

**DOES THE GLOBALIZATION OF THE FIRM'S ACTIVITIES IMPLY A RUPTURE OF
ITS LOGICAL GRASP OF ETHICS?**

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DOES THE GLOBALIZATION OF THE FIRM'S ACTIVITIES IMPLY A RUPTURE OF ITS LOGICAL GRASP OF ETHICS?

The economy's pursuant globalization has been accompanied by the emergence and generalization of the multinational firm (M.N.F.). The specificity of the enterprise lies in its "*ownership or control of several subsidiaries in several countries. The enterprise being endowed with an organizational structure that meshes these units and for which both production and market logic extend beyond national frontiers*"¹. Given this framework, research in management has underlined the influence that this dual phenomenon can have on business ethics.

It is worth noting that the general tone of this research is usually optimistic, contrasting the repeated warnings put out by development economists. Indeed, on the one hand, these economists generally acknowledge that the M.N.F. can affirm itself as a vehicle of economic development. On the other hand, they stress the risks that these firms carry as distracters of traditional social structures. Moreover, the M.N.F. offer no substitution model other than the generalized rural exodus pushing populations towards the favellas, border towns, etc., into overpopulated cities, where infrastructures are insufficient; delinquency is rampant, and which moreover, marginalizes the newly urbanized masses without providing them with a real chance to integrate socially.

Management has apprehended the phenomena of globalization with a grain of optimism. Bolstered by authors, both European and American, who adopt the hypothesis that these phenomena can help firms progress in terms of ethics. Two reasons back this theory.

The more widely accepted are extensions of the R.E. FREEMAN² and R.W. ACKERMAN, and R.A. BAUER³, who underlined the idea that an ethical norm could be imposed, from the outside, on a firm. One, the firm would conform passively to keep with the public's values and, therefore, with its consumer. Two, an ethical norm could also take on a more active form with the firm betting that by assuming social responsibilities it would find new clients who approved of their actions.

¹ MICHALET Charles-Albert, *Le capitalisme mondial*, P.U.F., 1988, 2^{ème} édition.

² FREEMAN, R.E., *Strategic management: a stakeholder approach*, Pittman publishing Luc., 1984, p. 55.

³ ACKERMAN R.W., BAUER R.A., *Corporate social responsiveness: the modern dilemma*, Reston publishing company, 1976.

A postulate arises stating that the degree of a firm's internationalization serves as a lever, increasing the visibility of both its decisions and its actions. A case in point, are Nike's problems stemming from its outsourcing practices. The firm was accused of working with companies who resorted to child labor. And there is the older example of Union Carbide and the Bhopal incident. These incidents were widely publicized and these firms claimed that to avoid such wide-scale problems, they would adhere to a strict ethics policy applied worldwide. In so doing, these firms would help other firms adopt corporate ethics in the third world.

Moreover, the M.N.F. which by essence, has employees from different cultures and with diverse nationalities, should solicit internal reflection to ensure that common ethics help create employee synergy. At the same time, harmonizing these different approaches should push these firms to self-introspection, leading them to question practices whose ethics were until now a falsehood. From this point on, one can expect ethical progress.

However, all these elements, lead to make corporate ethics a contingent variable. Far from stemming from a voluntary decision, adopting ethics would be induced by the environment and represent a required passage to market adaptation.

While this may not delude from the importance of a contextual process, it uses the same logic put forth in corporate movements in favor of ethics without noting any major breaks. In this context, it is the oft studied risk of coexisting policies favoring both ethics and immoral practices within the same corporate structure.

This is why, in this paper, we are focusing the analysis on the case of a French multinational (Lyonnaise des Eaux) to try and analyze the mechanism which led to this situation. We will try to see if the motivation determined by the process of corporate globalization may lead to a break rendering this coexistence impossible or if it may follow the same logic, in which case it can lead to the same faults.

I. THE LYONNAISE DES EAUX: A COMPANY TRYING TO HANDLE ETHICS AS A PRIORITY VIA AN AFFIRMED POLICY

The French companies which have best adhered to the ethics vogue of the past few years, have underlined their commitment, yet were not spared from non-ethical practices.

