BOOK OF ABSTRACTS

WORKSHOP: MORAL FOUNDATIONS OF MANAGEMENT KNOWLEDGE

OCTOBER 13-14, 2006

ESSEC BUSINESS SCHOOL, CERGY-PONTOISE, FRANCE
Call for Papers
ESSEC – Cergy Pontoise – 13-14 October 2006
Opening the Black Box: Moral Foundations of Management Knowledge

Organized by: Marie-Laure Djelic and Radu Vranceanu

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Purpose of the Workshop
For some time, a complex stream of more or less directly connected confidence crises has been confronting both managerial practice and the communities producing and diffusing management knowledge. The first reaction has been to extend and develop the teaching of business ethics. Academic research has turned more vigorously to the question: “what is good managerial behaviour?”, trying to investigate how society can support the emergence of more sustainable and responsible systems, norms, incentives and behaviours. This, however, is only a beginning. If new generations of leaders have to be trained with a more responsible and sustainable take on their own role and activities, then we need to have a hard look at the ways in which management knowledge incorporates the ethical dimension.

Modern management knowledge brings together under a broad umbrella several specialized subfields like Strategy, Control, Accounting, Information Systems, Organizational Behaviour, Human Resource Management, Finance, nourishing itself from an array of social sciences – Economics, Sociology or Psychology in particular. The main goal of this workshop is to raise the question of the underlying ethical foundations of those bodies of knowledge – which have often become invisible to those who advance knowledge as well as to those who diffuse, receive, interpret and apply it. What is (are) the definition(s) of “good behaviour” implicit behind those various subfields? What are the moral or ethical dilemmas and debates that have often faded away or have been buried? What is the conception of human nature and social reality implied and embedded in modern management theories? How do those implicit and hidden cognitive schemes influence the development of research and knowledge in those various subfields? How do they prevent certain issues from emerging and how do they shape debates, practices and beliefs – leaving little room to approach the world differently and to depart from mainstream perspectives?

By providing answers to these questions, this workshop will bring a valuable contribution in the contemporary debates about the path to more sustainable and responsible management knowledge and managerial practice.

Contributions that take the following perspectives are most welcome:

- Intellectual history: the evolution and transformation of particular disciplines, with special emphasis on the ethical dimension
- Deconstruction of bodies of knowledge: unearthing implicit moral foundations
- National traditions and different ethical takes on disciplinary knowledge
- The impact of implicit ethical assumptions in various specialized fields (or cross-disciplinary) on managerial tools and practices

Complementary information
Papers must be drafted in English. All accepted papers will be published in the Proceedings of the Workshop, available on line on the ESSEC website. Main contributions may be selected for a collective book.

Deadline for Extended Abstracts: 31 March 2006
Decision for Acceptance made by: 31 April 2006
Deadline for Paper Submission: 5 September 2006

Please send the correspondence to MFMKWorkshop@essec.fr, or by mail at Research Center, ESSEC, BP 50105, 95021 Cergy, France. Electronic submissions in pdf format are welcome.
ESSEC is located 35 km West of Paris, access by RER A (Paris Metro Network), or highway A15.
For information update, please contact Ms Odile Sirette at 33+013443183, or see the ESSEC Web site: www.essec.fr, Workshop on Moral Foundations of Management Knowledge.
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ON MIXING ECONOMICS AND ETHICS

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The methodological foundations of economics make the mixing of this positive science with ethics, a normative one, very difficult. In fact, the blending of these sciences could be made possible only through the linkages common to both: the anthropological foundations of man and the sociological foundations of society.

Nevertheless, many obstacles to the peaceful cooperation of economics and ethics persist. First, the autonomous nature of economics as a science means that it cannot rest on bases created and developed by other disciplines. The long debate on tastes in economics is a proof of this: the famous paper "De gustibus non est disputandum" by George J. Stigler and Gary S. Becker (1977) is an attempt to take preferences out of the realm of psychology or philosophical anthropology, and provide a strong foundation for the autonomy of economics. But this means that the ends are given, and that changes in ends can be explained by the same process of economic decision making. In a word, there is no role for ethics in economics.

From the other side of the relationship, problems are also outstanding. There are different conceptions of ethics, and many of them put emphasis on normative rules derived from abstract reasons or principles –although, of course, there are exceptions to this. But then, ethics is only a set of external constraints on economic behavior, derived sometimes from law and regulation, sometimes from social norms and institutions, and other times from ethical claims rooted in the personal conscience. And, again, the blending of ethics and economics is impossible or, at least, unnatural, unless one declares the superiority of one science over the other.

The purpose of this paper is to offer a way to solve this conflict. Its foundation is the concept of human action. This is the very basis of both economics and ethics, as it is the main piece of a philosophical theory of man. Economics – at least its neoclassical branch, and many other modern branches derived from it, mainly in the theory of organizations and the theory of the firm – is a science on how people take decisions, i.e., a science of human action, as the title of the well known book by Ludwig von Mises, Human Action (1949) shows.

And ethics deals also with human action. Human decisions are the core of ethics, either as rational activities, or as the flourishing of virtues, or as the development of human goods. Then, economics and ethics deal with the same phenomenon. Economics focuses on the consequences of human action on the efficiency in the use of scarce resources for the attainment of given ends, and ethics focuses on the consequences of human decisions on other agents and, finally, on the very acting agent.

When deepening on the anthropological foundations of action we can find, then, the links between economics and ethics. The way to do this could be the study of human motivations. Traditionally, the economists have focused only on those motivations that derive from the external consequences of the action: for example, the wage paid for work. Sometimes, they add also a second kind of motivation: the direct
consequences of the action on the agent; for example, the learning of knowledge and abilities, or the internal satisfaction of preferences not directly directed to the exchange with other agents. This is the so called intrinsic motivation that has broadened the field without changing the rules of behavior of the rational, resourceful, maximizing (amoral?) agents.

But there is also a third kind of motivation. When the agent interacts with another agent, the actions of the first have consequences for the second (and vice versa). First, through the exchange of goods and services, related to the traditional extrinsic motivation. Second, thorough the learning processes of both agents, related to the intrinsic motivation. And third, through the changes that the behavior of one agent has on the attitudes and values of the other agent. And this is the realm of ethics.

Broadening the varieties of motivations means that there is a role for ethics in economics. The rules of the game change when both agent consider, first, the external and intrinsic consequences of their actions, and second, the changes in the behavior of the other agent due to the very process of interacting. Ethics is, then, a kind of meta-rule for economics: the rule for the long term equilibrium of all agents, all interactions, all markets and all institutions, when all the consequences of all the actions are attained. It is, of course, an ongoing equilibrium, but a real one.

