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An examination of organizational ethics

Richard A. Barker

ABSTRACT Explanations of organizational behavior that encompass conventional views of business ethics are overly simplistic and limited in their ability to provide constructive guidance for managers to understand and to manage moral problems in organizations. A construct of the organization as a political community wherein moral action and behavioral outcomes may be assessed using the organization's constitution is presented. The guiding question is 'why do management effectiveness programs rarely work?'

KEYWORDS business ethics ■ morals ■ organizational behavior ■ political community

A businessman, convicted of cheating his customers, was recently ordered by a California judge to take a business ethics course as part of his sentence. This innovation in the delivery of justice has some important implications for that which we call organizational or business ethics. If the judge was not intending to imply that taking a business ethics course is a form of punishment equal to prison, then the operating assumption must have been that studying ethics increases the probability of future moral (or at least legal) behavior. This assumption seems to be shared by virtually all schools that require students to take courses in professional ethics. In observing students who have taken such courses, one would be hard pressed to account for any changes in thinking or behavior.

The term *organizational ethics* was adopted for this essay because it has a broader implication than *business ethics*, and suggests a broader range of moral problems. It is not intended to indicate something of a different

stripe. The fundamental problem for organizational ethics is that the whole of the subject is poorly defined and scholarship in the area is so obsessed with *experimenta lucifera* that there is little in the way of organized theory for the practitioner, or for that matter for the teacher, to know. With some exceptions, teachers of organizational ethics seem to be of three basic types: professional philosophers who have no business experience, management scholars who have no business experience and business practitioners who teach courses. Members of these three groups incorporate different *takes* on the study of ethics including a specific ontology, epistemology and method of application to decision making. Philosophers are likely to include an explanation of their *take* on ethics, but not necessarily on its application. The others may be able to explain application, but not the foundations of their thinking. If the subject is taught by a lawyer, all bets are off.

Today's student demands relevancy, which limits theoretical discussion as a priority. The typical text in business ethics begins with a discussion of moral theories, but quickly degenerates into telling stories about specific cases such as Firestone or Exxon and posing the questions for students 'Is there a moral issue here? What is your opinion?' without any conclusion that is tied directly to narrative traditions in moral philosophy. Many texts, having run out of moral theory to discuss, include chapters on organizational behavior topics with limited attempts to create theoretical connections. Efforts to construct techniques for resolving *moral dilemmas* serve to illustrate why Socrates felt that dilemmas do not exist for those who know themselves well enough, or that a *dilemma* is strictly a legal issue. Certainly there are implications to discuss relative to this moral theory or that, but virtually every action taken by an organization can only be interpreted as some form of utilitarianism. Every viable advocacy boils down to some issue of legality. There is nothing authors have to offer students that is anything like a theoretical canon, and so we are left with admonitions to 'do the right thing – don't pollute – be good to your employees – don't cheat your customers'. These admonitions have roughly the moral authority of a scolding neighbor. The businessman who received the sentence is likely to learn more about how to cheat legally (because that is his ethic) than about how to be moral.

Where shall we begin?

'In the beginning was the Word' (John 1:1). Before there was wisdom; before there were lessons to teach and to learn; before there were rules to follow; there was the *point* of it all. To Christians, the *point* is God. The wisdom and the lessons and the rules are all used as means to serve God. That is the *point*.

At something less than a cosmic level, there is a *point* to be considered with every human endeavor, and this *point* may be an issue of contention. The *point* is not the same as ends, goals and objectives. The points made in an argument are not the same as the *point* of arguing in the first place. What is the *point* of studying ethics? 'We are inquiring not in order to know what virtue is, but in order to become good, since otherwise our inquiry would have been of no use' (Aristotle, 1961: II, 2).

To the practitioner, the *point* in studying organizations is to learn enough about them to facilitate some degree of predictive control for managers. To others, the *point* is to provide understandings of organizational life, and to create potential for improving it. The *point* of this essay is to attempt to answer a question my boss asked me in 1982: 'Why do these @#&* management effectiveness programs never work?' At various times I thought I had the answer, only to discover that the answer I had was unsatisfactory. This essay represents the latest development in that succession of answers.

There are at least two different issues to consider when developing ethics programs for organizations (Barker, 1993): rule-following issues and quality of life issues. An evaluation of the Ethics Program at General Dynamics concluded that the company was successful in meeting the program's specific objectives (i.e. bringing employees' behavior in line with a set of specific rules), but less than successful in meeting the program's implied goal of improving the quality of life for employees. The explanation of these results originally focused upon the contradictions built into the program – the goal-oriented, rational or rule-following intent of the program versus the expectations of employees for humanistic treatment and enhanced quality of life. The new explanation addresses the *point* of being in business vis-a-vis the *point* of doing work.