In 1989, both Schneider and the Lyonnaise des Eaux funded the creation of a chair dedicated to business ethics at the Ecole Supérieure de Commerce de Lyon requiring annual outlays of FF 600 000⁴, and in which their respective CEO's were committed to lecture regularly. Quite paradoxically, the two companies have since had dealings with the legal system.

For Schneider, it meant the Belgian authorities accusing the company of maneuvers leading to the spoliation of minority shareholders.

The Lyonnaise des Eaux case is even more interesting. While managers advanced their concerns for ethics, the company found itself involved in several cases via acts that are incompatible with ethical beliefs and which ranged from legal infringement to a defective product.

This concomitance of illegal acts and a permanent reference to the moral displayed by the Lyonnaise des Eaux is an interesting case in point and would be a highly suitable subject for a doctoral thesis on ethics--just to give an idea of the scope. Indeed, if the company has adopted a pro-ethics position, it is hardly obvious that it is to offset the illegal acts. The group's internal and external communication never alludes to any true rupture. In short, references to ethics were as privileged as at the time of the most unscrupulous actions.

Following the Lyonnaise des Eaux ethics policies first, brings out the concern the firm showcased over the years, making it a constant in both its dispositions and communication.

We noted that the Lyonnaise des Eaux pioneered the business ethics chair of a French university as early as 1989. Moreover, the firm is pursuing its innovative and sustained interest by publishing its first report on corporate government destined to underline its transparency. By presenting this report on June 13, 1996, J. Monod, CEO, revealed that his annual salary stood at FF 4.6 million, excluding

⁴ See Le Monde, September 27, 1994 article p. 15/47 "Teaching management ethics", Jean-Michel Dumay.

FF 500 000 in director's fees as well as 35 000 stock options. The media jumped on the occasion, highlighting the exceptional nature of this information in the French corporate management world⁵. This announcement is the extension of the ethics policy, carried out within the enterprise at large (140 000 employees world-wide). The event was the opportunity to provide a wide-ranging set of possible dispositions:

- audit committees ("providing transparent shareholder information"), an ethics committee ("to respect field rules"), a pay committee and nominations for group leaders and subsidiaries created in 1995, listed on the exchange announced their first decisions:
- the President of the Lyonnaise des Eaux vowed to personally take on a commitment to ethics, based on the Anglo-Saxon corporate governance model
- in 1995 the Lyonnaise des Eaux group adopted an ethics charter backed by other codes for all the companies, which the group's in-house magazine deemed that "*all were valuable for the group at large*"⁶. In addition to the Group's Ethics Charter, these documents bear the following names:

- ! The deontology code (Eau de Lyonnaise des Eaux pole)
- ! The Sita values (Sita group)
- ! The moral conduct code (Elyo)
- ! The moral code (GTM Enterpose)
- ! Our business, our values (Begrenant)

- the group created a commission in charge of studying sponsorship and private sector initiative missions exceeding FF 5000
- within a year more than 1 000 executives, subsidiary directors and commercial directors took an ethics training course.
- each group subsidiary delegated a collaborator as a "deontologist" (using the Lyonnaise des Eaux vocabulary)⁷

⁵ See *Le Monde*, June 14, 1996, "Directors' salaries remain taboo", Martine Orange.

⁶ "Terre Bleue", Lyonnaise des Eaux in-house magazine, n° 7, March-February 1996, p. 19.

⁷ If reading the names and titles of those heading the deontology positions is fastidious, it is, nonetheless, worth noting that these positions were held by high ranking employees, underlining the importance the Lyonnaise des Eaux gave to ethics:

- * M. BARNOUIN
Honorary President of GTMH et adviser to the President
- * M. DAVID

- So, the Lyonnaise des Eaux group apparently followed all the required formal dispositions set out in business ethics literature (see above), appearing in line with its engagement in ethics.

