

# From an Implicit Christian Corporate Culture to a Structured Conception of Corporate Ethical Responsibility in a Retail Company: A Case-Study in Hermeneutic Ethics

Geert Demuijnck

**ABSTRACT.** This article presents a qualitative research about the way in which business leaders of a retail company gradually clarify the ethical responsibilities of their company – in an ongoing discussion of particular cases. It is based on 12 years of experience as an external member of the ethics committee. The aim of the article is not so much as to evaluate the different single decisions that were made and implemented to make the company meet high ethical standards, but rather to focus on three issues and on how they relate to each other: (1) the shift from a communitarian Christian set of values to a broader secular framework of basic principles; (2) the way in which business people in a retailing company cope with issues that seem ethically troublesome, when reflected upon from an ethical point of view; and (3) how the process of ethical dialogue has led to a typology of the different levels of responsibility that retailers are willing to attribute to themselves according to the kind of problem at stake. The three issues together illustrate how a company that took the business ethics question head-on systematically moved into a particular ongoing collective learning process.

**KEY WORDS:** hermeneutic ethics, retail, responsibility, business ethics, learning

## Introduction

Because retail firms are in the center of a complex web of relationships with stakeholders and wider interest groups, and are frequented by numerous clients on a daily basis, these firms are scrutinized by consumer organizations, NGO's, and the general public opinion. Their high level of public exposure

makes them vulnerable to scandals. As a consequence, they are particularly worried about their reputation as responsible companies (Whysall, 1995, 1998). Besides general research on the retail sector and case studies of well-known retailers (Leigh and Waddock, 2006), many authors have focused on specific issues such as, e.g., ethical sourcing (Graafland, 2002) or the relation between social and financial performance in retailing (Moore, 2001). Others have tried to shed light on the ethical behavior of retail managers (Fraedrich, 1993; Takala and Uusitalo, 1995).

However, not much empirical research has been done on the process of ethical *reflection* which takes place within the retail company. Admittedly, some authors have proposed theoretical models to conceptualize moral decision making at the organizational level (McDevitt et al., 2007), or have even elaborated moral learning processes for organizations (Falkenberg, 2004; Logsdon and Yuthas, 1997; Reidenbach and Robin, 1991; Snell, 2000; Sridhar and Camburn, 1993), but this study has not really referred to field studies or empirical observations.

This article presents a qualitative research about the way in which business leaders of a retail company gradually clarify the ethical responsibilities of their company – in an ongoing discussion of particular cases. It is based on 12 years of experience as an external member of the ethics committee of the French retailer company Auchan.<sup>1</sup>

The aim of this article is not so much as to evaluate the different single decisions that were made and implemented to make the company meet high

ethical standards, but rather to focus on three issues and on how they relate to each other: (1) the shift from a communitarian Christian set of values to a broader secular framework of basic principles; (2) the way in which business people in a retailing company cope with issues that seem ethically troublesome, when reflected upon from an ethical point of view; and (3) how the process of ethical dialogue has led to a typology of the different levels of responsibility that retailers are willing to attribute to themselves according to the kind of problem at stake. The three issues together illustrate how a company that took the business ethics question head-on systematically moved into a particular ongoing collective learning process. Notwithstanding its particularity, I will argue that an analysis of this process allows us to draw some general lessons.

The methodological background of the article is discussed in the section “[Combining empirical and normative approaches: qualitative research versus hermeneutic ethics](#)”. It is argued that the article can be read from a descriptive as well as from a hermeneutic normative viewpoint. The normative background of the company, rooted in Catholic Social Teaching, is sketched in “[From a general Catholic framework to an explicit ethical code](#)”. The section “[Incoherent peacemaking philosophy](#)” analyzes the way in which a retailer with an ethics committee practices ethics. In the section “[Shifts in the scope of corporate ethical responsibility](#)”, I turn to a substantial discussion of the way in which the ethics committee gradually clarified its moral responsibility. Finally, the section “[Lessons to be drawn and ideas for further research](#)” draws some general lessons and indicates questions for further research.

### **Combining empirical and normative approaches: qualitative research versus hermeneutic ethics**

On the one hand, methodologically, this article can be read as relating *qualitative research*. On the other hand, it has also a normative interest: it may be read as an exercise in *hermeneutical ethics*. The aim of this section is to spell out this methodological ambiguity and clarify some methodological questions that it may provoke.

This article presents a description of the evolution of the way in which a group of business leaders and managers of a retail company perceive their moral responsibilities. This description is based on both a longitudinal participant observation (over 12 years) as a member of the ethics committee of this company, and some in-depth interviews with the people who played a key role in the company’s ethical decision making during this period.

A few clarifications are needed here. First of all, it is obvious that, when I became a member of the ethics committee in 1996, my intention was not to write an article on its way of functioning in the first place. As a researcher, however, I was very curious.<sup>2</sup> Therefore, I carefully wrote down my observations from the start. These ‘field notes’, as well as the minutes of the meetings, form the basic material for the following reconstruction. Three in-depth interviews with people who were involved in the committee from the very start complete the empirical research for this study. These people were informed of the research purpose of the interview.

Qualitative research of this kind has well-known weaknesses. The first issue is the validity of the claims it makes (Cho and Trent, 2006). How can one determine to which degree my claims correspond to the reality, that is, in this case, to the other participants’ constructions of the reality? Is the story the researcher tells really the way in which the business people perceive things or is it rather his own interpretation of it? One of the techniques to check this is ‘member checking’, that is “a process in which collected data are ‘played back’ to the informant to check for perceived accuracy and reactions” (Cho and Trent, 2006, p. 322). This has been done in the three in-depth interviews and discussions about the interpretations presented in “[Incoherent peacemaking philosophy](#)” and “[Shifts in the scope of corporate ethical responsibility](#)” sections.<sup>3</sup>

Another weakness is that the process is not, contrary to quantitative testing, replicable (Cho and Trent, 2006; Pauwels and Matthyssens, 2004).<sup>4</sup> Considered as qualitative research, the description tracks the evolution of the meaning, and more particularly the moral judgments, of a group of people, with a particular background, in a particular business sector (retail), during a particular period, on a particular place, etc. From the beginning, one may wonder which general lessons may be drawn from

an expected better understanding of one particular process of clarification of moral responsibility. I will argue in “Lessons to be drawn and ideas for further research” section that, despite this inherent limitation, this particular qualitative research allows us to make some general points.

A last problem that I would like to mention here<sup>5</sup> is the very fact that the researcher is personally involved in the reality he or she observes, modifies the research object.<sup>6</sup> As the French sociologist Pierre Bourdieu repeatedly remarked, a sociologist can only succeed in his or her study of ‘objectivation’, i.e., in making his observations into an object of scientific research, insofar as the ‘objectivation’ includes his own position, that is not only the way in which he influences the reality he tries to understand, but equally his own interests and ambitions. Moreover, the researcher should not deny, but take into account the practical contradiction: we know how difficult it is to be similarly ‘caught up’ by the game and to observe it. When we are playing, it may be difficult to observe how we are playing (Bourdieu, 1978, pp. 67–68). Bourdieu stresses that having knowledge of these difficulties is helpful to avoid their pitfalls. On occasions, it even happened that I forgot to carefully record what occurred, because I was too engrossed (and occasionally involved) in the content of the discussion. Still, my direct influence in the debate was very limited. It is very difficult, even for a professional philosopher, to make relevant comments on issues which are ultimately ethical, but which presuppose much detailed factual knowledge to be able to make a sound moral judgment. In most of the discussions, I remained merely an external member, and never an ‘expert’. However, the fact that I remained mostly silent does absolutely not imply that my presence had no incidence. Even if no one was intimidated by my presence, it was still not neutral. The role of the external member is extremely important, even if he or she does not intervene. In an ethical debate, an external presence may hamper certain cynical arguments from being voiced. In front of the members of an ethics committee, who do not belong to the company, it seems impossible to say: “In this case, we are not particularly ethical, but we make money and no one really knows about what really happens. So who cares?” In my case, however, the CEO, who also participated in the discussions, took the issue of ethics seriously,

and I, therefore, doubt that there was any risk of cynicism. Nevertheless, an external witness presents a supplementary warrant against cynicism.