All these considerations are particularly relevant for the theory of organizations. This is why special emphasis will be put on exchanges inside a firm, on the creation of the conditions for the success – not only profit maximization – of the organization and on the development of its ethical rules or culture.
MANAGEMENT KNOWLEDGE: FROM MODELLING TO DAY TO DAY MORAL SENSEMAKING

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**Freedom, History, and Mathematics**

Management knowledge rests on social sciences, sociology, psychology, economy, and so on. Social sciences emerged consequently to the intellectual revolution of the European rebirth, which aimed at freeing man from natural and religious archaic constraints. The development of sciences from this moment onwards was twofold: on the one hand, mathematics developed dramatically, gaining their independence from “nature”. On the other hand, history became the main discipline from which would eventually emerge sociology, psychology and economy. The reason of this double folding is that mathematics expresses the internal structure of subjectivity (Husserl, 1891), while history its external dynamics (Klein, 1992, 1986). Thus, history illustrates as well as realizes man’s liberty, while mathematics gives him the necessary tools to submit his environment.

The increasingly ignored roots of this simultaneous development of history and mathematics as two sides of the same process, is the new anthropology of liberty which animated the European Rebirth. The fundamental claim of the European Rebirth is to definitely render the world to humanity. This objective is explicitly settled as such by Descartes in his *Discours de la méthode*, where and when he assumes that Man will become “master and possessor of nature” (*Discourse on the Method*, VI). The core of this claim stands as follows.

From now on, nature is no longer something external and neither teleologically, nor theologically, oriented. The unique place where teleology operates is mankind. The way mankind expresses and realizes its stronghold on “nature”, or on its internal as well as external environment, is action – constant action exclusively conducted to definitely brake the archaic chains which used to alienate it.

The moral foundations of modern – that is, post-Rebirth – knowledge, is action, action for freedom.

**The problem of will and action:**

*towards nihilism as endangering management and management knowledge*

Action for freedom is the action of man upon everything surrounding him – everything becomes a potential object of his subjective desire and capacity of transforming the environment. In such a context, from a cognitive point of view, “nature” is nothing more than the indefinitely growing sum of phenomena susceptible to be perceived – perceived, and transformed, on the bases of the laws of understanding (Kant, *Critique of Pure Reason*). Action upon “objects” represents the basis of the new objective knowledge, which is the authentic knowledge, the scientific knowledge, whose primary tools are, from the intellectual point of view, mathematics, themselves founded in logics (Husserl, 1901).

Sooner or later, the above process becomes a self-reflexive one, and action becomes its own object – acting upon, and thinking about man’s action, determine the ultimate level of the authentic knowledge. One should
never fail to keep in mind the notion of utmost seriousness, that management knowledge is a form of human action. The main and most complete illustration of such a reflexivity of knowledge lies in Hegel’s *Phenomenology of Spirit*. Action becomes its own ultimate object, thus *teleologically* understood: taking itself for granted as meaningful, action cannot be but *oriented* (cf. the end of Aristotle’s quotation in the *Encyclopedia of philosophical sciences*). Action self-knowledge implies that action is teleologically oriented – otherwise, action is not significant. Action is senseless.

This precisely occurs when action becomes its own objective – from being its own *object*, it becomes its own *end*. Acting for the sake of acting, independently of the *content* of action, comes to be the hidden root of contemporary action. What counts is from now the dynamics of acting – neither the *aim*, nor the *reasons*, *why* men should do something rather than something else. Doing is the objective – sometimes the *way* people do what they do becomes the main value (Nietzsche, 1888) – without solving the radical problem of the sense of action. There is no more sense, because what counts is *doing something*. No matter *what*. Underpinning management knowledge, relativism and nihilism thus constitutively endanger it: why should a consultant advise *this* company rather than another? How can vice and virtue be distinguished when action is its own objective, when acting and enjoying acting, are the *aim*?

**Management and management knowledge answer to nihilism:**

**Practice values and the value of practices**

Business answers by itself: ethics is demanded by companies - not merely by people, by consumers, or by cynics. Ethics is called in as an irreducible necessity, in order for management to last; for the sustainable development of management itself. Otherwise, terrorism will end with management at all. Particularly thanks to Weick’s works (*The Vulnerable System: the Tenerife Air Disaster* (1990)), the current development of studies on sense making in organizations represents the intellectual dimension of the demand for ethics in business. Epistemologically, this comes to developing a culture of processes and sense building rather than an *object* and a *result* culture.

Studying the dynamics of sense making in organizations implies the recognition that *sense emerges spontaneously in collective action*. And sense emerges spontaneously because of objective constraints which condition the day to day management operations. Action is daily conditioned by the structural characteristics of its context. The irreducible conditions of action dynamics contribute to orienting action process and consequently its aims. *Taking into account the most ordinary dimensions of the life of organizations opens the black box of daily sense making*; taking into account the most ordinary aspects of organizations’ life paves the way for a new approach of daily management *values*.

Thinking action implies considering the low-level processes of *identifying* objects and *interpreting* them; certainly, not merely individually, but collectively as well, even *par excellence* (Giddens, 1984; Ricoeur,
Acting is identifying and interpreting, thus making sense – as well as knowing how people daily identify and interpret their environment. Acting and thinking action are the same twofold process. There is not any moral foundation of management knowledge which would be conceivable independently of empirical dynamics by which sense daily emerges from management operations. Norms emerge from action and its constraints, as well as from the daily descriptions – which are as many choices – of (what) reality (is / should be).

Admitting that what was said is true, there remains a final reflection upon the irreducible reality of the lack of structure, of those “black hole”-like situations emerging out of the blue, and which characterize chaotic structures: complete equivalence of occurrence of every possible event, unpredictable events, oversized and/or unpredictable consequences of minor decisions (Weick, The Collapse of Sensemaking in Organizations: the Mann Gulch Disaster (1993)).
RATIONALIZING THE IRRATIONAL.

THE PRINCIPLE OF RELATIVE MAXIMIZATION FROM

SOCIOBIOLOGY TO ECONOMICS AND ITS ETHICAL IMPLICATIONS

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The rational individual is the cornerstone of the utility maximizing and rational choice theories. But this principle is much more than a convenient model in economics. It also represents the cornerstone of Western civilization: an individualist ethics, moral, legal, political structures informed by individual rights and liberty, are built on the same foundation. Equally, the rational individual is the pinnacle of two thousand years of philosophy in the West, as evidenced by its peak moments in Greek antiquity, Renaissance and the Enlightenment. Last but not least, the principle of rational individual is in agreement with contemporary findings in neurophysiology. Historically speaking, capitalism was the brief period which captured these various threads in a coherent pattern, making thus possible progress on the material, moral and intellectual lines.

1. Overview of central topics concerning rationality

In terms of method, the principle of rationally maximizing (optimizing, satisficing) individual was constantly challenged from within social sciences (sometimes even from within economics, like in the case of Heilbroner) for being a rough simplification and reductionist (pejorative connotations included). But far from being an expedient simplification, it represents a delineation of an area of individual action characterized by logic, teleology (both substantial and procedural) and constructive behavior. In its best versions, economics does not deny the existence of an outer area of individual action: it is only that, given the characteristics of such an area, they cannot make the object of a science of man. Paraphrasing Kant, individual reasonableness is like an island of safety in the midst of the turmoil of a stormy and dark ocean. What is outside of the shores of the island, makes rather the description of literature, drama and speculative philosophy. It is the reign of irrational, of wild impulses and destructive behavior. Aside Plato’s monument to reason, there existed the Greek tragedy, illustrating the disquieting attributes of the irrational. This contrast will be much later conceptualized, in a rather suggestive than descriptive (let alone explanatory) format to become successful in the humanities, by the philosopher Friedrich Nietzsche as the opposition between Apollinic and the Dyonisiac.