II — A RATIONALE IN LINE WITH THE DEVELOPMENTS OF THE BUSINESS ETHICS CORPUS

The rationale developed around this policy is quite similar to the works of authors defending business ethics. The main point of this rationale is clearly set out by R. Coulomb, administrator and President, when he seeks to justify this policy in an in-house magazine: "*We hope that in the long run this ethics policy will bear its fruit! What we realize is that non-ethics endangers the very existence of the firm. A company that loses its reputation will undoubtedly lose its clientele. It's our responsibility to lead the others towards the virtuous circle.*"⁸

This statement is a faithful overview of the main arguments generally developed by the proponents of business ethics.

- in the long run, an ethics policy is profitable, i.e. while if in the short term it requires costs, in the medium or long term there is a return on investment
- ethics are the determining variable of a reputation (as recalled in a sentence issued by Publilius Syrus "*A good reputation is like a second patrimony*". This aphorism was one of the three marketing slogans used for the marketing campaign launched January 30, 1996 on all major French television channels⁹, as well as in several weeklies¹⁰.)

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- Vice President (GTM-Entrepose)
 - * M. HENRY
 - Vice-President (GTM)
 - * M. HORGEN
 - Scientific adviser (SITA)
 - * M. LASSALLE
 - CEO (Elyo Nord-Est)
 - * M. MONNIOT
 - President of Operations (Chantiers modernes)
 - * M. PARIS
 - Executive Officer (Dumez Construction)
 - * M. de PREAUMON
 - Vice President - Municipal Waterworks (Degrémont)
 - * M. ROUËSSE
 - Executive Officer (Dumez-GTM)

⁸ Statement made by René Coulomb in *Terre Bleue*, N° 7 March-February 1996, p. 21.

⁹ TF1, France2, France3, M6, LCI, Paris Première.

¹⁰ Paris Match, Le Figaro Magazine, Ca m'intéresse, Géo, Réponse à tout, Sélection Reader's Digest, for a total circulation of 3 666 971 copies (Source OJD 1994, used by in-house magazines, Lyonnaise des Eaux).

- aggregating the virtuous behavior of the same profession practiced by different companies helps regulate the market, which is a requisite to optimize profits.

Moreover, the Lyonnaise des Eaux also upholds business ethics as it conceives the ethics as a tool to motivate the personnel. This explains the basis of the letter J. Monod sent to all of the group's employees to launch an institutional advertising campaign concerning ethics in the Lyonnaise des Eaux. He finished this letter with, "*I know that you will all serve as active relays in this communication campaign, be it in your personal or professional environments.*"¹¹ The goal is to enhance employee identification as well as group objectives and values. Moreover, the group uses these arguments to back its numerous humanitarian actions, and which have received wide in-house publicity, serving to synergize employees. Obviously we cannot denigrate the company's vast social actions.

Still relating to human resources management, the Lyonnaise des Eaux justifies its profuse ethics code within the group because "*to be professional, each and every one needs clear cut rules. This explains why for more than a year now, each Group company has a professional conduct code which must be respected by all.*"¹²

The underlying hypothesis is that it's dangerous for us to suppose that each of us may determine the content of ethical behavior. An ethical code, includes training employees on how to act ethically given a certain situation.

Finally, if we have stated that the Lyonnaise des Eaux management has put forth the conviction that "*respecting very rigorous principles is a winning strategy*"¹³, how the company built up this strategy offers a goldmine of information. The demonstration uses a historical flashback: "***Let's talk numbers. Fifteen years ago 10% of our sales were realized abroad: today, it's 43% and even 60% of the Group's companies, like Dégrémont and Dumez-GTM. We operate in 100 countries. We're a world leader in water industries, alongside GTM-Entrepose, a key public works contractor.***"¹⁴

The rationale presented here leads us to believe that ethical conduct leads to economic success. This type of reasoning is typical of authors who are proponents of business ethics. But more important,

¹¹ In a special edition, February 1996, *Terre Bleue*

¹² Campaign "The idea put forth is an accepted responsibility" Lyonnaise des Eaux.

¹³ Campaign "You never lose when you're on the right track" Lyonnaise des Eaux

¹⁴ Ibid., underlined by the author

the liaison between globalization and ethics is clearly put. We see in the Lyonnaise des Eaux communication that successful globalization depends on the quality of corporate ethics.