Despite the mentioned weaknesses of the methodology of qualitative research, the undeniable advantage is that it seems the only way to reveal ‘from the inside’ how business leaders give ethical meaning to their actions. It remains the only means to get an open-minded point of view of the way in which the business actors construct their universe, how they create their action rules, and how they judge. In order to grasp the complexity of a particular field, one needs to integrate into it to some extent. Therefore, the hermeneutical component of the approach is crucial. Hence, of course, it is important to check whether the interpretations one makes correspond to the interpretations of the business leaders themselves.

The essential link of participant observation with hermeneutics creates an opportunity to make a link with the *normative* approach of business ethics. It is well known that business ethics consists of two disciplines: *business ethics* and *business ethics* (Donaldson, 1994; Trevino and Weaver, 1994; Weaver and Trevino, 1994; Werhane, 1994). Whereas the descriptive and explanatory (and perhaps predictive) social sciences approach examines questions such as which (organizational, cultural, informational, etc.) factors influence ethical or non-ethical behavior in business, the normative approach argues about how companies and business people *ought* to behave, and how behavior is judged in terms of right and wrong. Typically, normative business ethics takes an ‘external’ viewpoint.

Precisely because of the fact that this qualitative research focuses on discussions in which business people themselves try to judge their moral responsibilities and to critically analyze their own decisions from a moral point of view, a link can be forged with the normative approach without falling into the trap of the naturalistic fallacy. This latter remark demands that we clearly spell out what ‘hermeneutic ethics’ is able to do, and what it is not.

A starting point for hermeneutic ethics is that, in line with Aristotle’s vision, morality and ethics are inherently related to each other. Moral judgments are embedded in historic and cultural circumstances. However, this does not mean that they cannot be criticized from *within* the cultural tradition in which

they are situated. Hermeneutic ethics does absolutely not imply bowing to the values that prevail. The idea is rather that ethics is a narrative quest in which people do not know what they should do, and have different views about what is important (Widdershoven, 2005, pp. 57–58). Starting from their pre-conceptions about what correct behavior and correct decisions are, they try, by means of dialogue and reflection, to reinterpret and to gradually clarify the ethical dimension of the issues at stake. This approach – the foundations of which go back, amongst others, to the studies of Gadamer (1960), Ricoeur (1983), and Habermas (1991) – is definitely more popular in medical ethics than it is in business ethics (Clegg, 2004; van der Scheer and Widdershoven, 2004; Widdershoven, 2005; Widdershoven and van der Scheer, 2008). A reason for this is that within the domain of clinical ethics, for example, it is not unusual that caregivers, together with ethicists, try to search for morally acceptable procedures, for better ways to inform patients, etc. It is important to stress that in such cases, as van der Scheer and Widdershoven (2004) note, normative statements are *not derived* from descriptive elements, but elaborated in a process of reflection and dialogue that goes on within a specific praxis.

In principle, a similar approach can be developed in the realm of business. Starting from their pre-conceptions about what correct business behavior consists of, business people can reflect on and reinterpret their set of values and principles in new and complex situations. Within business ethics, this approach has been proposed by Lozano and Sauquet (1999): “Business ethics involves taking time to reason about practice, with actors exploring their own thinking on values, exploring new courses of action in their specific working context and examining them in the light of a group consensus” (1999, p. 215).

One important background assumption mentioned by Lozano and Sauquet (1999) is that business people have a shared value horizon which makes it possible to transform and orient practices. In other words, and this is perhaps the reason why this approach is more common in medical ethics than it is in business ethics, “the hermeneutics of their profession should be ethical and not a neutral description” (Van Tongeren, 1996, p. 181) Indeed the approach presupposes that business people are aware

that their business decisions are *not neutral from an ethical viewpoint*. In the realm of care-giving this is quite obvious, but not always so in business. Precisely this fact made Fleming pessimistic about the usefulness of the very discipline: “Most of the scholarly work is useless...The problem is that businessmen need to know that they are doing ethics in the activities (Fleming, 1987, p. 19, quoted in Trevino and Weaver, 1994, p. 124).

Insofar and only insofar as business ethics has been considered as being an integral part of business practice (Lozano and Sauquet, 1999, p. 204), the hermeneutic approach may contribute to a further development in the process of ethical reflection. Hermeneutics is a critical and reflective dialogue, and cannot, therefore, be reduced to a deduction form a set of empirical facts, or, for that matter, to a naturalistic justification of prevailing opinions. It also does not present a type of applied ethics if this expression is understood with a deductive connotation: “[S]ensitive ethical thought which takes the diverse dimensions of moral life into account, invalidate[s] any model of application understood as a downward swoop from the “heights” of theory to the level ground of practice” (Lozano and Sauquet, 1999, p. 204).

However, even for radical defenders of a strict normative/descriptive separation (Donaldson, 1994), a hermeneutic approach to the way in which business people themselves reflect on their moral responsibilities may have some interest. First of all, taking people’s own vision into account may be helpful to avoid truncated opinions about their awareness of the ethical issues at stake, and, as a consequence, to avoid wrongly attributing a cynical view to them. Secondly, insofar as ethicists aim to influence business behavior, they need a starting point. They need to know where people stand (Lehman, 2007).

In order to conclude this methodological discussion, the following findings can also be read as an exercise in hermeneutic business ethics in the sense explained above. The focus is on business people who explore ethical values within a business perspective. They reflect on and interpret what they are doing. This article further relates not only to the way in which retail managers conceive of their moral responsibilities at a particular point in time, but also to how an ongoing dialogue among

colleagues can help clarify some fundamental questions. In the context of Auchan, the hermeneutic process is structured around a process of self-critical dialogue that leads from an implicit, quite vague set of Christian values to explicitly argued ethical positions.

The crucial presupposition mentioned above, i.e. the presence of a shared value horizon to start the reflective process, is thus fulfilled. This becomes even clearer in the following section, where it is illustrated how the participants of the ethics committee started from a particular vivid awareness of the ethical dimension of their business activity.

### **From a general Catholic framework to an explicit ethical code**

Auchan was created in 1961 as a single supermarket. Since then, it became a company which is running supermarkets and shopping malls in 12 countries with a business turnover of 39.5 billion Euros (2008). It employs 209,000 people, 116,000 of whom are shareholders (in eight countries). Employees currently hold 13% of the shares. The other shares are still owned by the members (now hundreds) of the founding Mulliez family.<sup>7</sup>

The process of ethical reflection in the company did not start from scratch. If Auchan had a strong reputation for social responsibility from the start, and, moreover, developed a management style which strongly motivates employees by giving them objectives and responsibilities and, later, also by giving them the possibility to become shareholders and to take advantage of the growth of the company, then this reflected the commitment of the shareholder family to Catholic social teaching. In a nutshell, here are some of the key ideas of this teaching which are relevant in this context: Private property is morally correct if this property's ultimate aim is the 'common good' that is, roughly translated, if it is used in a socially responsible way. Making profit is a constraint for the survival of a firm, and therefore a legitimate aim, but it has to be done properly. Employees are considered as persons in the first place. As a consequence, the principle of a morally defensible society based on private property also applies to these persons, and, hence, the possibility offered to them to become owners as well.<sup>8</sup>

The Catholic background of the Mulliez family, the shareholders of Auchan, goes back to their parents and grandparents. They are direct descendants of and related to the families who owned the once quite important textile industry in the Lille area. These families were deeply influenced by the more 'progressive' – at least, in social matters – Catholic movement inspired by the *Rerum Novarum* encyclical. As a consequence, the set of Christian values and Catholic social teaching formed the normative background of the 'culture' of the company.

From the 1930s onward, most family members were – and a few still are – strongly involved in a multitude of Catholic social movements.<sup>9</sup> Before the Second World War, these movements were basically *La bourgeoisie catholique* and *Le réarmement moral* (moral rearmament). After the war, the *Caux* movement and *l'Action catholique pour les indépendants* (ACI) became important, but today only the last two of these movements survive.<sup>10</sup>

Two types of meetings were organized by these movements. In the first type, the participants discussed practical issues about business. Out of these meetings grew the 'secular' *Centre des jeunes patrons* (Centre of young business leaders), that later became the still existing *Centre des jeunes dirigeants*, one of the leading militant movements in France in favor of CSR (Blasco and Zolner, 2008).<sup>11</sup> The second type consisted of 'spiritual' meetings in which fundamental issues were discussed.