During the past decades, the area outside of maximizing rationality has made the object of incursions on behalf of economists. Herbert A. Simon described the informational limitations placed upon rational processes and defined the concept of bounded rationality, while proposing “satisficing” as a replacement of maximization/optimization. The research of Kahneman and Tversky chipped away from the confidence in the rational faculty, indicating that fallacies and errors of thought recurrently occur, in particular in probabilistic reasoning. Recent research of Vernon Smith indicated the sensitivity of rational maximization to affective, political and social factors, determining him to propose two concepts of rationality, the constructive and the environmental. However, these researches do not fundamentally contradict the principle
of rational maximizing individual: they rather increase the number of variables to be accounted for in the maximizing calculus ("externalities"). The most critical of these researches, which raised serious doubts about the functioning of the reasoning faculty in man, namely that of Kahneman and Tversky, has been clarified by Gigerenzer’s work showing that fallacies and biases can be ruled away if evolutionary psychological factors are accounted for.

The fact that rationality is bound, imperfect, etc. and by that, maximization impossible, is ultimately irrelevant. The point remains that even in conditions of uncertainty, incomplete information, faulty cognitive apparatuses, extraneous variables to be accounted for, etc. individuals act as if to maximize their fitness. Along a path opened by authors such as Alchian, Becker and Hirshleifer, economics and decision theory meet again sociobiology.

Social actors are maximizers of fitness and their decisions, whether correct or not, and their economic action, whether successful or not, aim precisely at this. The crucial point to be captured is that this maximization is not to be understood in absolute terms: in this respect, economic science may still be tributary to metaphysical assumptions, just like in the case of the theory of value. The standard which maximization/optimization ought meet, is not an absolute, determined from the vantage point of an external system of reference that the economist shares with God. The standard of maximality/optimization is determined from within, and is intrinsic to the competitive environment in which the actor (individual or firm) performs. Maximization of fitness ought be understood as maximization of fitness differentials between actors. Stressing the point, rational maximization is to be understood as relative maximization, as maximization by relation to the fitness of other actors. Stressing it even further, the rational self-interest of the actors is not to maximize in absolute terms, but to maximize in relative terms. Their self-interest is unconditionally satisfied if the fitness differential is lowered, and only conditionally satisfied if it is increased to their advantage by classic, absolute maximization actions. The first procedure is automatic; the second, is conditional upon undecidable variables of absolute fitness maximization such as those revealed by the current research mentioned previously. This being made clear, the problem of relatively maximizing action can now be tackled.

2. The principle of relative maximization and its sources in sociobiological thought. Implications concerning the theory of rationality

Fitness of actors, be they individuals or firms, is co-variant. Therefore, it is by relation to other players that maximization ought be performed.

In a competitive environment, relative maximization of fitness can be achieved by two basic mechanisms. Only the first has made, until now, the object of interest for economics:
* improved performance (asymptotically tending either towards classic maximization, or towards “bounded” maximization, maximization understood as “satisficing”)

* reduction of fitness of competitors. This mechanism, is further to be devided between two sub-classes: reduction of fitness of competitors without loss to one’s own fitness (preferable); reduction of fitness of competitors with losses of one’s own fitness (acceptable; see next).

It does not matter whether by the application of the second sub-mechanism the agent’s absolute fitness is lowered. Insofar as relative fitness is improved, which is to say, if the differential of fitness thereby produced is smaller, the result is maximal and the procedure perfectly rational.

The essence of the metaphysical assumption in classic models is that self-interest is necessarily paired with positive-sum games; while the approach hereby presented, indicates that this is not the case, that self-interest is perfectly consistent with negative-sum games (and, obviously, with zero-sum games in which one is the winner). Apart from deductive justifications, and as will be only briefly indicated in the paper, the rationale of the above claim is to be found in the human biologically evolved behavior. Even more, sociobiological and evolutionary psychological considerations indicate that zero-sum games are unconditional, since based on behavioral automatisms; while the constructivism involved in positive-sum games is conditional, because non-automatic, relying on the exertion of intelligence (and, thus, dependent of its level). Finally, the unconditional character of negative-sum games versus the conditionality of positive-sum games is indicated by the need to enforce the second and to punish the first (overwhelmingly) by the (monopolistic) exercise of coercion.

We are now in the position to understand that that which conventionally has been labeled “irrational” is the result of an erroneous thought process which incorrectly assumes maximization as absolute maximization, and its correlates: continuous improvement, progress, constructivism, growth, development, increase of complexity, as taken for granted. Relative maximization is not necessarily correlated with such. The second mechanism hereby described indicates that maximization can still occur, with a destruction of complexity, regress, reversed development: and this is concrete maximization, that which occurs in real-life environments as framed by evolved peculiarities of human nature, not in metaphysical models.

3. Ethical and philosophical implications. The external boundary of ethics

An ethics of absolute maximizing rationality/action, exists. All business ethics manuals contain exhortations reducible to that. It can be found in more or less elaborate descriptive formats, throughout the liberal tradition in political science and the (neo)classical tradition in economics. While an ethics of relative maximizing rationality is impossible: direct advocacy of destruction of complexity and regress is possible (albeit indirect advocacy is the norm), but it would hardly qualify as ethics. Therefore, in the principle of
relative maximizing rationality, and in the concept of relatively maximizing individual, *ethics founds its limit*: the exploration of this limit will substantiate the opening paragraph of this proposal.

According to the comments above, the proposed paper will be structured alongside the following lines:

- Overview of the topic of rationality and rational maximimization of self-interest, with an emphasis on current research in economics concerning the limits of rational processes
- Brief indication of the evolutionary origin of relatively maximizing behavior
- Discussion of the new relevance which the model of the rational maximizing individual, in the classical sense, thus gains, and of its ethical and civilizational significance

N.B. The paper is based on original results obtained during current work in progress by the author on the foundations of political science and political economy.
REVERSE ENGINEERING OF MORAL DISCUSSION:
FROM SYMPTOMS TO MORAL FOUNDATIONS

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Eloisa Perez de Toledo
In 1958 I wrote the following:

'There are no hard distinctions between what is real and what is unreal, nor between what is true and what is false. A thing is not necessarily either true or false; it can be both true and false.'

I believe that these assertions still make sense and do still apply to the exploration of reality through art. So as a writer I stand by them but as a citizen I cannot. As a citizen I must ask: What is true? What is false?