Ethics

In the industrial era, organizations have created untenable problems for moral experts by becoming bothersome illustrations of the dynamic social processes that defy attempts to apply traditional moral theory and detached philosophical wisdom. Kaufman (1973) observed that bureaucratic managers often privately approve of behavior that they acknowledge publicly as illegal or unethical. Expectations for loyalty to the organization and for obedience to managerial direction set the a priori guidelines for moral conduct, and a given organization can develop and impose its own form of influence on the individual with an organizationally specific moral order that

can seem to pre-empt external social order. Organization members can defy common social or religious morality when they are acting on behalf of the organization and feel justified in doing so because their behavior is judged within the context of the organization (Jackall, 1988). Yet, employees rarely exhibit unacceptable behavior in society that is acceptable inside the organization's boundaries. Society holds the organization accountable as a rational actor, but rarely are the individuals actually responsible for creating organizational outcomes entailed in that accountability.

Modern understanding of ethics emphasizes the behavioural aspects to the extent that the words *ethics* and *morals* are commonly used interchangeably by philosophers to refer to behavioral standards, codes of conduct or principles upon which these standards and codes are based. But, the different words imply different things. According to Bauman, 'ethics is something more than a mere description of what people do; more even than a description of what they believe they ought to be doing in order to be decent, just, good – or, more generally, "in the right" ' (1994: 1).

In ancient times, that which we call ethics was primarily concerned with the *point* in living (Boyce, 1979; Durant, 1933; Ferm, 1965). Modern studies of tribal systems have indicated that morality in those societies is often rooted in religion (e.g. Benedict, 1934). Tribal religion may or may not specify rules to follow that are detached from the tribe's system of governance, but religion in tribal societies is designed to provide explanations of the unknown and recipes for living successfully, according to some cultural understanding of 'our' *telos* – ultimate end or purpose – sort of a collective take on the *point* in living. According to Aristotle (1962), the motivation for pursuing this *telos* is that doing so is the only way to bring about *eudaimonia*. *Eudaimonia*, for purposes of this essay, is defined as the enjoyment and fulfillment one experiences when doing something presumed to be of consequence. The consequence is important to the extent that it is aligned with one's personal understanding of *telos*. The *point* is not an end or destination necessarily, but a highly valued, perhaps abstract, horizon that may never be fully realized. The *point* indicates a direction to go.

For the majority of Ancient Greeks, there was no unifying theological source for moral behavior. Bold and virtuous action was good in and of itself, so striving for *eudaimonia* was a function of the individual. After early Christians adapted stoic thought on the subject to their purposes, 'our' official *telos* became serving God, and moral behavior was defined accordingly – *telos* and morality were thought to be specific and universal. The problem of right conduct now included some idea of obtaining salvation as an end, and following God's universal rules to avoid sin became the most widely accepted solution. The many self-contradictions built into Christian theology have

made development of moral thought beyond natural law difficult, if not impossible for believers.

Theology encompassed by a tribal *telos* is not necessarily an organized construct of God, of God's domain, and of God's law, but rather it is more of a shared understanding of that which is the source of all things, and of that which gives meaning to life and to existence. Over time, Christianity imposed a form of judgment on behavior which measured morality in terms of serving God, and which precluded any serious consideration of the meaning of life beyond serving God. Life previously judged by quality was now judged by content. In industrial *culture*, success defined by *eudaimonia* has been outstripped by success defined as a function of measurable achievement and productivity – a moral imperative of getting ahead.

Aristotle implied that *eudaimonia* is the fundamental source (as in *final cause*) of noble (virtuous) behavior – the foundation of moral choices, of preferred relationships, and of the motivation to act morally. It should be clear that any question of conduct cannot be sufficiently addressed without first having defined that which energizes and sustains behavior – human motivation. Aristotle spoke to this problem in the first line of the *Metaphysics* (1943): 'All men by nature have a desire to know'; and, again, in the first line of *Nicomachean ethics* (1961): 'Every art and every scientific enquiry, and similarly every action and purpose, may be said to aim at some good.'

Although the words are commonly used interchangeably, ethics and morals can be thought of as two different but related things. Some authors acknowledge that the two words provide different connotations, but elect not to distinguish between them in discussion (e.g. Runkle, 1982). The word *ethic*, from the Greek word *ethos*, refers to one's character. As Wittgenstein suggested, 'ethics is like aesthetics' (1958: 226). Character is often thought to be defined by one's habitual behavior, hence the association of ethics and behavior. The word *moral*, based on the Latin word *mos*, can be understood as custom, which can easily be equated with habitual behavior.