One of the key themes of the latter debates was the idea that being born rich and having property was not a reason to opt for lazy hedonism. As a consequence, Louis Mulliez, the grandfather of the founder of Auchan, argued during one of the meetings of the *Bourgeoisie catholique* in 1936 that ownership not only implies some advantages, but above all moral *duties*: the moral obligation not to become complacent in a privileged situation, but to take responsibilities with respect to the society as a whole. He further underlined the values of hard work, of living in a frugal way, and stressed that doing business in a moral way is a *calling*, a moral duty toward God and toward other people.<sup>12</sup> During this period, these duties were often interpreted in a quite paternalistic fashion (Ballet and de Bry, 2001).

One could judge this information as somehow anecdotic, but according to the founders of Auchan,



this mindset not only presented the mentality of the family in which they were educated, but the value system that they still consciously wanted to perpetuate when Auchan was set up.

As a consequence, Catholic social teaching, and Catholic values in general, both progressive and conservative, had still a strong influence in the first decade of Auchan's development. A striking example of the more progressive sense is the employee share ownership that was developed in the early seventies in Auchan. For more than 30 years, the system has functioned very well and has been referred to as an example to be followed during the political debates that preceded the 2001 law which stimulates employee savings and investment in stock.<sup>13</sup>

The leaders of Auchan introduced employee shareholding at a time when it was quite revolutionary on the basis of two considerations. First, the company was starting to make important profits, but, at the same time, it was quite demanding with respect to its employees. The leaders, who were also the shareholders, judged it as unfair not to share these results with the collaborators. Secondly, rather than increasing wages, they opted, under the direct influence of *Mater et Magister* (1961), for sharing stock with the employees. Philippe Duprez, family member and at that time, i.e., 1971, the Head of Human Resources, relates that most family members were rather skeptical because they feared that they would no longer be the 'masters' of their businesses. However, finally the family accepted the proposal, influenced by arguments based on the encyclicals *Rerum Novarum*, *Quadragesimo Anno*, and *Mater et Magister*.<sup>14</sup> In *Quadragesimo Anno* (paragraph 28), pope Pius XI states: "It is entirely false to ascribe to the property alone or to the work alone whatever has been obtained through the combined effort of both, and it is wholly unjust for either, denying the efficacy of the other, to arrogate to itself whatever has been produced." However, it is above all the more explicit *Mater et Magistra* (*Encyclical of Pope John XXIII on Christianity and Social Progress, 1961*) that influenced the decision: "it is especially desirable today that workers gradually come to share in the ownership of their company, by ways and in the manner that seem most suitable" (paragraph 77). The following paragraph of *Mater et Magister* was still presented, in a training session on business ethics

focusing on the origins of the firm, in the 1990s: "But We have no doubt as to the need for giving workers an active part in the business of the company for which they work—be it a private or a public one. Every effort must be made to ensure that the enterprise is indeed a true human community, concerned with the needs, the activities and the standing of each of its members" (paragraph 91).

With hindsight, the former leaders admit that their Catholic values also led to more questionable judgments. For example, in those days, managers who divorced their spouse were considered to be less trustworthy and had more difficulties of making a career in the company.

The important general point here is that it was an obvious background assumption, which was beyond discussion, that business should be run honestly with a deep respect of clients and employees. During the 1970s and the 1980s, the company grew rapidly, and, subsequently, preserving the 'values' became one of the worries of the shareholder family, albeit in a more secular and open-minded way. Note, however, that the ideological history of the shareholder family was, until recently, evoked during training sessions, meaning that the Christian background is not considered taboo. However, the need for a broader ethical framework became obvious in a growing company with more and more employees from different backgrounds in a quickly evolving French society. As a result of these changes, a project to implement business ethics in the firm was initiated by the president (and major shareholder of the company) in the early 1990s. The implementation was entrusted to the executives of the company. From 1992 onward, the leaders of Auchan developed their particular approach to ethics. Initially there were two steps. The first consisted in creating a code of ethics. The ethics code of Auchan is clearly based on the stakeholder model. The people who wrote it had probably never heard of Edward Freeman but based their text on the idea that Auchan as a company has some responsibilities (beyond legal constraints) with respect to shareholders, employees, suppliers, customers, and so on. With respect to each stakeholder, the commitments of Auchan are defined in a dozen fundamental commitments.<sup>15</sup>

The second step was the establishment of an ethics committee which would supervise compliance with

the code. Initially, the operation of the ethics committee was very unclear. For example, the relationship between management and the ethics committee was not clear. Subsequently, the separation of duties was clarified: if a question is addressed to the ethics committee, the committee discusses it seriously and very openly, and then it makes a recommendation that is returned to those who have decision-making power within the company. Later, the committee is informed about any decisions that were taken at that level.

The committee members are: the CEO of Auchan, one director of a supermarket, the head of the legal department, a person from the supply branch, the head of external communication, two shareholder family members, the executive in charge of sustainable development, the secretary general (who represents the president) and two external members (before 2006, only one external member – the author – sat on the committee). In addition to the permanent committee members, two or three other people are usually invited, to consult on a particular topic that needs to be discussed.

The fact that the chief executive of Auchan France is a member of the committee has the enormous advantage that recommendations are followed up. On the other hand, it is obvious that this could be a handicap for the independence of the committee. At this stage, the chief executive is, luckily, someone who truly wants to be confronted with critical remarks and appreciates when people frankly express their opinions on worrisome issues discussed during the sessions. Still, this is a weak point that is slightly compensated for by the fact that two out of the 10 members are external to the company.<sup>16</sup>

Questions arrive at the committee in different ways. One source is mail on an ethical issue that is sent to the company by customers or by NGOs. However, the committee also receives questions about the practices of sales, marketing, etc. that come from a host of employees, including executives and sales managers. Another source of questions is criticism in the media.

The stakeholder approach perfectly fits in with the range and variety of issues that have been submitted to the committee. The variety of the issues that were discussed is as such interesting. The following sample gives an idea of the type of issues discussed:

1. Hostile reactions from customers about the fact that the supermarkets were open on a national holiday (May 8 commemoration of WWII).
2. Sexist discrimination among the employees (whether or not such discrimination existed and, if so, what to do about it).
3. Which rules to adopt to avoid customers becoming over indebted.
4. How to correctly treat truck drivers from supplier companies waiting to deliver their products.
5. How to distinguish erotic literature (which is sold in the stores) from pornography (which is not sold in the stores), and how to display it in the shops.
6. Which videogames should not be sold (violence, racist allusions, etc).
7. Which social standards should be imposed on textile suppliers in Asia, and what to do if infringements are observed.
8. Which profit margins should be applied to 'fair trade' products, if clients are willing to pay more for them than for equivalent standard products?
9. The amount of wasted fresh food, because of expired dates, and waste in general.
10. How to treat suppliers fairly in a reversed auction procedure.

It should be noticed that the questions that were debated concern the ethical responsibility of the company in a broad sense. Admittedly, the scope of ethical responsibility clearly contains issues of corporation social responsibility (CSR), as defined by the European Union – there are, indeed, issues which allow to integrate social and environmental concerns in the business operations and in the interaction with the stakeholders on a voluntary basis,<sup>17</sup> – or as famously presented by Carroll's pyramid (Carroll, 1991). And indeed, in line with this pyramid, demands for philanthropic aid are systematically transferred to the *Fondation Auchan* (the Auchan Foundation). However, contrary to the EU definition of CSR and Carroll's presentation, the list, and the examples that will be referred to further on, indicate that the way in which business is conducted is considered as an ethical issue *in itself*: economic and legal aspects are seen as to some

extent intrinsically ethical dimensions as well. Concerning the latter, the head of the legal department is a member of the ethics committee, because information pertaining to the legal constraints of a given matter is often a necessary consideration during the discussions. However, obeying the law is considered to be an obligation beyond discussion.