Harold Pinter (from the Nobel Lecture Dec. 8, 2005)

Literature reveals six groups of reasonably convergent assumptions about moral foundations that affect individuals, organizations and societies. The first group of author considers moral foundations as revealed truth or religious doctrines (e.g. Plato, Galileo, Hobbes, Kierkegaard, Gabriel Marcel, Teilhard de Chardin). The second assumes morality to be a feature of a psychological apparatus (e.g. Freud, Jung, Lorenz, Lacan). The third group views morality as the conditioning of an organism or an insight (e.g. Watson, Skinner, Kohler). The fourth assumes that ethics are social constructed and relative (e.g. Sartre, Foucault). The fifth group avoids moral discussions (e.g. Popper). And, finally, the last group tries to coherently combine some of the above assumptions about moral foundations (e.g. Maslow, Erich Fromm, Frankl).

The logical sequence after this classification is to analyse the impact that each ontological premise has on the epistemological view of social sciences, on theory building and on organizational practice. However, which moral foundation is the right one to choose? Is there a “right” one or does decision making follow a moral “self service”? Choosing one means assuming a “true belief” but refusing to choose can lead to scepticism. Can we get closer to the right choice by using criteria that can at least justify our view? Our intention in this essay is to answer this last question - we intend to provide criteria for selecting or separating what we consider to be, or not to be, morally founded behaviour in organizations.

We decided to adopt this approach because of the evident need for moral and ethical consideration, discussion, respect, consequent action and, above all, reflection about action, which is independent of any particular view of human nature. That is to say, although the effect on the ordinary life of organizations, employees and citizens is important, it matters less if mankind is ontologically morally oriented to religious doctrine, to an innate sense of justice and to socially constructed ethics. In the quotation at the beginning of this extended abstract, Harold Pinter wisely challenges every thinker and scientist who deals with human moral issues. We accept that challenge, the challenge of attempting to understand what is true and what is false.

Following Kierkegaard’s perception that “truth exists only as the individual himself produces it in action”, we suggest the method of “moral reversal engineering”, defined here as the procedure that, from symptomatic data (i.e. morality in action), sufficiently deconstructs the sequence of acts until their moral constitutions. Hopefully, this method will shed some light not only on the discussion of moral foundations but also on the practical need for daily decisions that involve moral issues.
When Ketz de Vries (1980) advocated that managers could drive their subordinates mad, he did not mean a massive production of schizophrenia, but the loss of “normal” rationality and morality in the decision-making process. The same can be said of Critical Theory applied to organizations when it denounces theories that take biased facts for granted, present them in textbooks and teach them in business schools. Critical Theory has addressed business management expressions like “producer” of ideologies that legitimate and strengthen specific social relations and management academic labels like “ideologists” who serve interest groups by implementing the socialization process in business schools, providing managers with ideas and vocabularies that aim to control the culture and ideology of the working setting and thus, creating a scientific aura that supports the introduction and use of domination techniques (Alvesson and Deetz, 1998: 239). And last, but not least, Horney (1937: 284-287) describes hypercompetitive environments as being producers of psychopathology, an interpretation that is later confirmed by Rogers (1977: 264) who compared the life of the pathologically competitive businessman/woman to a “rat race”. He insisted that there was a need to free professionals from these conditions, because, unfortunately, such pathologies produce more pathological behaviours. These professionals, during the process of career development in which they cannot easily move to another job, often face different kinds of job harassment within the autocratic informal culture while they are thinking about the bills they have to pay. This is the kind of moral dilemma in which people live today.

Following the rationale described above, in this paper we intend to exemplify some phenomena that we assume to be social, organizational and individual symptoms: namely, social depression (Frankl, 1984), stress (Lockwood, 2003) and burnout syndrome (Maslach et al., 2001). We will avoid the natural tendency to enter into a never-ending causal search for moral foundations by providing some indications for the “when to stop” criterion which is based on the critical thinking approach (e.g. Mezirow, 1991; Freire, 2000) and on the reflection in action perspective (Schön, 1983). In this respect, the inverted process (1) starts with the symptoms, which when they are not clear can be interpreted by the intuitive “something seems wrong” (e.g. Moustakas, 2001); then, (2) tries to attain moral sensibility; (3) changes the failed moral perception and replaces it with new “good” behaviour or rational; and, (4) goes back to the symptom to see whether it has changed and, if so, how. A negative result restarts the process. And if it all ends up gladly and the symptom disappears, we suggest a “stand by” phase to confirm that the change is sustainable in the long term.

References


TEACHING MANAGEMENT SYSTEMS: AN ETHICAL TRAP?

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Since business schools have become “key institutions for (...) the dissemination of managerial concepts” (Sahlin-Andersson and Engwall, 2002: 12), business school teachers are among the most prominent providers and diffusers of management knowledge. Both students and participants in continuing education programs learn from them how to deal with the complexities of organisational life and business. Management systems can be considered as powerful means of dealing with such complexities, and subsequently a significant part of management knowledge focuses on management systems.

Such systems are developed in various management sub-fields, among them management accounting/control and HRM. Teaching management systems mainly focuses on their “technical” characteristics and how to implement them. The perspective on systems is instrumental: how to make them perform the tasks assigned as effectively as possible. While organizational and behavioral aspects are considered as long as they are part of the instrumental perspective, the main emphasis however remains on technicalities. Such emphasis meets the needs of students and participants who are in quest of knowledge enabling them to be quickly as effective as possible in dealing with such systems – which will prove both their competence and legitimacy as managers.

Drawing on the reification framework, this paper argues that management systems contribute to reifying the social world, which ultimately can prove detrimental to persons. The utilitarian perspective on ethics suggests that ethics could thus be at stake with management systems. This paper further argues that when a teacher is unaware of this reification process, (s)he is likely to turn into an active accessory to it, and it makes some proposals for avoiding such an ethical trap.

The paper is structured as follows:
Part One presents the reification framework (Lukács, 1971), that is a process through which the social world, which is inherently subjective, is transformed into a façade of objectivity. The concealment of subjectivity contributes at preventing social conflict and dispute and further, at maintaining the existing social order and domination. This framework is further used in Parts Two and Three respectively for an analysis of management systems in terms of objectification (Part Two) and maintenance of social order and domination (Part Three).

Part Two explains how management systems offer objective representations of the social world. In a first section I explain how objectification operates through three processes of, respectively, categorization, inscription and quantification, resulting in a reduction of complexity but also in the concealment of all subjectivities involved in the social world, so that finally the objective-looking world represented appears
undisputable and legitimate. Management control and HRM fields offer various examples of such processes. Section Two further shows how discourse associated with these systems adds to this façade of indisputability. It analyses how the metaphors encapsulated in words (for instance, ‘performance’ or ‘value creation’) convey both objective and seductive representations which are likely to discourage social dispute. It also deconstructs the oppositions built in discourse as means of making management systems undisputable, which are encountered in any discourse promoting an innovative management system.

Part Three presents some elements suggesting that the avoidance of social dispute resulting from the existence and use of management systems contributes at maintaining social order and domination, at the individuals’ detriment. Such negative impact can be analyzed as unethical. Indeed according to the utilitarian perspective (Bentham, Stuart Mill and followers), something proves unethical when its consequences are harmful to others. The conclusion of Parts Two and Three is that management control systems are powerful agents of reification of the social world, and as such, raise ethical concerns.

