tests of several types to check the driving characteristics of the car in the area of driving safety. There are three different types of test:

- 1 *objective tests* – i.e. tests which can be conducted scientifically with or without a driver in the car;
- 2 *subjective assessments* – i.e. tests in which the results are based on test drivers' assessments;
- 3 *computer simulations* – i.e. tests are conducted on a computer using mathematical calculations.

To produce a car which functions in the real-life traffic environment, it is important to

simulate the accident patterns in the traffic using realistic tests. There are several types of crash tests:

- *computer simulations* – i.e. tests are conducted on a computer using mathematical calculations;
- *components tests* – i.e. tests in which specially-selected systems or parts of the car are subjected to realistic forces and stresses;
- *full-scale tests* – i.e. tests in which a complete car is subjected to a crash in meticulously controlled circumstances.

When it comes to the protection of people and property, e.g. door locks, anti-theft glass, theft protection and alarms, Volvo conducts both manipulated tests (i.e. without using physical force) and destructive tests (i.e. using physical force such as twisting and bending).

Other issues

Kurtz (1993), in his review of the Ries and Trout book *The 22 Immutable Laws of Marketing: Violate Them at Your Own Risk!* wrote that the most powerful concept in marketing is the Law of Focus in which a company owns “a word in the prospect’s mind”. The consumer automatically “associates certain words with certain companies”. One of the three examples given is that of Volvo and safety. Safety has been at the forefront of all that Volvo has done, since its inception. Safety and Volvo are synonymous.

Not only has this tradition served their interests in Europe, but now “Volvo’s reputation for safety and reliability has earned it a loyal following in the USA.” (Eisenstein, 1999, p. 28). It appears that consumers value this attribute in a car maker.

Since it has become a part of the Ford family, people in the USA seem to have taken a greater interest in Volvo. It continues to build on its key success factor of safety in all that it does. Safety is recognised now as a brand-building strategy that “will emphasise Volvo’s traditional image as a safety leader. This was further enhanced last month when its top end model, the S80, became the first passenger car to receive the US National Highway Traffic Safety Administration’s five-star rating in side-impact crash test” (Eisenstein, 1999, p. 29).

Volvo is constantly trying to improve the safety of its vehicles. Its latest development in 2001 was the Safety Concept Car. This is a futuristic car that incorporates safety features that are based on superior vision (Memmer, 2001). Volvo has used a combination of design and computer technology that together sense the driver’s

position and adjust elements of the car accordingly.

This car is being lauded as the leader in safety. This perception again continues to reinforce Volvo's reputation for pre-empting safety issues and continuing to consider safety issues in its vehicles. As always, Volvo's stance is seen as one of pursuing safety issues so as to protect consumers, rather than the more cynical view that these initiatives may well be profit-driven. This benign examination by consumers and vehicle experts is made because Volvo has always been at the forefront of safety issues when others did not see the need or, if they did see the need, they chose to ignore that need in pursuit of the profit motive. Hence, if other companies now highlight their focus on safety, people are less guarded in voicing their suspicions that it may be an initiative generated for company profit and not consumer safety.

Volvo pursued safety issues well before they were palatable in other companies. They led the market and society in terms of making safer cars. One could be cynical and laud this concept as a profitable strategic marketing initiative, but this may be oversimplistic. Volvo appears to have had a genuine concern for its consumers. This concern led Volvo to implement safety features that not only challenged the market, but established a positive business gap with consumers. They included features in their cars that the market did not as a whole necessarily believe they needed. They included features in their cars that others only included after there was legislative intervention. For example, Volvo introduced safety-belts in Sweden in 1959. The legislative intervention in Sweden for front seat safety-belts occurred in 1975 and for back seat safety-belts this did not happen until 1985 (Volvo, 2002). Volvo has been a world leader in a number of safety areas (Volvo, 2002). These areas include triangle-split dual circuit brakes in 1966; daytime running lights in 1975; three-point lap/shoulder belt centre rear position in 1986; side impact protection system (SIPS) in 1991; integrated booster seat in 1992; SIPS-bag in 1994; inflatable curtain (IC) in 1998; and whiplash protection system (WHIPS) in 1998. Volvo established a reputation for safety that in its obvious extension meant a concern for their customers. This focus has benefited the company since its inception. The company ethos valued the lives of others and one could postulate that this ideal in itself would lead one to value one's own efforts and self-worth as one was not acting in self-interest alone. Hence, Volvo could be seen from this perspective to stand for: *Value Our Lives to Value Others*.

Managerial remarks

The irony of these two scenarios is that "in 1999 Ford purchased Volvo and that since that time, Ford has used the Volvo connection as a springboard to raise its safety profile in the industry" (Memmer, 2001). Why would Ford do this? One would hope that it would be for all of the altruistic reasons with respect to the safety issues previously mentioned, yet it seems interesting that Memmer (2001, p. 1) says that: ... but there's a new maxim in the car business these days: "safety sells". Believe it or not, safety has become sexy ...