The preceding discussion provides an overview of the normative background against which the ethics committee has been set up, the committee's composition, and the kind of questions that are treated during discussions. In the following sections, I will not attempt a detailed normative analysis of the precise recommendations that have been formulated. Rather, I will focus on two more general, and more fundamental issues. The first issue is a formal one, and addresses the question as to how the members of the committee proceed when they discuss ethical questions. A related question is whether the manner in which they proceed has evolved over the years, and, if so, how? In other words, can we observe a learning process? The second issue that I wish to address relates to a substantial matter: how do these people conceive the moral responsibility, or, in their wording, the societal and environmental responsibilities, of the company?

### Incoherent peacemaking philosophy

The various debates on the above-mentioned (as well as many other) issues were very interesting. I will leave the conclusions aside here – they basically were all morally defensible – and rather turn my attention to the nature of the ethical argumentation during these discussions.

A standard way of doing moral philosophy is to start with a set of principles. These principles are applied to some particular issue, and if they lead to shocking consequences, then you should either bite the bullet and accept the surprising consequences – thereby abandoning your former opinions – or you should conclude that something has to be changed in your initial set of principles. Good arguments are supposed to let you draw sharp conclusions, and we therefore push arguments up to the point where they allow us to obviously reject either wrong conclusions or wrong starting principles. The aim is to find

the point at which competing theories part company. Sterba (2005) proposes an alternative way of doing which he calls 'peacemaking philosophy'. We should start with the most acceptable, charitable interpretation of principles or theories, and then try to reconcile them with the most acceptable and least controversial interpretation of opposite theories. Sterba argues that doing so allows us to resolve many ethically controversial issues: if, for example, utilitarianism and Kantianism are interpreted in a not too radical way, then they are more likely to point in the same direction.

Business people in ethics committees are definitely practicing peacemaking philosophy. Contrary to philosophers, they never attempt to drive a point to its limits to find out where the principles that are invoked to justify a decision would lead us to if some surrealistic scenario (the kind which philosophers are fond of) would take place.

Moreover, business people practice a quite 'incoherent' kind of peacemaking philosophy. This remark should absolutely not be read as some negative or despising judgment. I only want to stress the different perspectives: whereas philosophers are keen to point out deep, underlying paradoxes and conceptual complications, business people are happy to base their decisions on a robust consensus, notwithstanding the fact that this consensus is based on intrinsically contradictory principles.

For example, during one of the meetings, the discussion was about how to respectfully treat the 'elderly' among the employees. Again, the issue is about *voluntary* commitments beyond legal obligations: legally, people are declared 'able' or 'unable' by the *Médecine du Travail* (the national service which controls employees' health). Sometimes officially 'able' persons are physically less fit for some jobs than younger people. Arguments that were advanced in the discussion were first radically Kantian: 'what if you saw your father suffering on the work floor?' However, then the discussion switched quickly to the absurdity of the seniority principle, which makes the employment of older people relatively expensive. Now, we can certainly discuss the seniority principle (cf. Gosseries, 2004), but not necessarily on Kantian grounds. In other words, the committee usually switches from a deontological to a consequentialist framework without any bother.<sup>18</sup> The principles of both approaches are weakened so that



an acceptable compromise becomes possible. Another example: it was argued that shops could be opened on a religious holiday if the employees who worked did so on a 'voluntary' basis (religious convictions ought to be respected). At the same time, voluntariness is stimulated by some extra pay, which implies that people's convictions are not *totally* respected: they have a price.

Even virtue ethics came into the picture a couple of times. In 1999, the popular TV station Canal Plus broadcasted a documentary, during prime time, about a case of moral harassment in one of the Auchan supermarkets. The Auchan management was embarrassed by the accusations but admitted, during the ethics committee discussion, that it was obvious that the director did not have the appropriate 'personal virtues' for his position.

In general, discussions tend to defend positions that seem acceptable, but the link between these positions and the invoked principles that are supposed to underlie them is not always clearly spelled out.

Relating the preceding observations to some claims made in the scholarly business ethics literature reveals similarities but also contradictions. For example, McDevitt et al. (2007) have proposed a model that aims "to provide a sound basis for understanding the process of resolving ethical conflicts" (2007, p. 222). The model proposes a procedure in five steps in which the issue at stake is clearly spelled out; complementary useful information is looked for; all further alternative options are analyzed in great detail, and finally, the best solution (judged in terms of consequences) is picked out, and implemented. Without having read the model, the committee has developed a procedure close to the proposed model. In the beginning years, much time was lost because the issue to be discussed was improperly prepared for the committee, so that it was impossible to make a recommendation for lack of information. The procedure gradually evolved into a well-prepared and organized debate. Now, one or two topics are prepared by people from within the company who are directly concerned with them, mostly with the help of the secretary general who is in charge of the committee. The members also receive the necessary documentation beforehand. During the session, a detailed presentation of the case is given, which is often interrupted by questions of clarification or remarks providing

supplementary information. After the presentation, the different alternative responses are discussed. These responses usually range from a soft 'business as usual' perspective to quite radical solutions that are against the financial interests of the firm, such as, for example, stopping to sell a product. Finally, the ethical discussion starts, and the participants are asked what they judge to be the best option, *from a mere ethical viewpoint*, and *why*. The comparison with the McDevitt et al. (2007) model goes astray insofar as the reasons people advance are absolutely not limited to consequential reasons, contrary to what McDevitt et al. propose. During the discussions that I have been observing, it was obvious, as mentioned before, that the philosophical framework was broader: deontological reasons were advanced, and even sometimes followed at the expense of profit (examples follow in the next section).<sup>19</sup>

Another point where the observations seem to contradict theoretical proposals is related to the application of Kohlberg's levels of moral reasoning at the level of organization.<sup>20</sup> Some authors have proposed an adaptation of Kohlberg's theory of the development of moral reasoning in the context of collective learning processes (Falkenberg, 2004; Logsdon and Yuthas, 1997; Reidenbach and Robin, 1991; Snell, 2000; Sridhar and Camburn, 1993). However, I think that this transposition is misconceived from the start. During the discussions, I have indeed recognized arguments that can be situated below Kohlberg's ultimate level of post-conventional or universal thinking. For example, a recurrent argument is that competitors do worse (in some respect), and that, therefore, everything the company does is okay: or also, the argument that "there won't be any damage in terms of image if we go on like this" (understood as if we go on in the unethical way). However, these arguments are quickly rejected as irrelevant to the discussion. Of course, everyone feels pleased if Auchan turns out to do better (from an ethical viewpoint) than the competitors, but there is always someone to point out that the relevant question is: can 'we' improve our behavior? The second argument (no danger in terms of image) is rejected by the remark that image is only a part of the ethical picture.

The observation that an open discussion about ethical issues among adults with a higher education spontaneously evolves to Kohlberg's sixth level of

autonomous judgments based on universal principles seems rather unsurprising. The opposite would be astonishing. As a consequence, I have the impression that the referenced articles that propose the transposition of Kohlberg's theory to a collective level are rather misguided.

A final observation is the quite surprisingly strong personal identification with the firm. The pronoun 'we' is constantly used during the sessions. When the first (negative) results of social audits organized in supplier companies in Asia were presented in 1997, the CEO and the other members of the committee felt genuine shame.<sup>21</sup> Of course, the first and foremost worry was: "if a journalist would publish this, it would be catastrophic to our image". However, beyond that, people said that they would no longer be able "to look at themselves in the mirror" if nothing serious was done about this situation. As a consequence, although people make clear distinctions between personal moral responsibilities and the responsibilities of the firm, they refer to personal feelings of shame when they judge their company's bad behavior. The distance between this example and the often defended, more abstract way of presenting levels of responsibility (Enderle and Tavis, 1998 is just one example), is considerable.

### Shifts in the scope of corporate ethical responsibility

Let us now turn to the evolution of the way in which the ethics committee gradually clarified the ethical responsibilities of the retail firm. Three elements together determined this evolution: (1) the growing scrutiny of retail companies by the general public and the media, (2) the shift in the underlying 'narrative' (Randels, 1998) of the vision on ethical responsibility, and (3) the internal dynamics of the implementation of business ethics in the firm.

