THE MORAL MANAGER: REGAINING ETHICS FOR BUSINESS

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Abstract
The paper refers to a distinction between limitative and generative ethics. The main idea is that, if ethics is to be of any help for managers, it has to provide applicable principles that can morally orient managerial decisions, and avoid abstract principles that are usually used not to help managers, but to sanction their decisions.
Keywords: Generative ethics, Management ethics, Moral Management, Cooperation, Enlightened self interest.

1. INTRODUCTION

Recent literature on business ethics seems to be dominated by the viewpoint that there is, somehow, an eternal conflict between management and ethics, i. e. between increasing profit and acting in a moral manner. And, since people and society taken as a whole expect managers and CEOs to be interested in social responsibility issues, then ethics seems to function as a brake or as a tool for limiting managers' actions. In the present paper we intend to give some arguments (with no pretention of being exhaustive) for the following **thesis**: in the case of managers and CEOs, ethics has a double relevance: it functions as a tool that limits their actions, in order to render them socially responsible; but, at the same time, **ethics has a generative side**: it recommends actions and methods that are both good and right, from an ethical point of view, and economically profitable. Briefly, we think that, when it comes to business ethics and managers, one should focus more on the positive side and less on the negative side (Weaver et al., 1999, p. 540). It is more about *what managers should do*, and less about *what they should not do*.

2. THE ETHICAL NATURE OF MANAGERIAL ACTION

By its very nature, a manager's action is an ethical one. Since the manager has to administrate other people's property, he/she must adopt an ethical attitude that can go from extreme selfishness to enlighted altruism and complete devotion. Some authors (for instance, Carroll, 1999, pp. 145-148) consider that there could be three types of management: moral, immoral and amoral ones. In the case of **immoral management**, the only goal is to increase profits and the only possible attitude is that of selfishness (see also Singer, 1994, pp. 191-192). Here one can immediately see that what selfishness is all about remains unclear: increasing profits can refer to manager's profit, company's profit or shareholders' profit. Besides, given the circumstances, moral selfishness might be right or wrong. Usually, we say that it is wrong; therefore, management knows right from wrong, but chooses to do what is morally wrong (Carroll, 1999, p. 145). Still, sometimes increasing the profits of the company may decrease the advantages of the shareholders. And, also, taking care of the revenues of the shareholders may lead to company's disadvantage. It is often said that not all shareholders have an attitude of owners. Some of them buy and sell shares without any care for the situation of the company, but minding their own interests. Then, managers should not encourage these shareholders, since trading company shares with carelessness may lead to serious problems both for the company and for the other shareholders that are interested in the company. Thus, when it comes to moral selfishness of the managers, one should clearly state what this is all about. Secondly, **moral management** is about respecting law and ethics. There is still concern for increasing profits, as it should be; but, in this case, there is a large interest for social responsibility, sometimes at the expense of managers, company and shareholders. There is still a difficulty here, since sometimes ethical norms can conflict to one another. Thus, respecting one means breaking another one. Besides, sometimes, what seems to be the right thing to do, at a certain moment, can have serious consequences on the long run. Thirdly, there is amoral management: there is simply a lack of awareness regarding the effect of managerial decisions on other people. In fact, the point is that moral judgments are not relevant when it comes to managing a company. There are just managerial reasons at stake. However, this last attitude seems to be the most illegitimate. The point is that management relationship contains two sides: administration of resources and interaction with other humans. When it comes to the second side, managers cannot avoid the moral attitude, since they are dealing with other humans and all human relationships have a moral dimension (even if one ignores other humans – this is still a moral attitude). Be this as it may, the manager's main task is to administer shareholders' property according to their interest (Macoviciuc et al. 2005, p. 425). This is what is expected from a manager. What a manager actually does may be slightly different. Anyway, since both extreme selfishness and complete devotion are both unlikely to occur when it comes to contemporary business, we might as well say that, in case of managers, most common moral attitude is *enlightened self interest* (Macoviciuc et al., 2005, p. 247 sqq).

Still, this seems not to be enough in order to establish the moral nature of managerial action. One can simply ask: what does "self interest" mean? Is this the interest of the manager? Or of the company? Or that of shareholders? Or that of stakeholders? And what happens if they conflict? Sometimes, as we have already mentioned, the interest of some stakeholders can be different from the interest of others. What should a manager do if this is the case?

The point is that it is precisely the term "enlightened" that answer all these questions. It refers to the idea of share. The moral gain here is represented by the fact that all stakeholders, including managers, share both responsibility and benefits. We believe that enlightened self interest is, probably, the most suitable attitude for a moral manager because it does not impose anybody to renounce self interest; still, personal gain can be followed without hurting other people and, what is more important, with the help of other people. This is why another benefit of the enlightened self interest is the *impulse towards association*: people can follow their interests and look for benefits by cooperating and avoidance of conflict. We think that this is a rather reasonable moral attitude that does not impose managers to renounce the imperative of benefit expectations of everybody: company, themselves, shareholders or stakeholders.

3. ETHICS AS GENERATIVE

For managing a company, ethics is often seen as something irrelevant. Therefore, the model of amoral manager seems to be preferred. In fact, it is ethics that shapes the business environment (Flynn, 2008, p. 40). The virtuous manager is he who can direct himself and all stakeholders towards social issues, without affecting the benefits (Flynn, 2008, p. 46). Thus, managers' ethics should not be oriented towards abstract principle, but should embrace the real nature of ethics, that of being practical philosophy. The main point here is that ethical principles are related to human actions and to the results human actions have on other humans. All human actions are directed towards a precise goal. Thus, ethics should provide two types of norms: restrictive or limitative, on the one hand and generative, on the other hand. To be more precise: in order to ensure that managers do not abuse the trust of stakeholders, ethics should provide a set of rules that stop managers from ignoring other peoples' interests. This is the restrictive, limitative or negative side of business ethics for managers. But, as we have already seen, managers' actions are less related to that and more related to the idea of people associating. Sharing responsibilities and profit ought to be of interest for business ethics specialists; and this is the positive or **generative** side of ethics. We call it "generative" because it has to do with generating actions, not with stopping or limiting them.