Part Four comes back to teaching questions. It is argued that conventional teaching (i.e. emphasizing the technicalities of management systems) does not unveil the reifying role of management systems. By technicalities I mean the elements which cannot be understood or/and properly managed without specific knowledge of the field. For instance, in HRM systems technicalities consist of various ways of assessing performance (forced ranking, BARS and related behavior scales, etc.), or of compensating employees (stock options, bonuses, etc); in management control systems, technicalities refer to various types of responsibility centres and performance measures, or alternative ways of defining internal transfer prices. Such elements, the pros and cons of which are extensively discussed in textbooks, as well as conditions of effectiveness, are considered central to the effective performance of management systems – which can explain why they are given such a prominent place in teaching (section One). Furthermore since conventional teaching only marginally takes into account social and human aspects of management systems (section Two), it offers a fairly reified view on such systems. Empirical evidence relies on the analysis of textbooks, both in HRM and management control fields. Our conclusion is that teaching fosters the reification potential of management systems. In other words there is, at best no discussion, at worst a camouflage, of the ethical concerns attached to management systems.

Part Five discusses teachers’ complicity in the reification process. It is argued that most of the times, teachers’ search for legitimacy makes them unaware of such collaboration. Suggestions to escape this ethical trap are further offered. First, since the reification process cannot be disentangled from the very nature of management systems, learners should be made aware of it and of its possibly damaging consequences. Second, social and human aspects of management systems should be systematically part of management
systems education programs. Third, such inclusion presupposes a change in teaching methods, namely departing from reifying teaching methods. Indeed teachers too often consider management systems knowledge as neutral and objective, that is, something that can be transmitted to learners who are treated as neutral receptacles. Alternate teaching methods would consider learners as subjects in search of appropriating knowledge on a subjective basis.

The conclusive Part considers the limitations of the present analysis and suggests some academic implications.


CLASS-BASED MERCENARY OLIGARCHY?
NEW PRIVILEGES IN CONTEMPORARY MANAGEMENT

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Management Knowledge is founded on a hybrid morality: that of the bureaucracy (according to which decisions and destinies should be rule-governed) and that of the market (according to which decisions and destinies should be competition-governed). Some contemporary managerial mechanisms, such as retribution of top executives, suggest that neither of these principles are actually shaping the political orientation of organizations. We suggest in this paper that class principles are re-emerging as foundations of managerial decisions and knowledge. Put differently, we suggest that contemporary management is principally established on mercenary and oligarchic foundations, in fragmented societies characterized by the relentless production of new kinds of privileges. We take several illustrations to support this idea.
THE “ETHICS OF COMPETITION” AND THE MORAL FOUNDATIONS OF CONTEMPORARY CAPITALISM

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A distinctive feature of the contemporary period of globalization is a powerful trend towards marketization in many regions of the world. The term “marketization” refers both to market ideologies and market-oriented reforms. A market ideology reflects the belief that markets are of superior efficiency for the allocation of goods and resources. In its most extreme form, this belief is associated with the commodification of nearly all spheres of human life. Market-oriented reforms are those policies fostering the emergence and development of markets and weakening, in parallel, alternative institutional arrangements. During the last decades of the twentieth century, the dominant market-oriented reform mix has included macroeconomic stabilization, privatization, deregulation, liberalization of foreign trade and liberalization of international capital flows (Simmons et al. 2003). It has often come together, furthermore, with the local progress of financial capitalism – increasing role of capital markets and associated transformations in firm governance. It has coincided with welfare state reforms and the (partial) questioning of corporatist-type arrangements. It has also articulated with the tendency for states to move towards and adopt a “regulatory” posture – with less direct involvement and a multiplication of specialized independent agencies.

Since the early 1980s, market ideology and market-oriented policies have spread fast and wide around the globe. Markets, the argument goes, are better at allocating resources and producing wealth than bureaucracies, cartels, corporatist arrangements or governments. Furthermore, the global diffusion of marketization has had an impact well beyond the traditional boundaries of the economy. Marketization implies a redefinition of economic rules of the game but also a transformed perspective on states, regulation and their role. Marketization is questioning all forms of protective boundaries and barriers and having an impact, as a consequence, on social but also, for example, on cultural or legal policies.

However, this paper is not about marketization and its diffusion. This has been dealt with elsewhere (Djelic 2006). Rather, what we want to understand here is the “ground” on which this powerful marketization trend rests. We want to explore the moral foundations of contemporary marketization with a particular focus on the “ethics of competition”. The exercise will be one in intellectual genealogy. Through a summary pathway, we trace the intellectual lineage of contemporary marketization from Adam Smith to the contemporary Chicago School with some influences of the Austrian-school inspired libertarian movement. We explore, on this historical path, the definitions of competition and the ethical principles associated with those definitions. We hope to underscore in the process the profound political and ethical message implicitly associated with contemporary marketization and many management practices that go with it. Beyond the neutrality of “scientific” and “best practice” discourse, an intellectual genealogy of this kind makes it plain that our structural choices, economic policy making and associated educational institutions and templates carry with them profound moral implications with a probable impact on the socialization of many millions of human beings.
THE INTERDEPENDENT RELATIONSHIP
BETWEEN COST INFORMATION SYSTEM
AND STRATEGIC PLANNING PROCESS: THE CASE OF EGYPT

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We present the results of a survey study on the use of costing information in Egypt. Our sample consists of 40 industrial firms, and the survey results are complemented by interviews and field visits. We report on the costing systems used, and on the application of costing information in strategic planning and decision-making. Since Egypt is one of Non-Western Countries (NWCs), the Egyptian political leadership announced its imperative desire to carry out several programs that participate in modernizing Egypt in various areas. These areas involve: achieving advances in science, increasing technology, developing management knowledge and boosting up management development. To modernize management knowledge, a number of programs should be established to evaluate the efficiency of existing management information systems along with introducing modern techniques with the purpose of dealing with national changes and international challenges. Accordingly, this paper attempts to achieve the major goals of modernizing management knowledge throughout a mixture of theoretical and empirical exploration in the Egyptian private sector. Managers require cost information to help them set up and carry out several strategic programs that can play a major part in achieving the overall organization’s mission and attaining its objectives. These strategic programs might include: setting the pricing policy, selecting the marketing strategy, deciding whether manufactures or buys a component and choosing the required production facilities. Alternatively, according to the interviews results, strategic planning process should be adopted and it must set numerous programs that contribute to developing the cost information system, which in turn will improve management information by providing it with reliable, accurate, timely and comparable cost information. Data for this paper were collected from 40 companies in the Egyptian private sector in four industries: pharmaceutical, foodstuffs, chemical and packaging/wrapping. Moreover, we report on the problems of doing survey research in the non-western setting of Egypt. We ran into substantial difficulties in gathering the data. The original method of using a postal survey resulted in a zero response rate. Only personally collecting the questionnaires at the respondents worked in obtaining responses. Furthermore, much of the terminology used in the questionnaire – taken from the literature – seemed unknown, or not clear to the respondents.