The first, external element is beyond the scope of this article, and I will, consequently, focus on the factors internal to the company. Just one underlying assumption needs to be spelled out here: Insofar as a firm acts under the influence of external pressure, the primary motivation to try to implement ethical standards in the way of doing business is obviously the reputation of the company, that is, well-understood self-interest. For example, Auchan does not

want to be "singled out" as a company that exploits children in Indonesia. Underlying this motivation to avoid a negative reputation and to create a positive one, there is a quite optimistic gamble: it is believed that customers would change their consumer behavior according to the reputation of the company. The challenge is, of course, based on an optimistic economic picture: Insofar as the purchasing power increases, the share of the income spent on food will decrease, and consequently, people will focus less on the mere price of products. They will take into account other aspects to some extent, such as social and environmental ones. As a result, the company has an interest in preserving its reputation.

However, sometimes, the ethical motivation clearly exceeds the concern for the reputation in the long run. This has to be understood from the perspective of the two other elements. Their influence took an opposite direction: the gradual disappearance of the Catholic references lead to a shrinking of the scope of ethical concern. However, the internal dynamics of the ethics implementation also lead to the acceptance of a broader realm of corporate moral responsibility.

The strong influence of the strict Catholic morality from the early days has slowly diminished and nowadays only occasionally crops up, mostly to be rejected in the discussion. A first element which illustrates this evolution is the explicit separation of people's private life and professional activities. The ethics code explicitly commits Auchan to respect people's private opinions, ways of life, etc. The traditional moral views on people's lifestyles are now rather considered to be 'politically incorrect'. Second, and this is admittedly anecdotic, it sounds unbelievable nowadays that selling or not selling condoms in a supermarket was a fundamental ethical issue 30 years ago.

In general, the diminishing influence of the Catholic background has led to a reduction of the scope of ethical concern: paternalism toward adult customers has (almost) disappeared. Still, some worries of current executives of Auchan still reflect the Catholic background. Occasionally, the old views crop up again. For example, the 2001 best-seller, *The Sexual Life of Catherine M* by Catherine Millet, was not exposed on the shelves of the Auchan stores. Of course, you could buy it, because

Auchan had no right to prohibit or limit the sale of the book: however, the customer had to explicitly ask for it. However, when the ethics committee discussed the case, it recommended that Auchan adopts a less paternalistic policy regarding erotic literature. Millet's 'masterpiece' would be exposed nowadays, with the only restriction that it should be carefully exposed out of children's reach.

The fact that the Auchan managers no longer explicitly refer to Catholic values and (now) try to justify their decision on grounds that are acceptable to all in a pluralistic society should not lead us to the conclusion that these Catholic values no longer play any role. For one thing, the set of values did not change radically. A recent example is CEO Philippe Baroukh's surprising argument against the opening of supermarkets on Sunday, on the basis of the respect of "our cultural values".<sup>22</sup> Also, the role of the initial Catholic setting should not be underestimated. As our methodological discussion of "Combining empirical and normative approaches: qualitative research versus hermeneutic ethics" section made clear, the ongoing dialogue would never have gotten off the ground if business behavior would not have been understood as ultimately ethical. The new implicit 'narrative' can only have some effect insofar as this basic vision is widely accepted.

The conscious implementation of ethics in the company takes place in a business context. This means that motivations are mostly complex: ethical concerns may be opposed to short-term profit. Auchan learned to cope with this continuous tension, basically by distinguishing different levels of responsibility that the ethics committee now, after many years of experience, readily accepts. Let me distinguish six scenarios with different levels of responsibility and, consequently, different ways of responding adequately to ethical challenges.

Let us distinguish first two perspectives on responsibility. The first one is whether the company is somehow *causally responsible* for whatever issue at stake. For instance, if a company would be strongly polluting (but not above legally admitted levels), and pollution would be the issue at stake, then it is obvious that the company's activities are at the origin of the problem. On the other hand, if the issue at stake is, in a retail company for example, the fact that some consumers have too many debts, then it is obvious that the retailer is not directly causally

responsible for these debts. A second perspective is to ask which level of responsibility may be attributed to a company *with respect to possible solutions* for ethical questions, independently of whether or not the company is causally responsible for the issue at stake. For example, if it would be the case that some minority groups have higher levels of unemployment than others in general (a discrimination problem for which a company cannot be held responsible), then we may ask whether a company, as a relatively important economic agent, should be held responsible for its proactive or lack or proactive employment policy in favor of the discriminated minority group. The latter question is about which level of social or environmental responsibility stakeholders can attribute to a company, beyond what it is legally constrained to.<sup>23</sup> In other words, the question is about the *space of liberty* that is open to the firm (Enderle and Tavis, 1998; Falise, 1985). The following typology focuses on this particular perspective on responsibility, and distinguishes six scenarios with a different space of liberty and different sets of possible actions.

The first scenario is one in which an ethical issue can be dealt with, creatively, in a way which benefits (almost) all stakeholders, certainly in the long run, sometimes in the short run.

An example is the way in which Auchan deals with a problem related to fair trade. A couple of years ago, it became clear that the demand for fair trade coffee was growing rapidly (500% growth in one year in 2004). However, a close analysis of the price structure showed that the coffee farmers indeed more than doubled their income with respect to the 'non-fair trade' commercial circuit, and that the consumers paid more than twice as much as they paid for ordinary coffee. However, the largest part of the surplus the consumers paid went to obviously rather inefficient logistics of the 'fair trade' suppliers as well as to the organization which controls the fair trade label (i.e., Max Havelaar). Auchan, as the retailer, did not benefit from the higher price because it had decided to radically downsize margins on fair trade products. The argument was: if the consumer is willing to make some effort, then the retailer should do so as well. For reasons of confidentiality, I cannot reveal the exact price structure of these products, but it was quite shocking to see how little of what consumers pay extra for fair trade products

actually goes to the producers. Auchan successfully dealt with this problem by proposing a fair trade coffee of its own brand. At the production level, the fair trade quality is, similar to all other brands, controlled and labeled by Max Havelaar, but thanks to the much more efficient logistics of the usual supply channels of Auchan – and to the fact that Auchan takes a much smaller margin than it takes on ‘non-fair’ coffee – the coffee can be sold at the price barely higher than that of ordinary coffee. The result is a huge increase of the volume of business in fair trade coffee.

Second scenario: An ethical issue can be dealt with, but there is some cost – and it is totally unclear whether or not this cost will be compensated for, even in the very long run. Nevertheless, the firm decides to accept the ethical constraint and to face the loss it causes. There are numerous examples of such decisions. For lack of space, I just mention the following one. During a particular ethics committee some years ago, we debated the sale of violent video games.<sup>24</sup> Some employees spent a lot of time watching video games (it takes more than 50 h to watch all variations) to analyze them. Some extremely violent games (with racist allusions) had been submitted to the ethics committee, and it was recommended that they should not be sold. The usual market share of Auchan for videogames is known. Later, the total number of these games on the French market (sold in 2003–2004 by competitors such as Leclerc and the specialized Micromania) was made public, and the shortfall could be calculated. However, Auchan followed the recommendation of the ethics committee and did not reverse its decision.

Third scenario: The company faces a huge social problem, which it is not (causally) responsible for. However, the company is aware of its potential role as a ‘big player’ in the social field and decides to act in a responsible way, although the outcome in financial terms is unclear.<sup>25</sup> An example here is the way in which several big companies in France (Auchan among them) signed a ‘code of diversity’ which committed them to be extremely cautious about mechanisms of implicit discrimination – explicit discrimination is forbidden by the law of course – that may unknowingly be at work in human resources policies (Demuijnck, 2009). Auchan decided to collaborate with an NGO and a theater

group (*Théâtre à la carte*) to explore its own situation. During 2006, 4000 people with management responsibilities were trained, and made aware of their unconscious prejudices by way of small theater demonstrations of ordinary scenes of recruitment, etc. The ambition of the whole initiative was to illustrate that it is possible to radically change mentalities if the big players act as positive role models.