III THE LYONNAISE DES EAUX: HOW NON-ETHICAL PRACTICES PUT THE COMPANY AT THE THROES

Contrary to the company's speeches, of which a glimpse is provided above, the company itself has not been spared from its lack of ethics. To fully grasp the real interest of the Lyonnaise des Eaux, we must underline how this company put forth an ambitious ethics policy

Over the years, the group has been involved in a number of cases which the press discussed at length or were evoked in court cases. These dealings, were undoubtedly incompatible with ethical requirements, especially since some were truly serious.

In the case regarding the water concession of the city of Grenoble, the judges, for example, felt the need to explain that "*Alain Carignon had committed one of the most serious crimes for someone with an elected position: selling one's power to private groups and accepting considerable advantages. (") The crime that he committed is a true blow to the values of the French Republic.*"¹⁵

To grasp the severe nature of this case, it is important to know that M.Carignon was both Mayor of a key French city, Grenoble, and a member of the French government (Communications Minister).

Yet, certain high-ranking managers of the Lyonnaise des Eaux have been accused in this affair which has "*seriously affected the values of the French Republic*". One of them, L. Bera, President of the Serepi and Serecom, subsidiaries of the Lyonnaise des Eaux, was sentenced to a year in jail with parole and a fine of FF 70 000. The sentence can be explained by the fact that in a bribery case, if the accused is found guilty, the criminal must not forego the disgrace. Moreover, the name of the Lyonnaise des Eaux President J. Monod was brought up concerning analyses and from which the following excerpt, adopting the right tone, has been taken from *Le Monde*:

*"Concerning water, this evolution is particularly caricatural, a wide-range of arms have been used by industrials to obtain transportation and purification contracts. The judgement which was very harsh on the embezzlers was not wrong, the judges apparently regretting that J. Monod, the CEO of the Lyonnaise des Eaux, had been a simple witness."*¹⁶.

¹⁵ Excerpt from the integral text of the expected sentence justifying Alain Carignon's sentence for the judgement of the seven prejudices in this case *Dauphiné News*, September 25 — November 18, 1995.

¹⁶ *Le Monde*, November 18, 1995, editorial "Setting the example"

Even if implicating J. Monod may seem unjust as it rejects the hypothesis that the president of a group of 140 000 may not be aware of bribery attempts within his company, we question a director's moral responsibility in terms of his company's procedures, and if he should legitimately remain in power. A. Carignon, himself, went a step further stating before the judge who presided his appeal on May 21, 1996 that: "*I am accused of exchanging a water concession for a number of advantages. With whom would I have exchanged, other than M. Monod?*"

In fact for A. Carignon's lawyers, the embezzlement pact was arranged over a lunch on October 3, 1987. J. Monod, however, says that the lunch was "*ordinary*", adding that he "*spends a lot of time with ministers.*"¹⁷ Some feel Monod's statement reflected a sign of strong social importance and weak argumentation.

But the Lyonnaise des Eaux ran into water concession cases in cities other than Grenoble. Indeed, the Lyonnaise des Eaux apparently, often corrupted the political world.

R. Roux, former Executive Officer of Elyo, one of the most important subsidiaries of the Lyonnaise des Eaux, was tried and jailed on September 15, 1995, by the Toulon judge, T. Rolland, who instructed the embezzlement case involving the Senator from the Var (south of France) M. Arreckx, after being accused in a low cost housing embezzlement case in the Paris area by Judge E. Halpen. He is also being tried for another crime involving customs and illicit exportation of capital to Switzerland.

Moreover, in the low cost housing embezzlement case, the Lyonnaise paid people who "*rendered services by acting as intermediaries*" for politicians (the R. Halbwax case, who is close to M.Pandraud, was often cited).

The Dumez company was also involved in the framework of its Maillard and Duclos subsidiary whose improper dealings were brought to light by the press. The right wing party was not the only party involved in redistributing the Lyonnaise des Eaux favors, (which may have been viewed as an occult political commitment). Indeed, the Legal Counselor from Rennes, R. Van Ruymbeke, showed the payments made by the group subsidiary to M. Reyt, CEO of the Sages, which served as cover for illegal financing of the Socialist party.