1. Introduction
Management accounting plays an essential role in supplementing managers with helpful information to plan, scrutinize, analyze and control business operations along with execution effectively and efficiently the decision-making process, which has a remarkable influence on the overall organization’s profitability in both short and long-term periods (Kaplan and Atkinson, 1998). Research on management practices in general, and accounting practices in particular, in non-Western countries is limited in volume. This is a problem, since a lack of knowledge of the current state of these practices limits the possibilities to improve management practices in non-Western countries. Furthermore, without adequate empirical data, it is not clear whether the findings on this subject in Western (especially U.S.) organizations are universally applicable. Hence, there
are a small number of academic and practical studies on this subject. Firms, management systems and managers of NWCs are living in an environment that has unique characteristics such as political instability, currency devaluation, inflation, undeveloped infrastructure, foreign debt and a high level of uncertainty. These characteristics lead to an enormous governmental intervention in regulating management and business activities directly and/or indirectly. Even countries such as Malaysia and Indonesia had to downsize their private infrastructure and management programs because of the recent financial and political crises (Farashahi, 1999). To help management improve its information, it should understand and adopt the strategic planning process, which decides the programs that the organization will undertake and the approximate amount of resources that will be allocated to each program over the next several years. One of these programs is concerned with developing the cost information system.

2. Literature review
This part is divided into two sections: section 1 discusses the critical vision of the traditional cost accounting system (CAS) that should be taken into consideration in order to provide accurate information to managers. This section addresses certain criticisms of cost accounting system including objectives, absence of non-financial measurements for performance, the negligence of quality costs and product life cycle (PLC). Section 2 highlights the strategic planning process in the changing business environment and the recent tendencies of management thinking. In addition, this part also will explain that these changes in the business environment and new management thinking require new techniques of management accounting that allow managers to cope successfully with this environment.

3. Methodology and conceptual model
We divide this part into five sections: (a) research philosophy, which is dominated by the positivism perspective in order to examine the interdependent relationship between cost information and strategic planning process, (b) research approach, which is designed to collect quantitative data about the two main variables in this study and other control variables that have an influence on such relationship. In addition, the conceptual model has been operationalized in a way that enables variables to be measured quantitatively (the approach used is the deductive approach), (c) research strategy that will be used is a survey in the four different industries in the Egyptian private sector (40 companies, 10 companies from each industry), (d) data collection methods, which focus on three major methods: questionnaire that includes three parts including general information about the company, information about the costing system and the third part deals with several issues about the company including strategy, organizational structure, diversity/complexity and strategic planning process. Interviews are also conducted with managers and accountants. Finally, the research depends on secondary data, for example: government publications, Ministry of economy, Ministry of public enterprise and Egyptian Organization for Standards and quality (EOS) and (e) data analysis, we use
the six-point scale in the Likert Scale analysis to interpret the investigation outcome, and we will also depend on various factors to describe a number of characteristics of the sample. The next model is used to scrutinize the relationship between cost information and strategic planning.

Control Variables

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<thead>
<tr>
<th>(1) Organizational Factors</th>
<th>(2) Technological Factors</th>
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<tr>
<td>Strategy</td>
<td>Organizational Size</td>
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<td>Organization Structure</td>
<td>Organizational Complexity</td>
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<tr>
<td>Diversity/IT</td>
<td>Firm’s Production Process</td>
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(Environmental Uncertainty, Competition)

(3) Environmental Factors

4. Conclusions

We surveyed cost accounting practices in Egypt. Based on the results from a sample of 40 industrial firms, we conclude that cost accounting is still very much in a developing stage in Egypt. Activity based costing is virtually unknown, and accounting concepts such as cost pools and resource consumption seem unfamiliar to the respondents. The findings from interviews with academics, accountants and managers reinforce this interpretation. In addition, Costing information is used mainly for pricing purposes, implying a cost-plus approach to pricing. This is an approach that can be fitted to the economic circumstances in Egypt: with the Egyptian government retreating from the economy more and more, firms are increasingly faced with market forces. However, it is very likely that market prices are not yet completely determined by these market forces, and that firms are not yet used to the market determining the price. Overall, the use of costing information for efficiency improvement seems less important. The use of any advanced accounting techniques, such as activity based costing, seems absent. On the other hand, Egyptian firms should adopt a strategic program that is designed to develop cost information system by establishing several sub-programs. These sub-programs include: Convincing Egyptian managers of the important role of cost data in the decision-making process, increasing the degree of coordination between management accountants and managers to support such managers with the right information at the right time and eliminating all obstacles that could prevent adopting the Activity-Based Costing (ABC) system.
IMPLICATIONS OF MULTICULTURALISM
ON CORPORATE SOCIAL RESPONSIBILITY

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**Introduction**

Abundant and clamorous corporate scandals marked the last decade and were accompanied by an intensified media scrutiny over the behaviour of big corporation with special attention on their outbound activities. Issues such as working wages, labour rights, environmental safeguard, respect of human rights, child labour, workplace conditions, bribery and corruption, were scrutinized by non-governmental organizations (Ngos), public activists and peer pressures groups, giving global resonance to corporate misconduct. Corporate and institutional response to public pressures took several directions aimed at enhancing corporations responsible behaviour through corporate responsibility policies (CSR) and accountability. While on the one hand, corporations enhanced transparency and accountability through social and environmental reporting; on the other, companies’ responsible conduct was pursued through the draft and the enactment of self-regulatory tools such as codes of business conduct and ethics (namely codes of ethics and conduct) complying with national law requirements (The sentencing Guidelines for the US or Legislative Decree No. 231/2001 for Italy), and aiming at fostering the promotion of ethical conduct within organizations, through sharing values which provide basic guidelines to comply with when faced with critical situations and ethical dilemmas.

**Codes of conduct and spheres of justice**

As previously described the significance of corporate codes seems to lie in the valorial framework they provide to employees as well as managers and affiliates to manage a set of issues, which, most of the times pose ethical dilemmas. The regulatory framework of organizations can be depicted as three interconnecting spheres of justice fairness. The first as the realm of external legal provisions which govern the conduct of business and correspond to existing and widely shared national as well as international regulations; secondly the realm of internal rulemaking procedures which derive from industrial relations, employment contracts and the customary practices which have become established through daily use. While compliance is limited to the adherence to the first two spheres, the aim of corporate codes is to go beyond legislative regulations, entering the third sphere, and regulating the uncharted territory of personal responsibility and the grey areas.