Fourth scenario: The cost is too high for the company, but there is something that needs to be done, and more can be done indirectly, through lobbying. The following two examples illustrate this case. The first example concerns a situation in which a company lacks the power to initiate change in a insufficiently regulated context. For example, in relation to letters protesting the opening of shops on May 8, or on Easter Monday, the position of the ethics committee was simply that the situation would be much easier if the State prohibited the opening of the store on some particular days, and if the rules were the same for everybody. The problem is that if competitors open their shops and if the State lets them do so, then the whole sector gets stuck in a kind of spiral, and all shops are obliged to follow.

Another example concerns the unacceptable working condition in suppliers firms in Asia. When some competitors buy from suppliers with unacceptable working conditions, there is inevitably a loss of competitiveness for the company which refrains from such practices. The answer here lies in close cooperation among competitors. Auchan collaborates with other major retailers in the field (a collective database of social audits was established in the French Federation of Trade and Distribution), as well as at the European level, in order to elaborate European norms. That is the only solution because no company has enough power to impose its rules in this context. Nevertheless, Auchan developed a commercial code with ethical requirements (and sanctions) in this area. Auchan has also increased the number of audits, and the firms who produce the products which are sold under Auchan’s own brand name are systematically audited.<sup>26</sup>

My role as participant observer allows me to state firmly that the acceptance of responsibilities in situations based on scenarios three and four would certainly not have been taken into consideration 12 years ago. The acceptance of the company’s ethical responsibility, i.e., in terms of possible action

and not in terms of causal responsibility, has slowly developed.

Fifth scenario: The company observes market trends that are regrettable, but that even the leaders of retailing cannot combat without committing commercial suicide. Thus, a few years ago, Auchan refused to sell mixed drinks or energy drinks, i.e., alcoholic drinks which are ambiguous because they are presented as soft drinks. However, the trend for cocktails consisting of fruit juice and alcohol has only grown. Hence, Auchan has decided to sell them, but a number of precautions have been taken, such as clearly isolated shelves so that no confusion is possible. It seems that the retailer could not escape this trend, which is much stronger than before.

Another example is the recent rage for beauty products for very young girls, the so-called 'Lolita' products. Those who are responsible for the cosmetics department deplore that this kind of market is growing, but at the same time they ask: what should a retailer do about it?

The sixth scenario consists of a radical contradiction between the mission of a retailer, even as ethically conceived as possible, and the ethical challenge at stake. An example of this limit was a recent discussion focused on what to do with respect to over-indebted customers (the discussion was related to the use of the loyalty credit card). The discussion was frank but behind this type of question another almost subversive question is lurking: "Why should we push economically fragile people to buy consumption goods?" This question is totally contrary to the purpose of the company. Here is, therefore, a fundamental limit of the realm of ethical questions that the ethics committee can deal with. Such questions have to be resolved at a more general, social, and political level. A retailer cannot be blamed for its commercial ambition, no more so than the owner of a gas station can be blamed for global warming.

The paradox is at its sharpest if one hears the members of the shareholder's family argue, on religious grounds, in favor of frugality. The idea that we could, in a humble way, 'do with less', sounds surrealistic in a retail company.

The proposed typology of six possible scenarios certainly has some weaknesses. For one, it is not always clear which scenario applies to a new question. Another possible weakness is that it is too easy

to state that problems that follow scenario six are beyond the company's responsibility, or, at the other extreme, that scenario one is absolutely not problematic in any respect and is, therefore, beyond the scope of ethical considerations. However, my point is to propose a gradual scheme of how the Auchan people deal with different degrees of conflict between the company's interest and their fundamental ethical values; the less conflict there is, the more a company is to be blamed for not respecting its values. As the conflict is growing, the share of responsibility attributed to the company decreases, and the way in which the questions have to be dealt with becomes more 'political', i.e., depends more on cooperation with other partners such as competitors and regulating authorities. At some point (scenario 6) the conflict is so deep that the company no longer has the option of contributing to the respect of the ethical value at stake, and, consequently, bears no moral responsibility. This implies that solutions for such problems have to be sought at the political level in the first place. In these cases, it is only once we change the rules at the political level that business's responsibility again features.

From an external normative viewpoint, this typology may be criticized in general too, as, e.g., too cowardly. Maybe the Auchan leaders still underestimate their responsibilities. However, the point of a reading of the story in a hermeneutic normative approach is fundamentally dynamic. What matters is whether or not the conditions are fulfilled to make further progress.

### **Lessons to be drawn and ideas for further research**

The picture I have sketched undoubtedly shows a rather positive image of Auchan as a company. However, a distinction should be made between the way in which topics are discussed and the daily decisions that are made within the company on the different lower control levels. It is obvious that many decisions are not totally in line with the ethics code, and no member of the ethics committee would deny this. The reasons are obvious: conflicts between commercial objectives and respect of the rules, hasty decision making under stress, etc. An indication that



reality is far from perfect is that the committee has thus far never lacked discussion topics.

However, the members of the committee all agree that under the influence of their debates, the different training sessions, and internal communication on the subject, progress has been made in many realms. From a more general perspective, one could ask whether the set of necessary and sufficient conditions that made this progress possible can easily be maintained in the future or transposed to other companies. Let us consider some of the key elements that were definitely necessary for this development to happen.

First of all, the period in which Auchan grew to its current size and in which its ethical steps were made was one of almost continuing economic prosperity and growth. Admittedly, the home market has matured in the last couple of years. However, this was compensated for by growth on foreign markets, at least where shareholders return on investment is concerned. It is an open question whether the management of the company would have been open-minded to the same extent in a tougher economic environment. At least one member of the ethics committee remarked in an interview that the test is yet to come. An important fact to be noticed here is that consumer awareness and external pressure were growing equally during the last few decades.

Second, the ethical discussions were set up and continuously supported by the shareholder family. Two points should be noticed here. First, one may ask whether the 'space of liberty' of the management with respect to ethical issues could be the same if the main shareholders would have been pension funds focusing on short term benefits. Second, a growing worry of the shareholder family is that the next generation of inheritors – now there are already about 750 family shareholders – may no longer stick to the long-term investments of the family business, and, therefore, be willing to sell their shares.

Third, during my 12 years on the committee, the two successive CEO's proved to be strong ethical leaders. This is, of course, not unrelated to the preceding point: ultimately, the choice of the CEO reflects the values of the shareholders. Still, again, it is likely that, without ethical leadership, many people would have merely paid lip service to the project.<sup>27</sup>

Fourth, the simple fact of creating occasions to critically discuss the meaning of one's own activities is *as such* valuable, independently of the immediate consequences, since it fosters autonomous reflection. However, it is very likely that such reflection positively influences decision making within the company. As Lozano and Sauquet pertinently point out: "Unless there is space for reflection and justification, social and professional practices never automatically give rise to normative proposals that are unquestionable" (2004, p. 204).

Therefore, from a hermeneutic normative viewpoint, the process in which business leaders openly discuss and clarify the company's degree of responsibility for some particular issue, be it an issue directly related to their core business or a general social or environmental issue, is to be evaluated very positively.

Fifth, the implicit ethical standards of the founders of the company, anchored in their Christian value system were sufficient in a context in which the firm was small. It is important, not only in the interest of your business, but also generally, to know that you should not cheat the client, that you should be respectful toward suppliers, even if one wants to downsize commercial relations with them, etc. These topics remain important if a company grows of course, and they, therefore, constituted the main issues discussed in the first years of the ethics committee's existence. However, the important economic and social weight of big companies clearly demands a more explicit normative background and set of rules. What we have learned from the Auchan experience is that the creation of a forum in which these issues can be openly discussed is as such a crucial step. The importance of such a forum is not immediately related to what is decided in it, but its mere existence creates a dynamic process in which the company slowly but surely becomes aware of the specific responsibilities that may be attributed to big players in the market system. Voluntary steps, for example, to confront its human resources practices with quite militant theater makers, and the readiness to listen to people from out of the company were certainly not obvious from the start. Business people who become used to ethical debates about their activities learn how to face them in an open and uncomplicated way. Critical questions are no longer suspiciously qualified as possible covert militant talk,

but are rather viewed as raising challenging issues, even if the only reasonable answer to some challenges is simply to point out that they are indeed ethically interesting, but beyond the responsibility of the retailer.