Morals are the rules or customs; *ethics* represent the character, spirit or sensibility that facilitates and activates habitual or customary behavior. This interpretation is consistent with the view of ethics as matters of virtue proposed by Aristotle (1961). While Aristotle asserted that virtue is something habitual, he specifically avoided the degree of precision that would be needed to devise specific rules or customs for an individual to follow in defining ethics behaviorally (Duska, 1993). Ethics are concerned with the manifestation of the Good in each person, which can be measured by *eudaimonia*. The rules and customs were, for Aristotle, a matter of politics.

An ethic specifies the nature of consequence needed for the experience of joy and contentment. Consequence emanates through cultural perceptions

of reality upon which choices of action are made. Ethics embody a fundamental life orientation (*telos*) that answers the question 'what is life's greatest good?' or *summum bonum* for the individual. Ethics are not collective in the sense that morals are collective; ethics may be shared, but they are not dependent upon the approval of others. Ethics may be considered an individual's spiritual definition of life – that purpose for which life is intended. A person's ethic is descended from a world view – a set of assumptions, subsequently derived values and moral principles which manifest themselves in a characteristic pattern of decisions and presuppose moral outcomes. These decisions result in moral behavior that can be assessed relative to virtue, and that answers the question 'what sort of behavior is required to bring about life's greatest good?' for each individual or for a group of associated individuals. The reward for moral behavior is *eudaimonia*.

Ethics are not judgments; judgments are actions, and therefore part of a moral system (Nietzsche, 1974: 4, 335). Nietzsche maintained that judgments can be made immorally, and therefore are subject to the same rules as other behaviors. Ethics represent an individual's take on the broad, socially constructed reality assimilated as an outcome of socialization into a *culture*. Morals are sets of rules and principles for rule following that are based in a conventional method of reasoning.

An ethic can be understood as a source of behavior that originates from within a socially constructed reality, where basic ontological assumptions, culturally specific emotions and socially derived values serve as forceful guidelines for the creation of conscious moral systems in conjunction with personal insight and experience. Different individuals may experience different degrees of awareness of their ethics, the mores that influence their ethics, or the relationship between their conscious processes and their subconscious subroutines. Social mores manifest themselves within individuals through the socialization process, and the nature of that manifestation emerges when the individual acts. This action may conflict with the individual's explanation of it because its source may be entirely obscure to the individual. An ethic is a manifestation of a moral order that is largely subconscious, but profoundly compelling. Ethics are open to conscious exploration, analysis and modification through experience and reflective thought, although most of us feel compelled to behave correctly with little reflection on why.

The reciprocal relationship between ethics and morals can be summed thus: An ethic is an individual's take on conventional knowledge about purpose and goodness (*telos*) that results from socialization into the culture. Individual ethics can be modified through reflection and experience. Individuals learn moral systems, but can adapt them to given contexts and

situations. Adaptation of behavior is guided by ethics. If an individual's behavior deviates from conventional moral standards, pressure is brought to bear upon the individual to conform.

A case for relativism

The common criticism of moral relativism is that if it were true everyone would be free to do anything and justify it by saying 'it's all relative'. That would be the case only if one defines morality as a function of the individual, and if one assumes that justification is the source of behavior. If morality is established by the moral order of a society, then all societies can have immoral individuals, but a moral action in one society can possibly be an immoral action in another society. Moral relativism is considered by many to be a legitimate method of explaining the diversity of moral theories among different cultures. To others, moral relativism is inappropriate and fails to prove that there is no true or superior (absolute) moral system (Bloom, 1987; Rachels, 1986).

Following are typical arguments against using moral relativism (Shaw & Barry, 2001). First, moral practices of one culture cannot be legitimately criticized by people from another culture because the systems are relative to each respective culture. Second, there can be no such thing as moral progress, which must be judged by an absolute standard. Third, members of a given society cannot legitimately criticize the moral standards accepted by their own society because there is no absolute standard to use as the basis for argument.

These arguments against moral relativism begin with the rather ethnocentric assumption that there is only one form of moral system. There are at least three forms of morality that can be distinguished on the basis of their origins. Each of these three forms can be incorporated to various degrees into a single moral system. First, all moral systems contain a subset of standards that are established by basic, fundamental human needs that all humans experience. These particular standards – such as prohibitions against murder, rape, assault, incest, stealing, etc. – appear to be universal because of what all people have in common with each other, such as the desire to live and thrive unmolested.

Second, moral systems usually contain a subset of standards that are developed to address what can broadly be called *environmental conditions*. These standards confront issues arising from the interaction between people and the circumstances of their environment. For example, all societies have accepted moral standards relating to the production, distribution and

consumption of food because food is needed by all people. However, standards related to the type of food consumed can be based in environmental variables. Under certain environmental conditions, infanticide has made sense to 'reasonable' members of a society. Environmental conditions are likely to influence moral standards regarding marriage, birth control and capital punishment. The need for capital punishment is less obvious to members of a society who have the means to contain and to control enemies (or competitors) easily.