**Internationalizing ethics**

As business spans the globe, companies internationalize their business operations, broadening their operating environment to foreign locations, including an increasingly diverse workforce. This makes the confrontation with locally based expectations, expressed by companies’ strategic stakeholders such as shareholders, local employees, costumers, contractors and communities, more complicated, challenged by the societal expectations due to multiculturalism (Sachs 2000; Post/Preston/Sachs 2002). These broad and heterogeneous societal concerns require strategic responses.
The challenges posed by globalization to CSR policies and tools are very demanding as they often end up with recalling the heated debate between relativism versus universalism which, translated into corporate language, means the choice between standardization of norms of conduct which result homogeneous for all the companies’ stakeholders, versus taking the risk of embracing diversity and it’s potentialities through adapting and adjusting to a multicultural perspective. A few examples can be helpful, when drafting a self-regulatory tool such as a code of corporate conduct and ethics, aimed at establishing basic values and related norms to comply with, companies find themselves facing local practices, and values brought by external (foreign contractors) as well as internal (multicultural workforce) stakeholders.

Weighting the pros and cons
For what concerns voluntary self-restraint codes of conduct enacted by single corporations, an opposing argument to local adjustment is that, since codes function is to codify behaviours according to pre-established and universally accepted standards and norms, the very nature of codification seems to be against cultural exceptions or local adjustments, opting for uniformity in line with the set of standards shared at the organizational level. Thus every kind of exception is seen as a challenge to the uniformity of conduct pursued and then avoided.

Nowadays it seems that things are slowly changing and while the initial trend in corporate codes was in line with general standardization and relative uniformity of norms, there is little and emerging evidence of local adjustment not only involving corporate codes but related even to the whole ethical programs.

In view of emerging localisms, proponents of the relativistic position urgently call for a tailored approach of corporate codes, fitting the nuances of the global community. Proponents suggest that when operating on the international scale, it becomes clear that the one-dimensional value system that has traditionally lead ethical decision-making in business, is no more a valuable solution. As a matter of fact religious beliefs with strong rebounds on business behaviour such as Islam and Confucianism or historical as well as social deep-rooted practices such as Guanxi in China reverse the traditional western-based ethical approach, putting severely in crises business paradigms in a world where localism is fighting it’s battle against globalization. Several examples and case studies are usually brought to sustain the thesis. Under these changing circumstances the ethical stage is no more the one we were used to act on, as actors multiply and scenes invariably change.
Aim of the paper

Although much is known about codes, and some studies have acknowledged the positive impact of codes on employees societal diversity (Valentine, Fleischman, 2002), a systematic lack of understanding of the multiple issues codes generate across a range of organizational contexts (Weaver, 1993) in respect to localisms, exist. In order to fill this gap, the aims of the present paper sought to:

- Identify codes contents that enhances attitude toward understanding of moral divide related arguments and espoused philosophies underpinning the management in a sample of corporate ethics programs.
- Identify possible indicators of codes local adjustment

This aim has been achieved though the qualitative analysis of a sample of corporate ethics programs available on line on corporate web sites from a selected sample of companies. Rather than look at corporate codes in isolation, the whole spectre of tools professional organizations have to regulate their behaviour, have been considered including mission and values statements, diversity pamphlets, special reports and social reports and Ceo letters. In order to provide the analysis with uniformity, documents and information have been selected among those available on line on corporate web sites and reporting available to the public.
CORPORATE MORALITY

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Managers’ exercise of critical analysis, the integrity of management decisions ostensibly motivated by social considerations and the expansion of the moral realm within capitalist collectivities (Blasi, 1980) appear as perennial problematics, dogging moral philosophy, industrial sociology and business ethics. Despite pressure for corporate management to adopt a moral mantle in relation to its conduct (Berle and Means, 1932), substantial anecdotal evidence suggests that corporate management’s normative orientation is for a delimited role (i.e., to that domain where goods and services can be provided to customers under profitable circumstances: Jones, 1996). The moral inertia of the capitalist organization, relative to that of private individuals at any rate, permits managers to take heed only of actual or perceived stakeholder pressures (Reed, 1999).

Considerations of ethically informed managerial behaviour in moral philosophy, industrial sociology and business ethics remain, for the most part, disparate and self-enclosed. For instance, philosophical arguments that would be salient in contemporary discussions of corporate responsibilities appear rarely in management journals. This essay draws from these interdisciplinary sources in an objective to establish the conditions necessary for the exercise of moral agency in corporations. The essay proceeds in four parts. The next section clarifies the capacity of the capitalist corporation for moral agency, in the sense of holding itself morally responsible for its actions. The second section identifies constraints on the capitalist corporate organization that delimit its capacity to explain its actions in morally coherent terms. Third, the creation and maintenance of ethical values in corporations is treated as risk-taking behaviour, argued to be necessary if the corporate form is to widen its responsibilities beyond those demanded of capital. The final part looks at the form that corporate moral accountability might take in the discharge of wider responsibilities.

**Moral agency in the capitalist corporation**

That ‘corporate social responsibility’ might imply moral obligations for a corporation is grounded on an assumption that a corporation can possess moral agency. The moral realm treats a collective entity as a moral agent - account of what a collective entity does - or a moral patient - on account of what happens to it (Graham, 2001). Of the former, the meta-ethics literature no longer considers as contentious the treatment of collective entities as moral agents in the sense of being held morally responsible for what they do (French, 1984; May, 1992; van der Beld, 2000). Graham (2001) argues that collective entities’ lack of sentience does not preclude moral concern for them, leading to a condition under which some collective entities can be considered part of the moral realm by virtue of their status as objects of moral concern. Graham argues further that the relation between an individual’s interest, where the individual is considered as part of a collectivity (moral agent I), and the interest of the collectivity itself (moral agent II) becomes problematic in a way which creates complications for the reasoning of moral agents I and II. Ontological priority of the collectivity may be different to that of individuals “since reference to the collectivity itself
may be ineliminable for securing the most significant description of the individuals’ behaviour” (Graham, 2001: 24).

The argument has application to the effect of employment on a corporate manager’s moral reasoning and decisions flowing from that reasoning. Of itself, subordination of private moral sets to those of collectivities does not present a problem if a collectivity can justify coherently the integrity of decisions made on moral grounds. A problem does arise, however, in a capitalist corporation. Moreover, moral judgment in arenas such as social welfare and environmental sustainability is likely to lack integrity (Roberts, 2003) if such judgment is dependent on self-interest, self-deception, wishful thinking or adaptive judgment formation (Caney, 1999: 26). These characteristics all ineluctably imbue modern corporate management decision-making.

**Moral coherence**

A collectivity’s moral beliefs are coherent if the actors concerned can view the decisions made by the collectivity as adhering to a coherent system of moral and non-moral beliefs (Long, 2004: 118). An exception is provided by foundationalist beliefs, agents of which claim some to be self-justifying and others in no need of justification. Foundationalist beliefs describe the moral sets of a capitalist collectivity: the inalienable right of shareholders to dividends; the duty of managers to act according to the fiduciary interests of the owners of the collectivity. In such circumstances, the pendulum of moral agency swings to matters of **enabling** power (Foucault, 1980) and legality. It is a matter of legality as to the personhood of the corporate form. It is a matter of capacity as to the success of the corporate form to marshal resources (labour, physical materials) under a set of restraints imposed by the market to produce a narrowly defined set of acceptable outcomes (economic profit). Other moral considerations are rendered incoherent (mute) when responsibility is perceived as constituted by the demands of capital.