IV. INTERPRETING THE FAILURE TO REACH THE ETHICAL OBJECTIVE: TWO POSSIBLE MEANINGS

¹⁷ Jérôme M. Monod testimony, heard by the Lyon Criminal Court for the A. Carignon process on September 27, 1995.

The Lyonnaise des Eaux case reveals a company in which doubtful practices coexisted alongside a pro-ethics policy.

What meaning should be given to this apparent contradiction?

We indicated above, in part II, that management has motivated its policy in favor of an ethics policy via a rationale used by the business ethics corpus, namely taking the stand that *ethics pays* and that the company's good behavior would be rewarded. Certain members of the company, however, seriously wavered from this policy.

Observing the facts, statements, and in-house communication of the Lyonnaise des Eaux group leads us to make two remarks which are not necessarily compatible.

On the one hand, some employees were in a situation to believe that their employer had digressed from its own recommendations, and the employees thus followed the employer.

On the other hand, conform with a dogmatism examination, we have found an error theme. The Lyonnaise des Eaux never presents its current commitment in favor of ethics as innovative or as a break from the past. It is simply continuing in a process started long ago, and whose founding values should be changed. At the time, we insisted on the company's frontier-free commitment. Given this anomaly we must change the founding values of the company's ethics to move towards more consensual values.

IV.1 When there is a conflict, the firm's economic interests can overrule ethics

In the 1980's, the Lyonnaise was already buoyed by values, which were apparently adopted by certain employees. These values were clearly shown in a Dumez merger:

"The Lyonnaise des Eaux perennation means development in terms of size and solid financial earnings. Given the current globalization context, each of us must use these double objectives."

So, the ruling values of the Group's General management were based on corporate viability or profitability. In this context, being ethical meant contributing, at all costs, to this "dual objective". So, illegal dealings could take on an ethical aura, as long as they were for the global corporate good of the Lyonnaise. Given this fact, it is interesting to note that in the many affairs the Lyonnaise is involved in, there was no motivation for personal enrichment. The Lyonnaise was always the corrupter never the corrupted.

At the same time, some of the accused may have sought to protect their superiors, accepting that the Lyonnaise des Eaux renege its responsibilities by pretending to be uninformed. Even at the highest levels, hierarchical superiors claimed to be in the dark regarding their subordinates' activity.

An extraordinary case in point is the capital fraud towards Switzerland by Elyo. The former President of this Lyonnaise des Eaux subsidiary claimed that "*R. Roux (previous Managing Director) was the only person involved in setting up this financial circuit.*"¹⁸

Moreover, the Group direction refused responsibility for the subsidiary's mistakes: "*Wednesday, at the Headquarters, we refused to comment on any matters concerning Elyo.*"¹⁹ More interesting, R. Roux, carried the sole responsibility for a long time, despite the media's belief from the start, that this hypothesis was not plausible.

*"The large sums that transited via this account from 1991 to 1993 — several tens of millions of francs — are not in line with the former Managing Director's revenues and lifestyle. For example, on December 21, 1992, the ETCC account was credited 2.6 million Swiss francs (more than FF 10 million) from an obscure company based in Panama, Hawyers International Corporation. How could R. Roux have made two payments on April 22, 1992 to Swiss accounts, one account belonging to a business man with strong Socialist ties, M. Reyt, CEO of the Sages, and the other to the account of Senator M. Arreckx, former UDF-RPR mayor, from Toulon."*²⁰ All of this confirms a well-known element, while globalization may have positive spillover for ethics, it has always been used by shady financial circuits, as shown by these liquidities moving about France, Switzerland and Panama. Moreover, everything points to the fact that the "ethics" pushing R. Roux meant group profit regardless of the conditions. R. Roux was in a situation where corporate interest allowed him to be unethical. Yet this tactic led the Lyonnaise to lose money.

It would be rash to judge the attitude adopted by the high-ranking management at the Lyonnaise, letting the subordinates take responsibility for the crimes too quickly. Given the context, it is quite possible that management invulnerability was in the company's interest.