Third, moral systems also usually contain a subset of standards that are established by conventional knowledge regarding social control – that which defines and solves specific social problems. These control standards are not inspired by the human condition as much as by a complex interaction between the social contract (the social construct of governance) and the individual's desire to act on natural impulses of love, hate, jealousy, greed, lust and ambition in some conventional way. These standards are likely to vary from society to society, or from organization to organization, primarily because different social entities have different conventional ideas about what constitutes a social problem. In an organization, a social problem can mean poor quality, theft, domination by one department, inefficiency, corporate image, loss of market share, etc.

Criticism of one society's moral standards by another is commonly based either in a misunderstanding of environmental conditions, or in some disagreement with definitions of social problems and how to solve them. Moral progress is itself judged solely within a context of conditions and control, and fairly judged only by those who understand those conditions. If environmental conditions change, what constitutes moral progress must be redefined. When individuals criticize the accepted practices of their own society, the criticism is usually directed at elements of the moral system that provide for control of resources and for the distribution of power – disagreements regarding conventional approaches to solving social problems. Rarely does any member of a given society openly advocate theft, rape, murder or any change to standards associated with the first form. None of the common criticisms invalidates the concept of moral relativism, even though moral standards that appear to be universal may still exist.

The context of morality

In order to extend any moral theory beyond cultural boundaries, common human experiences and the context of those experiences must be taken into account (Finnis, 1983; McCleary, 1994). Theories are built upon conventional

ideas that are specific to historical and cultural placement of theoretical development. Moral philosophy cannot stand apart from the conventional knowledge that is used to create it. Conventional knowledge is the common rationality as applied to human actions within a cultural milieu (Giddens, 1987). As with all other constructs, the study of ethics depends upon conventional theories to support its internal integrity and to establish its truth. Moral philosophy is designed to create and to maintain a canon of consistency to be used by philosophers as its narrative tradition. This canon specifies not only what counts as acceptable theory and method, but what conventional knowledge is needed by theory developers.

Convention is an adaptive mechanism that has facilitated stability in human society, and is needed for continuity. While the validity of conventional knowledge is usually established in a circular process by the authorities it creates, those who act out *morality* need not fully understand the minutia of convention to be in a position to contribute to its validation. Giddens (1987) used the example of writing a check to demonstrate the possibility of acting within the boundaries and with knowledge of convention without necessarily understanding it completely. One does not need to have an elaborate understanding of the banking system to have and to use a checking account. Further, asked about conventional ideas, actors are rarely able to articulate them; we all know what money is until someone asks us to define it specifically.

When one writes a check, one does so within the context of a complex array of concepts about what credit is, what account balance is and so on. Those who act *morally* do so with concepts of good, of justice, of success, of moral reasoning, of goals, of responsibility, etc. If someone were to act *morally* with different concepts, such as a different cultural definition of good or of responsibility, then a different moral standard could be expected to govern the assessment of action.

The relationship between action and structure must be mitigated by what Giddens (1982) called *the duality of structure*. Structural properties of social systems are both medium and outcomes of the practices and activities that comprise those systems. People in an environment behave in common ways to produce customs. Customs are organized into moral systems. Moral systems are institutionalized, and influence the way people learn to behave. Conforming behavior validates moral systems, and deviant behavior puts pressure on those systems to change in addition to providing negative comparison. When the pressure is sufficient, the systems are modified along with the conventional ideas that support them.

Giddens (1987) proposed four conditions of convention that have implications for moral behavior. First, a person's conventional view is bounded by

a fairly limited cultural milieu within a pluralistic society. We adopt a perceptual universe that is bounded by what we know and by those who agree with what we know. Second, a given person can identify relatively little about the complex conventional frameworks that structure activities. We live our lives for the most part on automatic pilot, reflecting minimally on why we are doing this or that. Third, actions we take have consequences that we may not be able to predict, and of which we may be oblivious. Convention is as much the result of unintended consequences of action as it is of intended consequences. To illustrate unintended consequences, Giddens used the example of speaking English. When speaking correctly, one usually does not intend to reproduce the structures of the English language, yet that is the outcome. Fourth, given that all human action occurs within some limits of time and space, we are each influenced by institutions and social structures that are the outcome of our collective actions, but which none of us has intentionally created. Moral and governing systems are the equivalent of policy created by a committee – none of it is precisely what any one of us thinks it should be. Institutions are more than simply the arenas in which human action is taken because they shape the conventions that govern (provide rationale for) conduct. Action taken by an individual conversely reconstitutes the conditions for actions of others, and ultimately shapes and reshapes our institutions.