Finally, this story suggests some obvious empirical and normative questions for future research. First of all, with respect to the particular Auchan case, it would be interesting to know what happens at the lower levels of control: i.e., whether or not cashiers know about and, eventually, care about the ethical viewpoints of the leaders, or whether or not they are rather skeptical about the ethics discourse. Furthermore, research can be done on the relative weight of the different determinant factors I mentioned above (this research would possibly be aligned with Fraedrich's (1993) study). For example, at what level of economic crisis do ethical leaders become less scrupulous with their ethical principles? Another interesting track is to make a close comparison between Auchan and the parallel evolution of the formerly family-owned, but now listed, competitor Carrefour. This would possibly give indications about whether or not (and to which extent) short-term pressure undermines an established ethos, which is a popular theme in recent research. However, most importantly, I think that the most promising research topic that follows from this experience is to find new ways to better integrate business people's own processes of making moral sense of their action (the hermeneutic approach) with more external normative work in business ethics. Insofar as business people rarely read normative articles, business ethicists who wish to have influence on business behavior should start from the internal viewpoint.

## Notes

<sup>1</sup> Auchan is a multinational company, established in 12 countries, but the article focuses on the home branch of the company. Besides my participation on the ethics committee, I also observed training sessions which focused on business ethics and had three in-depth interviews and numerous discussions with the people in charge of ethical issues in the company.

<sup>2</sup> I have to admit that I was quite skeptical about the seriousness with which the committee would cope with

ethical issues. For example, I wrongly suspected that the only concern would be the reputation of the firm, and that discussions about ethical issues unrelated or with little incidence on reputation would be skipped.

<sup>3</sup> Arguably, this checking process has been 'transformational' in the sense that these interviews undoubtedly led to 'a higher degree of self-reflexivity' (Cho and Trent, 2006, p. 324), independently of and beyond the self-reflexivity provoked by the meetings of the ethics committee themselves.

<sup>4</sup> Pauwels and Matthyssens (2004) offer a strategy to increase validation for multiple case study research which allows some degree of replication.

<sup>5</sup> I shall leave aside the many others authors' studies which are perhaps less relevant to our research (for an overview, see Marschan-Piekkari and Welch 2004).

<sup>6</sup> Dickson-Swift et al. (2007) remark that sensitive secret or confidential information, etc. also has an impact on the researcher.

<sup>7</sup> Detailed information about financial results are to be found on <http://www.groupe-auchan.com>. The website also provides detailed information about Auchan's CSR and environmental policies. The yearly social and environmental report of the company is downloadable. For details about the shareholder family, one may consult Gobin and d'Herblin (2007).

<sup>8</sup> For a detailed analysis of Catholic social teaching on wealth, income, and their distribution, see Alford et al. (2006). Chapter 4 of this book, written by Francis Hannafey, focuses on 'Entrepreneurship in Papal Thought' and is the most relevant for the issues at stake here. It discusses excerpts of the encyclicals which are essential for the responsibilities of the owners of capital.

<sup>9</sup> Interview with Philippe Duprez, member of the Auchan ethics committee. Mr. Duprez has a great deal of documentation on Catholic employers' movements. Now retired, he has for many years been the director of human resources of the company.

<sup>10</sup> The Caux movement changed its name to *Caux Initiatives of Change*. See <http://www.caux.ch>.

<sup>11</sup> Acquier et al. (2005) argue that, contrary to what has happened in the US, CSR was conceived from the start disconnectedly from a religious background. This, I believe, should, be qualified to some extent. The separation of State and Church and the strong legitimacy enjoyed by public authority certainly had the effect that Catholic business leaders did not openly refer to their 'private' convictions (Boissonnat, 1999). Yet, some of the most militant business leaders who defended strong opinions about the moral responsibility of companies during the last decades, such as, e.g., Claude Bébéar (Axa) or Bertrand Collomb (Lafarge), are inspired by Catholic ideas and even a secular movement as the CJD

(presented as one of the main actors by Acquier et al. 2005) has its roots in the Catholic movement. See also Berthoin Antal and Sobczak (2007) on the role of CJD.

<sup>12</sup> ‘Y a-t-il encore en France une bourgeoisie catholique ?’) *Epiphanie XX*, January 1936 (local journal of the *Bourgeoisie catholique* of Lille, France)

<sup>13</sup> Employee savings law, Loi no 2001-152 du 19 février 2001 sur l'épargne salariale. See Balligand and de Foucauld (2000), *L'épargne salariale au cœur du contrat social*, La documentation française.

<sup>14</sup> Interview with Philippe Duprez, member of the shareholder family, and a former human resources manager. See also note 7.

<sup>15</sup> The code can be found in the annual reports on social and environmental responsibility, and can be downloaded from [www.groupe-auchan.com](http://www.groupe-auchan.com).

<sup>16</sup> The initial choice of an external member (in 1992) indicates that, despite the willingness to consider ethics in a less parochial way, the obvious framework of ethical reflection remained Catholic: The Auchan management invited Michel Falise, the former rector of the Catholic university of Lille, who had published on the meaning of Catholic social teaching for business (Falise, 1985). It was Michel Falise who proposed me as an external member of the committee in 1996. At that time, he was facing retirement, and I was his younger colleague.

<sup>17</sup> Cf. <http://ec.europa.eu/enterprise/csr>.

<sup>18</sup> Takala and Uusitalo (1995) make similar observations about people in retailing companies.

<sup>19</sup> It follows that the very framing of the following question McDevitt et al. propose in their scheme: ‘what would happen if we go on with unethical behavior?’ could really be asked during the ethical debate. The reaction would have been: “if we can change, we should, and if it is totally impossible to change anything, then our behaviour turns out to be ethical” (an ‘ought implies can’ argument).

<sup>20</sup> Kohlberg (1970) distinguished six levels of moral competence in the development of individuals, from heteronomy (morals based on punishment and obedience) to finally the autonomous application of universal principles.

<sup>21</sup> Since then a whole set of measures have been taken to check working conditions in supplier companies and to press suppliers to improve them. See the annual reports on the company's website for more details.

<sup>22</sup> *Les échos*, December 8, 2008.

<sup>23</sup> Cf. CSR definition proposed by the EU. See note 17.

<sup>24</sup> Since then, a much stricter set of European regulations have made things easier for retailers.

<sup>25</sup> Garriga and Melé (2004) call this the political interpretation of CSR.

<sup>26</sup> Over the years, several ways of evaluating suppliers have been discussed. SA8000 turns out to be inapplicable. In practice, Auchan imposes the ILO norms: no child labor, no forced labor, acceptable conditions of safety and hygiene; only the ILO norms about unions is left aside. See also Graafland (2002) who mentions similar problems met by C&A, and exactly the same solution adopted by C&A.

<sup>27</sup> Concerning the role of ethical leadership, see Murphy and Enderle (1995).

## References

- Acquier, A., J.-P. Gond and J. Igalens: 2005, ‘Des fondements religieux de la responsabilité sociale de l'entreprise à la responsabilité sociale de l'entreprise comme religion’, Unpublished working paper (Cahier de recherche 2005-166), IAE Toulouse.
- Alford, H., C. Clark, S. Cortright and M. Naughton: 2006, *Rediscovering Abundance. Interdisciplinary Essays on Wealth, Income, and Their Distribution in the Catholic Social Tradition* (University of Notre Dame Press, Notre Dame, IN).
- Ballet, J. and F. de Bry: 2001, *L'entreprise et l'éthique* (Seuil, Paris).
- Balligand, J.-P. and J.-B. de Foucauld: 2000, *L'épargne salariale au cœur du contrat social* (La documentation française, Paris).
- Berthoin, A. and A. Sobczak: 2007, ‘Corporate Social Responsibility in France. A Mix of National and International Influences’, *Business and Society* 46(1), 9–32.
- Blasco, M. and M. Zolner: 2008, ‘Corporate Social Responsibility in Mexico and France: Exploring the Role of Normative Institutions’, *Business and Society* doi:10.1177/0007650307309434.
- Boissonnat, J.: 1999, *L'aventure du christianisme social. Passé et avenir* (Bayard, Paris).
- Bourdieu, P.: 1978, ‘Sur l'objectivation participante. Réponse à quelques objections’, *Actes de la recherche en sciences sociales* 23, 67–69.
- Carroll, A. B.: 1991, ‘The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders’, *Business Horizons* 34, 39–48.
- Cho, J. and A. Trent: 2006, ‘Validity in Qualitative Research Revisited’, *Qualitative Research* 5(3), 319–340.