It is also worth noting that during A. Carignon's trial, the defending lawyer accused J. Monod of lying, because he personally denied knowing that the Lyonnaise des Eaux and Merlin were corrupting A. Carignon, J. Monod answered: "*This gives rise to considerable damage which is illegitimate and that the company does not deserve. I never heard M. Carignon ask for anything in*

¹⁸ *Le Monde*, September 14, 1995 — "M. Roux and the Lyonnaise des Eaux managers disagreed on the nature of the Swiss bank account," Hervé Gattegno and Roland-Pierre Paringaux.

¹⁹ *Ibid.*,

²⁰ *Ibid.*,

return."²¹ And so, when a question was addressed to J. Monod personally, he responded by defending his group.

This motivation to keep managers out of hot water is underlined in the Financial Police Brigade report of February 6, 1995, as a means of explaining how difficult it was to directly involve J. Monod when the case presided by Judge P. Courroye stressed the President's personal involvement: "*The three contracting parties, the municipality, Merlin and the Lyonnaise des Eaux groups adopted a scenario destined to pave the criminal case against M. Jérôme Monod, CEO of the Lyonnaise des Eaux.*"²²

Once again we find the logic seeking to render corporate profitability a supreme value and preserving the immunity of its leaders as a means to achieve this end. And once again, we can affirm that for the employees, and especially management, that ethics were incompatible with the corporate good.

In the 1980's this policy determined ethics, if by ethics we mean a set of values to determine conduct. At the same time we can mean that this "ethic" could have co-existed within the same firm, with dishonest and illegal practices.

IV.2 The error theme

In any event, the Lyonnaise des Eaux did go to great trouble to set up dispositions destined to promote corporate ethics. Moreover, questions concerning these ethics highlight the lack of ethics the company has recently displayed don't explain this new preoccupation. Yet, certain journalists view the company's renewed pro-ethics efforts as a way to make up for the past. "*Over the past year, M. Monod has upset the habits and secrets of French management. From Grenoble to Dijon, via Paris, the Lyonnaise des Eaux has been involved in one case after another. Most of its managers are tied up in complex trials, and the President has miraculously avoided their fate.*"²³. A broad philosophic culture is not a prerequisite for redemption. The law, on the other hand, must be respected by all, and each one must provide explanations for acts committed, morally speaking, one can always, and it is highly desirable that one does, "find the right path." This was the logic the Lyonnaise des Eaux was using.

²¹ *Le Monde*, September 28, 1995, underlined by the author.

²² *Le Monde*, May 19-20, 1996

²³ *Le Monde*, Friday June 14, 1996, "The Lyonnaise des Eaux publishes its first report on corporate government," Martine Orange.

"- *None of this stops history from resurfacing.*

- *True. But the key is to act for today and tomorrow.*"²⁴

So, doesn't the group's ethical past lead us to doubt about its current ethics policy? This is the logic put forth in a Group magazine editorial (not signed, so involving the group at large), calling for a *new start*: "*We have to bury the negative image, set off by trials that tarnish the Group.*"²⁵

The Lyonnaise des Eaux group is seeking an honorable exit.

But none of this explains the change that has affected the company which has gone overboard in terms of dishonesty to be a corporate ethics model. The group's in-house communication is fascinating, because it never alludes to any change whatsoever.

On the contrary, all ethics promulgation operations are presented as extensions of the 1984 institutional campaign—the era of general and generic messages: "*client service*", "*professionals*", "*quality water, means expertise*" slogans on yellowing posters that hung in certain company hallways. *Today, the group context has changed: it is tougher. The stakes have risen, requiring more means.*"²⁶

G. de Panafieu, a top-ranking Lyonnaise des Eaux leader followed the same line of thought declaring in a Group Committee in 1995: "*The Lyonnaise des Eaux has always been guided by strong values. The context has now changed, and we must now choose the appropriate values and make them known.*" He was even more explicit in the beginning of 1996 in Strasbourg: "*The key is to regain public opinion. We must be open, we can't hide any longer.*" In his speeches, G. de Panafieu sides with J. Monod who at the same time declared in Orléans: "*In France, our businesses have been under considerable attack. Each of us must explain that inspite of the fog we know the way.*"

And yet it would have been so easy for the group to refer to a breaking point in the company's history, and say that it had suddenly converted to business ethics. There would have been a then and a now.