Morality in an industrial society

The framework of ontological assumptions about ethics and morals in any given society is hidden to the practitioner's eye by a facade of convention. Conventional knowledge provides the means for us to carry out our daily lives and to establish and maintain our institutions, but it allows us to act in accordance with its principles without having profound knowledge of its sources. Whenever one obeys traffic rules, whenever one follows a boss's instructions or any such action, institutional needs are both served and reinforced without the actor's specific intent.

In an industrial society, moral systems must accommodate certain environmental and social control conditions. First, some provision must be made to accommodate exploitation. An industrial economy cannot work unless a majority of workers are coerced into working hard to make someone else rich. Moral theory must account for this condition. Since most workers perform tasks that they would never choose to do on their own, they must be made to feel morally compelled to do so. John Calvin solved this problem by suggesting that devotion to work is a symptom of salvation. As the Calvinistic work ethic waned, it was supplanted by theories of loyalty and justice. One

does this work out of obligation to the employer, or in the case of Marxism obligation to the proletariat, or simply to get one's fair share of industrial output. Under conventional theories of justice, a low level worker can agree that her or his share is necessarily and fairly less than that of the business owner.

Second, moral theory in industrial society must accommodate, if not institutionalize, greed, which is to say material consumerism. The fundamental mechanism of a market economy is greed – greed for capital gain and for consumable products provides the energy that runs the system. The modern moral theorist must assimilate the natural human parameters of greed that have been incorporated into industrial society and promote property rights on the same level as human need to accommodate those who are in control of resources. John Locke (1947) declared that property is not simply a possession, but a key source of identity because it represents the only real compensation for allowing oneself to be exploited. If a person's identity is at least partially defined by what he or she possesses, then property rights become more than just legal issues; they become moral issues – injury to property is injury to self.

The adaptation of morality to industrial society has been less the task of moral theory than of theories of justice. Nozick (1974) argued that people have a basic moral right to pursue their own ends without interference, and that they are entitled to property acquired fairly. This idea can be separated from basic hedonism by its context, that is by industrial capitalism. Rawls (1971) suggested that persons in the *original position* would agree on two things: that certain fundamental liberties are guaranteed to each person, and that social and economic inequalities are justified if they are designed to benefit the least advantaged members of society. Because there is no reasonable expectation that those in power will give up their power to the disadvantaged, ideas are designed to validate long-held conventional wisdom regarding the superiority of some members of society over others, and the moral rights of these members to exploit others for their own personal gain. The right to exploit and coerce others is justified by an espoused commitment to civil rights and to affirmative action, and by an articulated compassion for the condition of the exploited. Capitalism requires continuous growth for its existence, therefore the moral bottom line for industrial society is *productivity*. Virtually any conduct can be justified if it ultimately results in an increase in productivity.

The organization

All organization members make decisions, the collective manifestations of which fall into certain patterns that result in more or less consistent

outcomes. The exploration of these patterns can be conducted using political frameworks. Deetz has asserted that 'organizations make most decisions regarding the use of resources, the development of technologies, the products available, and the working relations among people' (1992: 3). While it can be argued that a substantial portion of industrial technology is developed at the behest of the military, it is clear that organizations have taken on many roles heretofore expected of government. Deetz further suggested that the state's power is restricted to crude guidance through taxation and regulation.

What would Aristotle make of the modern organization? Clearly the structure of society he had in mind when he wrote *The politics* (Aristotle, 1962) was something completely different than the structure of industrial society. However, it may be possible to speculate on how he might have applied his fundamental principles of governance to modern times.

Aristotle would certainly not regard a large and pluralistic country such as the USA or any industrial European country as the equivalent of a city/state (hereafter referred to as a *polis* – a political community). A *polis*, he said, 'must have a population large enough to cater for all the needs of a self-sufficient existence, but not so large that it cannot be easily supervised' (1962: VII, 4). It is doubtful even that he would regard the USA as culturally homogeneous enough to provide support to a *polis* similar to that provided to Athens by Hellenic culture. He might, however, consider an organization to be a form of *polis*. If so, then there would be implications for what we regard as organizational ethics.

To begin with, Aristotle advocated slavery as an important economic tool for support of the *polis*. While we in industrial society believe that owning people is immoral, we have no moral problem with the concept of the organization 'owning' an employee for a specified period of time each day. Substituting the words *supervisor* for master and *subordinate* for slave, the characteristics of this intermittent ownership are scarcely discernible from Aristotle's slavery: the master/slave relationship is a reciprocal relationship united by a common interest (they cannot do without each other); above all subordinates must be obedient – not being obedient is grounds for termination; subordinates must perform only tasks specified by their supervisors and not other tasks; subordinates may not slack from performing these tasks; subordinates must perform these tasks when ordered to perform them and within the time period allotted; and, except under certain conditions, subordinates may not supplement their work with activities of their own choosing. Many employers feel justified imposing restrictions on personal relationships, and on affiliations with other organizations. We will go as far as to collectively agree that employees are stealing from employers (acting immorally) when they are involved in unauthorized activities such as shopping on the

Internet, conversing on the phone with friends or simply staring out the window daydreaming. The differences between the two forms of slavery are first an agreed upon compensation to the subordinate for the specific conditions of the relationship, and second an abstract idea, known as the *employment at will* doctrine, that allows the relationship to be perceived as voluntary.