- Clegg, J.: 2004, 'Practice in Focus: A Hermeneutic Approach to Research Ethics', *British Journal of Learning Disabilities* **32**, 186–190.
- Demuijnck, G.: 2009, 'Non-Discrimination in Human Resources Management as a Moral Obligation', *Journal of Business Ethics* **88**, 83–101.
- Dickson-Swift, V., E. James, S. Kippen and P. Liamputtong: 2007, 'Doing Sensitive Research: What Challenges do Qualitative Researchers Face?', *Qualitative Research* **7**(3), 327–353.
- Donaldson, T.: 1994, 'When Integration Fails: The Logic of Prescription and Description in Business Ethics', *Business Ethics Quarterly* **4**(2), 157–169.
- Enderle, G. and L. Tavis: 1998, 'A Balanced Concept of the Firm and the Measurement of Its Longterm Planning and Performance', *Journal of Business Ethics* **17**, 1121–1144.
- Falise, M.: 1985, *Une pratique chrétienne de l'économie* (Le centurion, Paris).
- Falkenberg, A. W.: 2004, 'When in Rome, Moral Maturity and Ethics for International Economic Organizations', *Journal of Business Ethics* **54**, 17–32.
- Fleming, J.: 1987, 'A Survey and Critique of Business Ethics Research', in W. Frederick (ed.), *Research in Corporate Social Performance and Policy* (IAI Press, Greenwich, CT), pp. 1–24.
- Fraedrich, J. P.: 1993, 'The Ethical Behavior of Retail Managers', *Journal of Business Ethics* **12**(3), 207–218.
- Gadamer, H. G.: 1960, *Wahrheit und Methode* (Mohr, Tübingen).
- Garriga, E. and D. Melé: 2004, 'Corporate Social Responsibility Theories: Mapping the Territory', *Journal of Business Ethics* **53**(1–2), 51–71.
- Gobin, B. and G. d'Herblin: 2007, *Le Secret des Mulliez - Révélations Sur le Premier Empire Familial Français*, (Editions la Borne Seize, s.l.).
- Gosseries, A.: 2004, 'Are Seniority Privileges Unfair?', *Economics and Philosophy* **20**(2), 279–305.
- Graafland, J.: 2002, 'Sourcing Ethics in the Textile Sector: The Case of C&A', *Business Ethics: A European Review* **11**, 282–294.
- Habermas, J.: 1991, *Erläuterungen zur Diskursethik* (Suhrkamp, Frankfurt).
- Kohlberg, L.: 1970, *Moral Stages and Moralization. Moral Development and Behavior* (Holt, Rinehart and Winston, New York).
- Lehman, G.: 2007, 'A Common Pitch and the Management of Corporate Relations: Interpretation, Ethics and Managerialism', *Journal of Business Ethics* **71**, 161–178.
- Leigh, J. and S. Waddock: 2006, 'The Emergence of Total Responsibility Management Systems: J. Sainsbury's (plc) Voluntary Responsibility Management Systems for Global Food Retail Supply Chains', *Business and Society Review* **111**(4), 409–426.
- Logsdon, J. M. and K. Yuthas: 1997, 'Corporate Social Performance, Stakeholder Orientation, and Organizational Moral Development', *Journal of Business Ethics* **16**(12/13), 1213–1226.
- Lozano, J. M. and A. Sauquet: 1999, 'Integrating Business and Ethical Value Through Practitioners Dialogue', *Journal of Business Ethics* **22**, 203–217.
- Marschan-Piekkari, R. and C. Welch (eds.): 2004, *Handbook of Qualitative Research Methods for International Business* (Edward Elgar, Cheltenham).
- McDevitt, R., C. Giapponi and C. Tromley: 2007, 'A Model of Ethical Decision Making: The Integration of Process and Content', *Journal of Business Ethics* **73**, 219–229.
- Moore, G.: 2001, 'Corporate Social and Financial Performance: An Investigation in the U.K. Supermarket Industry', *Journal of Business Ethics* **34**(3–4), 299–315.
- Murphy, P. and G. Enderle: 1995, 'Managerial Ethical Leadership: Examples do Matter', *Business Ethics Quarterly* **5**(1), 117–128.
- Pauwels, P. and P. Matthyssens: 2004, 'The Architecture of Multiple Case Study in International Business', in R. Marschan-Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business* (Edward Elgar, Cheltenham), pp. 125–143.
- Randels, G.: 1998, 'The Contingency of Business: Narrative, Metaphor, and Ethics', *Journal of Business Ethics* **17**(12), 1299–1310.
- Reidenbach, R. E. and D. P. Robin: 1991, 'A Conceptual Model of Corporate Moral Development', *Journal of Business Ethics* **10**(4), 273–284.
- Ricoeur, P.: 1983, *Temps et récit I* (Seuil, Paris).
- Snell, R. S.: 2000, 'Studying Moral Ethos Using an Adapted Kohlbergian Model', *Organization Studies* **21**(1), 267–295.
- Sridhar, B. S. and A. Camburn: 1993, 'Stages of Moral Development of Corporations', *Journal of Business Ethics* **12**(9), 727–739.
- Sterba, J.: 2005, *The Triumph of Practice over Theory in Ethics* (Oxford University Press, New York).
- Takala, T. and O. Uusitalo: 1995, 'Retailers' Professional and Professional-Ethical Dilemmas: The Case of Finnish Retailing Business', *Journal of Business Ethics* **14**, 893–907.
- Trevino, L. K. and G. R. Weaver: 1994, 'Business Ethics/Business Ethics: One Field or Two?', *Business Ethics Quarterly* **4**(2), 113–128.
- van der Scheer, L. and G. Widdershoven: 2004, 'Integrated Empirical Ethics: Loss of Normativity?', *Medicine, Health Care and Philosophy* **7**(1), 71–79.

- Van Tongeren, P.: 1996, 'Ethics, Tradition and Hermeneutics', *Ethical Perspectives* **3**, 175–183.
- Weaver, G. R. and L. K. Trevino: 1994, 'Normative and Empirical Business Ethics: Separation, Marriage of Convenience, or Marriage of Necessity?', *Business Ethics Quarterly* **4**(2), 129–143.
- Werhane, P.: 1994, 'The Normative/Descriptive Distinction in Methodologies of Business Ethics', *Business Ethics Quarterly* **4**, 175–180.
- Whysall, P.: 1995, 'Ethics in Retailing', *Business Ethics. A European Review* **4**(3), 150–156.
- Whysall, P.: 1998, 'Ethical Relationships in Retailing: Some Cautionary Tales', *Business Ethics. A European Review* **7**(2), 103–110.
- Widdershoven, G.: 2005, 'Interpretation and Dialogue in Hermeneutic Ethics', in R. Ashcroft, A. Lucassen, M. Parker, M. Verkerk and G. Widdershoven (eds.), *Case Analysis in Clinical Ethics* (Cambridge University Press, Cambridge), pp. 57–76.
- Widdershoven, G. and L. van der Scheer: 2008, 'Theory and Methodology of Empirical Ethics: A Pragmatic Hermeneutic Perspective', in G. Widdershoven, J. McMillan, T. Hope and L. van der Scheer (eds.), *Empirical Ethics in Psychiatry* (Oxford University Press, Oxford), pp. 23–35.

Geert Demuijnck  
Edhec Business School,  
58, rue du Port, 59000, Lille, France  
E-mail: geert.demuijnck@edhec.edu