²⁴ Campaign "Expressing an idea is accepting a responsibility" Lyonnaise des Eaux

²⁵ *Terre Bleue* — n°7 — February-March 1996, p. 12

²⁶ *Terre Bleue* — n°7 — February-March 1996.

But the Lyonnaise managers didn't present their commitment to ethics in this way. Nor did they allude to the missed opportunities regarding the corporate ethics of the past. If they had developed the error theme, they could have referred to ethics errors, stating that the company hadn't adopted the right values, the true ones at the time.

So, couldn't the Lyonnaise des Eaux say it had discovered ethics rather than talk about a change in ethics.

If, in the 1980's and in the beginning of the 1990's, profit was the key element for corporate perennity. From this point on, the Lyonnaise could no longer position itself outside of respecting universal ethics and the common good.

V. A FIRM'S GLOBAL ACTIVITIES DO NOT ENTAIL A FUNDAMENTAL CHANGE IN THE ETHICS LOGIC

We must now answer the question we asked in the introduction, How are corporate ethics influenced by a firm's globalization process? Is there a breakoff in the progression or are we still in the same logic? In their communication, the Lyonnaise des Eaux leaders make reference to globalization.

So, when the company's highest ranking employee heading ethics R. Coulomb, administrator and Managing Director, speaks out, much can be said: *"Above all, there is a need to attract foreign investment, namely Anglo-Saxon, and we are led to account for ethical customs in countries which are more advanced in business ethics. It is obvious that the ethics trend stems from the desire to keep foreign investors. This is more important than the other problems — trials."*²⁷

V. de la Vaissiere, the Group's Communication Manager, didn't say anything else when he explained the decision-making process for a widespread campaign on ethics: *"We don't want to condemn our past, but we are adopting to a more demanding present."*²⁸

All of this goes to show that even if the Lyonnaise des Eaux did change ethics, it was still in the same logic. The group did not make the voluntary decision to "do good". The Lyonnaise felt that this attitude was the best way to answer the company's highest interests.

This is the framework for the globalization reference. The framework was designed as an orientation set out by the new strategic environment in which the company evolved, and if the

²⁷ *Terre Bleue* — n°7 — February-March 1996, p. 21

²⁸ *Terre Bleue* — n°7 — February-March 1996, p. 17

company wanted to pursue its existence and grow it must globalize. Respecting ethics appears as a means to guarantee the right managerial choices, with globalization being key.

J. Monod provided a trivial, but rich, example when he declared: "*You have no clue as to how many ministers and foreign presidents want our codes. They say "Who are you?" I show them the codes. The ground work is laid out: they know who they're dealing with.*"²⁹

The supreme justification of codes is not merely a decision taken by one person or a group to follow an ethics code, because the codes merely reflect the outside world's expectations and needs. The President of the Lyonnaise des Eaux didn't present ethics as a voluntary choice, but used the same logic which led him to make ethics a corporate priority, he pretended not to seek out ethics as a means to conform to the good, (which is the classical acceptance of ethics in philosophy, its original field), but as a requirement for corporate development.

Parallel, to reassure oneself that the ethics the company is conforming to have the right values, there must be concrete consequences showing that the best values have been chosen. The underlying reasoning may be " I am conforming to universal ethics because based on my profitability targets, it's the best code in my world," the coherence of the corporate ethics code would have been buoyed by the corporate logic.

The Lyonnaise des Eaux example (which needs to be confirmed by a number of other case studies) bears testimony to the fact that companies involved in a globalization process apprehend ethics and far from divorcing, it's the same logic and reasoning that are implemented. The "mistakes" brought out in this paper will probably resurface (underlined by the globalization of the occult financial circuits set up by the Lyonnaise des Eaux). The risk is that the company will waver between behavior in which corporate actors give precedence to the firm's economic interest over ethics, and a situation where they divorce from ethics calling it a "minor slip-up" stemming from their appreciation of the moral values implemented.

²⁹ *Terre Bleue* — n°7 — February-March 1996, p. 14