Slavery was not only important economically for Aristotle, but it represented the natural order of things: 'He that can by his intelligence foresee things needed is by nature a ruler and master, while he whose bodily strength enables him to perform them is by nature a slave' (1992: I, 2). The organizational chart is a sophisticated method for establishing, conventionalizing and validating the master/slave relationship.

Because Aristotle considered business to be a 'household' activity and not a political activity, it is tempting to consider the organization as a representation of Aristotle's household, which is the repository of slavery. But then we are left with having to make political communities out of pluralistic entities that Aristotle would not abide, or have no *polis* at all. There is no close fit on either side, but there are important indicators. We can begin by agreeing with Aristotle that the *polis* is a natural outcome of the natural human desire for political association (as a potential vehicle for *eudaimonia*). Proceeding on this tack implies that organizations are much more than simply economic entities, and views of the organizational role in society must include more than that role conceptualized by Friedman (1970) and others. Organizations provide not only an opportunity for people to subsist, but opportunities for them to belong. A person with no *polis* is, after Homer, without family, without morals and without home. People we call *homeless* are not necessarily without resources, more specifically they are not members of any organization.

Aristotle defined the *polis* in a number of similar ways, but we can accept that it is 'a community of some kind, and every community is established with a view to some good' (1962: I, 1). The purpose of the *polis* is of supreme importance in distinguishing it from other social entities; 'the state or political community, which is the highest of all, and which embraces all the rest, aims, and in a greater degree than any other, at the highest good' (1962: I, 1). The purpose of an organization is, or should be, much more than simply serving customers and making profits (Deming, 1986). The organization is defined by its constitution, and it has a number of specific characteristics. For one, it is of a manageable size, as alluded to above. For another, it has a limited membership of citizens: 'We do not for a moment accept the notion that we must give the name citizen to all persons whose presence is necessary for the existence of the state' (1962: III, 5). States have little in

common, so in each case the citizen is defined by the constitution. Aristotle would limit citizenship in a number of ways, but he defined a citizen as 'one who has the ability and the chance to participate in government' (1962: III, 5). In a truly democratic organization (which Aristotle would not recommend) that might include all employees. In an ideal organization, Aristotle would limit citizenship to managers – what he would call an aristocracy.

Aristotle was not an avid fan of money making. The wealth sought by capitalists he would consider a tool with limits to its use. Wealth should be used for administration of the state, aimed at pursuing a supreme good. Because the state exists for the sake of the common good, wealth can facilitate noble deeds. The state cannot be a naturally subject or servile institution, but must be self-directed and independent. Therefore, Aristotle might agree that economic wealth, and subsequent power, helps establish some form of independence and self-determination for organizations in a complex, pluralistic society.

Organizational constitutions

To Aristotle, the *polis* is defined by its constitution, which organizes those living in the *polis*: 'Constitution is the arrangement which states adopt for the distribution of offices of power, and for the determination of sovereignty and of the end which the whole social complex in each case aims at realizing' (1962: IV, 1). There are basically three types of constitutions: (1) monarchy, ruled by one person; (2) aristocracy, ruled by a small but elite group; and (3) democracies, ruled by some majority of people. Aristotle favored the aristocracy because he felt it was the most effective form for solving problems, and because it most closely represents the natural order of things. There are three elements to constitutions: (1) deliberative, the policy making process; (2) executive, the bureaucracy of administrative officials; and (3) judicial, the distribution of justice.

The *constitution* of an organization is defined by its charter and its strategic and operating plans, the sum of which include its mission, its standard operating policies and procedures, its organizational chart (structure) and its personnel manual – covering all three of the elements cited above. Deming (1986) would suggest that the constitution of an organization provides for its 'constancy of purpose' – the *point* of being in business in the first place. There are basically three types of organizations: (1) monarchies, run by entrepreneurs or autocrats; (2) aristocracies, run chiefly by some combination of boards of directors, executives and organizational managers (this type has many varieties); and (3) democracies, run by some constitutional

form of employee consensus. Determination of a specific organization's type for the purposes of measurement should be guided by some assessment of attitudes toward the supervisor/subordinate relationship from both sides of that relationship. There were many beloved masters in the history of slavery. True democracies will have few, if any, symbols used to determine and to enforce differences in status, and will have institutionalized methods of achieving consensus.