With respect to the two companies, the implications for managers are stark. As a manager, one needs to be aware of the prevailing social attitudes in the marketplace. Never assume that your views are the predominant ones in the community. Always go out into the market and look to seize the initiative in areas where you can make a difference, not only for your company and its products, but more so for society and its advancement. One look beyond one's own myopic views of the company's needs and project oneself on to the requirements of one's customers and society at large. Take a longer-term, broader view that appears to not just focus-in on the shorter-term increase in a company's profits.

Do not be constrained by ideas and ways of doing business that have been successful in the past, but challenge yourself and your executive team to take a positive lead in making your products and services more socially desirable for all. To establish a positive ethics gap is a more envious position than to always be fighting a rearguard action, as a result of the fact that you have slipped behind your prevailing societal attitudes and expectations.

All executives and employees involved in new product development should keep in the forefront of their minds the need to test their product not only for consumer acceptability re its utility, but also for its ethical and cultural acceptability. Not to do so leaves the company open to the criticism that profit is the driving force and hence society will invariably punish those who ignore ethical issues surrounding the integrity of their products. Unsafe products are just that. They are a time bomb waiting to go off in everyone's face. No one wins in these situations, but especially not the consumer and the company itself.

Conclusions

The contention in this paper is that the development of business ethics, just like

ethics, is a function of time and culture. As time passes, cultures evolve and individuals in these cultures develop different perspectives on behaviours, values and moral positions. People question established mores and wonder if what has been acceptable is perhaps now not quite so acceptable and that which was unacceptable may not be as it was. Re-examinations of events are a feature of all societies as people seek truth and understanding for the events that they have witnessed around them. The unacceptable can become acceptable and the acceptable unacceptable.

An authoritative article on the Ford Pinto is that written by Professor Dennis A. Gioia (1992) of Pennsylvania State University and it does just this: it re-examines events and re-evaluates choices made in an attempt at a re-defined meaning of actions taken. It is one man's personal introspection that highlights and reinforces the very ethos of this discussion.

Gioia was a social actor in a real world play who, as time has passed and his culture has evolved, has come to question the very essence of his role in the drama, that was the Ford Pinto. Gioia at the time of the Pinto incident was Ford's Field Recall Coordinator. He eloquently expresses his role in the Ford Pinto events and his own ethical perspectives, not only at the time of the case, but since that time.

Gioia entered Ford after a BSc in Engineering Science and an MBA. He was an outspoken critic of the Vietnam War and of inappropriate business activities. He saw himself as something of a crusader, who could better change the world by being on the inside of the corporate world than by protesting from outside. Over time, he felt himself being modified to Ford's way of thinking and to all intents and purposes became a "Ford man".

He uses the Pinto case in his MBA program towards the end of the semester of study with his students after they have had a chance to come to know him. While handling the case, he reveals to his MBA students his role in the Ford Pinto affair. He admits to not voting to advise senior managers of a recall. At the time, he was a Pinto owner himself.

The reaction of his students has interested and challenged him. Students have a range of reactions that range from an understanding of his role in the place in time in which he found himself, to anger, incredulousness and, one could speculate, even disgust at his apparent hypocrisy now that he is an educator in business ethics issues.

Gioia's self-analysis is insightful, revealing, and he should be commended for

sharing it so earnestly with the reader. He was convinced of the correctness of his actions in the first few years during which he ran the case. He had acted legally and, he contends, ethically, but had he failed the moral challenge of rising "to higher standards of inner conscience and conviction about the 'right' actions to take" (Gioia, 1992)?

As time has moved on and attitudes have changed, Gioia has changed in himself. His own belief in his acceptance of his behaviour has wavered over time. He is a microcosm of the society in which he lives, because prevailing values have changed and he has now re-examined his own moral precepts for making the decisions that he made. Time and culture have acted on him to modify his belief structure in the correctness of his actions. As time has moved and culture evolved, the actions that were once acceptable to him are now questionable in his own mind and are viewed by many others as unacceptable.

This is the point of this article: ethics are always evolving. They are a function of time and culture. Time and culture are mutually dependent. They are indivisible and thus cannot be separated, as they act in concert to produce "an ethical reality" at any given point in time.

The challenge for corporations is to be in tune with the prevailing societal attitudes as a guide only. By all means lead the prevailing attitude because such a proactive stance makes one a more valued member of society than those miscreant companies and individuals who have to always be monitored, cajoled, coaxed and even threatened with litigation to comply with actions that should have been obvious to them. The need for all companies is to ensure that, at the very least, there is congruence in their views with that of society. To fall below this level of acceptable conduct devalues the experiences of us all: consumers, the corporation's staff and society as a whole.

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