We believe that the main reason for resisting business ethics approaches on managers' strategies is related to the fact that ethics – and in our case, business and management ethics – was reduced to its

Business Excellence and Management
Volume 3 Issue 4 / December 2013

Business Excellence and Management
Volume 3 Issue 4 / December 2013

restrictive or limitative side. Managers seem to be entitled to refuse advices from people that have never run a business. But this is the case whenever these advices are referring to what managers should not do. If business ethics should concern itself more with what businesspersons should do, then all would be different. The real reconciliation between the economic imperative of profit and the ethical imperative of good and social responsibility would be a lot easier to attain, be ethical advices more oriented towards reconciliation and less towards sanctions and punishment.

This is what some contemporary specialists call “pro-management ethics” (for instance, Donaldson, 2008, p. 306). The main concern here is to see whether business ethics is good for ethics or not; and, if it is, then what is the manner in which business ethics principles should be applied in order to avoid resistance towards ethics of all stakeholders?

There are some ways in which business ethics could be harmful. All these ways are related to two ideas we have already mentioned: either people refer too much to abstract principles and forget about real life, or when they do refer to real life, are interested in sanctioning or punishing wrong deeds, and less in promoting good deeds. Specialist have mentioned and discussed upon more than one negative effects business ethics can have if regarded as a set of abstract principles aimed to be a tool for punishment (we believe that, despite the frequent quoting of Immanuel Kant’s ethical perspective by business ethics specialists, the German philosopher is one of those that rendered ethics too abstract). We will refer to some of them (see, also, Donaldson, 2008, p. 301).

First of all, there is a lack of right identification of the cause of economic difficulties. Sometimes people believe that questionable ethical practices generate mistrust and a bad image for the company. In fact, bad management strategies generate difficulties that lead to questionable ethical methods. Here, ethics is used only as a tool to sanction. There is no reference to the generative role of ethics, since managers do know that, in the end, bad ethics will come out and bad ethical methods will not save them from bankruptcy. If more attention were paid to company issues, i.e. if managers were committed to the company from an ethical point of view also, this would help them to be more careful when taking managerial decisions. If being a manager was “just a job”, then a lack of care for the company is likely to occur. We mean to say that if managers are morally committed to the company, then they will be more careful with management strategies, and difficulties or bankruptcy are less likely to occur. This is the same as saying that moral commitment is stronger that employment commitment. This also goes for other employees and, in fact, for all stakeholders. Whenever people associate in order to achieve together a certain goal, they are supposed to be committed to one another. The direct result is that problems are less likely to occur, if people cooperate also due to moral imperatives.

Second, it is the impression of outside evaluation that disturbs managers. It is quite natural to refuse advices from people lacking expertise in a certain field of practice. Academics seem to know better than managers what management ethics is. Maybe they do, and maybe they do not. It is quite questionable whether a person that never acted in a certain field knows what are the principles governing action in that specific domain. Anyway this conflict between academics and managers exists just because ethics is taken as a source of interdictions. If business ethics were side by side with managerial actions and in moral impulses to action occurred before the managers effectively acted, there would be a lot easier for managers to accept and adopt moral imperatives. But, since academics get involved after the decisions were made, then managers seem entitled to refuse to hear them.

This second issue is directly related to a third one, i.e. the abstract character of moral principles (Donaldson, 2008, pp. 303-304). They seem to be ineffective to managers, merely hindering their activity. Also scholars did not refer to this, we believe that the main reason for the ineffectiveness of these principles is due not to principles as such, but to people employing them. Ethicists seem to be more interested in finding problems, than in finding solutions. And this is not bad: finding problems keeps the mind prepared. But, in order to make decisions, managers cannot keep on talking about ethical issues. To run a business one does not need moral dilemmas, but some firm points to rely upon. We are nota saying that managers cannot understand philosophy. On the contrary: they do, as philosophy could be called “management of ideas”. We say that, to run a business, one needs clear moral principles. Then, when leaving the office, managers and philosophers can meet and discuss about ethical dilemmas. Sometimes – unfortunately – managers forget that principles are important; but one should never leave aside the fact that philosophers forget that there is a world outside and decisions must be made. If they get together, i.e. if ethics finds its way towards management, then better decisions and better moral principles are likely to appear. We believe that manager’s best friend is the ethicist.

4. CONCLUSIONS

We are now able to state our conclusion. It involves both ethical principles and the nature of managerial action. If one agrees on the idea that ethics is practical philosophy, then ethics must deal with all human conduct; therefore, there is no human act that does not concern ethics. Managerial action is among human acts, then it concerns ethics. Ethics, however, must not enter the stage after managerial decision has been made, unless it is to be resumed to its limitative character. On the contrary, ethics must offer recommendations *ante facto* for managers, i.e. advices that can morally orient their decision.

Business Excellence and Management
Volume 3 Issue 4 / December 2013

In order to do that, i.e. accomplish its generative task, business ethics must rely on applicable principles, not on abstract ones; furthermore, it must offer not only moral dilemmas, but also moral solutions. Of course, one should never forget to question and wonder. But ethicists should never forget that, in order to act, decisions must be made. Therefore, business ethics – as the title of the present paper states – is supposed to be a gain for managerial decision-making, by means of generating recommendations that can morally orient managerial decisions, with the effect of a better understanding of association and cooperation and, of course, with benefits arriving from here.

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