Sharing common views of good and bad, right and wrong, just and unjust is what makes a *polis*: 'Right is the basis of political association and right is the criterion for deciding what is just' (1962: I, 2). Justice in some conventional form is essential for the state. In an organization, justice manifests itself in compensation, assignment of tasks and responsibilities, selection, promotion, termination, quality, civic responsibility and customer relations. Aristotle was opposed to unity as a goal for the *polis*: 'You cannot make a state out of men who are all alike' (1962: II, 2). Plurality is natural for the state, and a high degree of moral conformity would remove that which is vital and which promotes growth: 'It is a perfect balance between its different parts that keeps a state in being' (1962: II, 2).

Two essentials for the state (1962: VII, 4) are a supply of labor, and a territory. The workforce supplies the labor for an organization, and the territory is defined by organizational boundaries, assets and market share. Additional essential parts (1962: VII, 8) include (a) food – the sustenance, in the case of organizations we can cite products (profits?) as that which sustains the striving for goals; (b) tools and crafts – the technology used to make products; (c) arms – for protection and acquisition of new territory, provided for organizations by marketing and legal departments; (d) wealth – capital; (e) religion – that which guides normal behavior and explains the unexplainable; and finally that part which is most essential (f) a method of arriving at decisions about policy and about right and wrong – defined by the constitution.

Organizational citizens

Aristotle devoted a good deal of thought to the nature of the citizen and the system of education needed for developing the best citizens. Aristotle defined citizens as those who participate in the management of the *polis*. Participation is not merely a required task – as in showing up for work – but takes the form of habitually virtuous behavior. That is, citizenship is defined more by what a person does than by what a person is. The question of conduct centers about the contribution (or the perception of contribution) a person

makes to the overall goals of the organization. Those citizens who contribute most are entitled to a larger share of the wealth than those who contribute less, or than those who are not citizens. Therefore, justice is governed according to virtuous participation, and distribution of wealth and power is based in some concept of merit.

Those whom we identify as citizens will be different from each other, and will necessarily have differing levels of skills and abilities. Citizens must be educated and prepared through institutionalized means maintained by the *polis*, and education must be comprehensive; a citizen must learn not only to rule, but to be ruled (1962: III, 4). All those entitled to be citizens must be able, willing and prepared to assimilate the roles and duties specified under the constitution. While each citizen has a different function, there is a common definition applicable to all within the context of the *polis*. So, the virtue of the citizen must be judged relative to the *polis* of which she or he is a member. Since each *polis* is different, according to Aristotle, there cannot be one simple perfect virtue of all good citizens. Citizenship, as with virtue, is a relative issue.

Compiling an idea

What do we have so far? Ethics are sources of identity and motivation for mature individuals, representing some sense of prevailing *telos*. A person develops an ethic by learning cultural convention and then modifies what has been learned according to insight and personal experience. The *point* is often taken for granted; a good deal of that which influences the development of an ethic is not likely to be grasped consciously by the individual. Ethics establish states of existence for individuals that make them, for example, more or less predisposed to accept or reject authority and supervision of their activities. Ethics guide individuals toward that which is likely to provide them with *eudaimonia*, and away from that which will not. Ethics induce people to seek out the association of others who share similar ethics.

Morals are codes of conduct that encourage and protect choices of association. People learn morals by consciously assimilating conventional standards, by constructing their habitual behavior around these standards and by adapting behavior according to their understanding of those standards. People learn to sort out behavioral standards relative to social role expectations and social contexts that are born given some *telos*. Moral systems result from repetitive, customary behavior that becomes institutionalized through political associations. Structured moral institutions are embodied in the constitution of the *polis* to perpetuate the moral order, and

to provide for the welfare of the citizens of the *polis*. These institutions are not necessarily developed through conscious planning and intervention, they can very well be outcomes that were intended specifically by no one.

Organizations, to varying degrees, represent political associations and opportunities for political activity that cannot otherwise be experienced or constructed by individuals within the greater society. While conventional knowledge holds that organizations are narrowly purposeful and rationally managed entities, research reveals processes that can best be explained as political activity (Barker, 1993, 1994; Jackall, 1988): (a) functional groups compete for ascendancy of ideas, influence and resources, which is characterized by conflict; (b) the level of power and influence of any one manager depends upon that individual prevailing in conflicts regularly; (c) the corporate and bureaucratic structures are set up by and for those with the most controlling power; (d) success or failure of managers has little to do with actual accomplishments, but rather with arbitrary perceptions of one's ability by others and with supportive alliances (that is, success and failure are socially defined, not empirically measured); (e) truth is socially constructed and the organization mobilizes to support manufactured reality promoted by those in power; (f) uncertainty in the organization and in management processes facilitates redefinition of organizational reality; and therefore, (g) decisions are based in political agreement, and agreement is based in comparative power and influence.

Jackall found that the moral system for managers in bureaucratic organizations includes some of the following principles: (a) striving for success is a moral imperative; (b) rising stars serve to validate the moral system; (c) criteria for success are bounded by the system and can be based in illusion rather than in reality – success is often the result of taking credit for the good and avoiding blame for the bad; (d) self-control, and not necessarily rule-following behavior, is a moral imperative; (e) morality is determined by flexibility and adaptability to changing political realities, and not by strong convictions; (f) bad things must be covered up or reframed in order to protect the system; and, (g) morality is a matter of survival and gaining advantage. For the citizen of this *polis*, morality has different implications than it does for those we may call *employees*, which Aristotle might recognize as slaves. While all employees may be initiated as organizational members, only a select few will undergo extensive initiation to achieve the status of *citizen*.

In the General Dynamics study, employees at lower levels of the organization expected their quality of life to improve as a result of the Ethics Program (Barker, 1993). The failure of their expectations to be realized was commonly attributed by them to immoral behavior on the part of managers. These employees had not been indoctrinated into citizenship. Most never

would be. Consequently, they understood the basic customs that govern the masses, but not the protocol of the political elite. Middle and senior level managers at General Dynamics, who were citizens, commonly viewed the Ethics Program as simply another political obligation. Instead of an opportunity for improvement, most managers experienced the program as yet another uncertainty to be managed in their quest to succeed. Their conformance to the rules established by the program was established by the constitution, and their experience of justice was directly related to which of their behaviors were measured and rewarded by the *polis*. Supervisors were citizens-in-training, and were caught between their understanding of the desires of employees for improved quality of life and their realization that the political goal of the program was to improve customer relations with the Navy in particular and with the Pentagon in general – that is, to improve the quality of life for citizens and not necessarily for the masses. The decisions of the *polis* were governed by the need to survive and to protect territory. The welfare of the masses was secondary to this goal, and was considered ultimately irrelevant should the *polis* fail.

Implications

A tempting conclusion about business ethics is that people tend to feel morally justified doing anything necessary to survive in a state of self-interested competition, no matter what harm it may cause others. This conclusion is consistent with observations of managerial behavior that is either unregulated or only partially regulated (e.g. Jackall, 1988; Kaufman, 1973). Given this conclusion, it is inherent upon some regulatory agency to establish rules and laws. The perceived role of government as a regulatory agency encourages the legal approach to business ethics, which tends to predominate the view of many authors (Donaldson, 1982). The legal approach is the next best thing to natural law for those opposed to relativity in moral theory. But the legal approach does not account for variation in laws or for contradictory regulations, nor does it distinguish between those who test the legal limits and those who are truly virtuous. It is one thing to believe that God has imposed universal law, it is quite another to imply that a government or an organization has done the same thing.

Organizations are often perceived as moral entities with responsibilities that transcend laws, something one would expect from a *polis* with an intact constitution. If the organization is indeed a political community, then morality must be expected to occur within the sphere of relativity applied to any sovereign nation that shares some connection with other nations from

whom those expectations are warranted. Moral behavior in organizations results from a complex interplay between that which facilitates employee support and actions (membership) and that which specifies rules, systems and standard operating procedures designed primarily to regulate behavior, to minimize uncertainty and to support existing power structures (constitution). When behavior is perceived to be based in self-interest by outsiders, it is often perceived as loyalty to organizational objectives by insiders (Jackall, 1988). Conditions of citizenship demand assimilation of organizationally constructed reality as applied to goals, and of constitutional justice as applied to the behavior expected in the achievement of those goals.

Industrial society has reframed ethics from an issue of happiness to an issue of property. Organizations are political communities which facilitate the creation and acquisition of property, and its translation into identity. Property must be defined broadly here as any tangible asset used toward the accomplishment of goals; the goals may be getting ahead, making money, or noble deeds. Property can be distinguished from *eudaimonia* in that the latter is a sensation that does not have a specific object. That people acquire property and still do not experience *eudaimonia* reinforces the idea that they are different things, and that the former is the conventional measure of achievement.

The *constitution* conveys conventional knowledge about moral behavior, and about how social and management problems are to be addressed within organizational boundaries. The *constitution* is both the result and the author of collective action within organizational boundaries. The *constitution* provides the essential components of structure and of decision making, and how those influence behavior. Moral assessment of organizational behavior must take into consideration requirements for citizenship that are built into the moral system apart from the rules and regulations. Morality cannot be assessed apart from consideration of the motivation to behave.

To answer my boss's original question – why do management effectiveness programs never work? – managers who create the programs, the language and symbols used to sell and to represent the programs to others and the method of implementation usually have no intention of changing the fundamental *constitution* of the organization, which provides the structure for their authority, the conditions for their continued status as citizens, the rationale for their behavior and the *point* of being in business.

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