The automatism of stakeholder responses accords with intuitionism. Decisions referencing social considerations are guided by stakeholders’ expectations (communicated or perceived) and the relative abilities (actual or perceived) of stakeholder groups to portray the firm in a public light in ways that might damage the firm’s economic interests. The relativistic outcomes of decisions made on that basis are not sufficient to allow ontological adjudication between poles of dissent (or even to recognize dissent). A relativistic position is likely to affect the nature, role and effects of reflective equilibrium, the dominant form of morality in capitalist societies, elaborated by Rawls in *A Theory of Justice* (Long, 2004: 119).\(^1\)

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1 Reflective equilibrium is a concept that takes as central the idea of coherence between our moral beliefs, and the decisions that flow from those beliefs, and the theories that support them (Long, 2004: 117). One revises constantly particular moral judgments and their underpinning theories, be they universalist, rationalist or intuitionist, until the actor is satisfied that each supports the other. Relativistic decisions, however, have little truck with the possibility of (let alone the requirement for) reversion. A corporate decision is morally justified if it is seen to satisfy the most powerful relevant party.
Moral consideration is possible to the extent that the agent is confident in judgments that flow from such consideration (Long, 2004: 121). Capitalist corporations are limited moral agents because the coherency and consistency of their moral beliefs is restricted to the absolutist call of capital accumulation. How then can managers respond to calls for wider corporate responsibilities? When allegiance to capital is held irrefutable, managers will not have the necessary confidence to form coherent strategies concerning wider responsibilities beyond those admitting of glibness and superficiality. In terms of the capitalist corporation, the problem is not so much one of ethical agency as the coherence of arguments used to determine moral decisions.

The creation of corporate values

Foucault (2001) draws from and develops Nietzsche’s work on morality and Schopenhauer’s work on moral empowerment of the individual agent, offering Socratic parrhesia (moral courage) as a critical device for studies of modernity. Parrhesia refers to a type of relationship between the speaker and what he or she says, free of rhetorical form and carrying personal risk to the speaker (Foucault, 2001: 12). Socrates used parrhesia when daring to speak freely to his superiors “because what he says accords exactly with what he thinks, and what he thinks accords exactly with what he does” (Foucault, 2001: 101).

It might be imagined that the positioning of the corporation in a parrhesiastic stance is apposite to the purposes of responsibility-related initiatives. Corporations and research institutions risk their business prospects if challenging their own allegiances and values; even so, challenges and self-criticisms are needed if calls for corporate responsibility are to promote praxis (changes to the orthodoxies of business). Indeed, parrhesia admits of bearing the risk as a virtue in itself. Only if managers are willing to take on such risks will stakeholder management advance beyond the neo-liberal promise as reflected in the instrumental line of argument (Lehman, 1999). Moral justification of organizational actions requires risk-taking, precisely because the corporate form of organization finds refuge in positions of moral neutrality (Boltanski and Thévenot, 2000). Corporate responsibility research might advance from its focuses on trivialities and effects (Shaw, 1996) if corporate managers are prepared to adopt a courageous position from which to contest their own activity. If the moral status of the collective entity is to be equated to that of the individual, as elaborated in the first section above, a capitalist entity’s giving of a moral account (Schweiker, 1993) might just be feasible.

Moral accountability

Foucault’s later writings develop a kind of moral self-constitution in which the subject forms itself in relation to sets of moral norms (Osborne, 1999: 48). From the *History of Sexuality Volume II*: 
“… the individual delimits that part of himself that will form the object of his moral practice, defines his position relative to the precept he will follow, and decides on a certain mode of being that will serve as his moral goal. And this requires him to act upon himself, to monitor, test, improve, and transform himself.” (as found in Butler, 2005: 16)

The quotation illustrates the problematic of self-critique, that a moral agent must first realize and accept one’s moral constitution. A capitalist corporation, however, constituted by diverse legal structures so as to focus exclusively on economic profit-making, is relatively more opaque than are individuals to its moral interrelations. The norms available to it proscribe the possibility of open recognition of others. Yet, if morality is “essential to the determination of agency and the possibility of hope” (Butler, 2005: 18), the corporation must decide for itself how to account publicly in moral terms, and to whom to account.


ON THE AMORALITY OF MANAGEMENT PRESCRIPTIONS

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When presenting his *principles of scientific management*, the American engineer and consultant Frederick Taylor is quite outspoken (1911/1998). He does not pretend to control the workers unobtrusively, but describes in detail the strengths and weaknesses of different individuals. Starting from the task idea, scientific management takes a bottom-up perspective on management. Workers should specialize, and similarly should managers. Scientific management implies a *more equal division of the responsibility between the management and the workmen* (p. 10).

Today Taylor’s attitude towards the workers seems condescending, to the point of being inappropriate. “Taylorism” has become a word with awkward connotations.

Like Taylor, the French industrialist and writer Henri Fayol underscores the importance of discipline, order and productivity in organizations (1916/1984). Fayol, too, had extensive experience of management. But his view on managers is different from that of Taylor. Rather than sharing the workload with the workers, managers should be specialists in their own right. *General and industrial management* implies a distance between managers and their subordinates. Managers therefore must adopt a top-down perspective on their organization. Fayol does not mention workers by name, as Taylor does, but tends to regard them as abstract entities, and potential troublemakers. They constitute one reason why managers should plan, organize, coordinate, command and control.

Today Fayol as a historic person is all but forgotten (Parker and Ritson, 2005). “Fayolism” is not an issue. But Fayol’s ideas remain the essence of prescriptive management nonetheless (Fells, 2000; Smith and Boyns, 2005). Management textbooks are still subdivided into sections, which mirror the managerial tasks described by Fayol (Harding, 2003).

In particular, Fayol’s view on management permeates the teaching of management accounting. But over the years the empirical base of these management prescriptions seems to have evaporated. Management accounting has evolved as an outright prescriptive, normative activity.

Management accounting models are often technically advanced, but they do not include any shortcomings of hierarchy, emotions, incompetence, or disagreement. More often than not, the models see things “happen”. There are no people in these models, whether loyal workers or troublemakers. Instead, the models prescribe managerial behavior disregarding managerial practice and the people involved in this practice.

This means that the complications of *managing* – of making people do what they would rather not – are ignored. So are its moral implications: to what extent should organizations encourage the
making of obedient organization members? Management accounting prescriptions are phrased so as to appear perfectly neutral, void of any problematic morality.

Universities and business schools are not the only ones who teach management, however. In my paper, I will compare the management prescriptions of management accounting textbooks with those of the popular management literature. The two types of prescriptions differ in important respects, particularly when it comes to assumptions about organizations and organizational success. But they are similar in at least two ways: they take scant interest in managerial practice and scant interest in people.

I will discuss why this is so. Taking managerial practice into account means that the complicated (weak or non-existent) relationship between management and organizational performance would have to be seriously evaluated. It would require a serious evaluation of the fragmented, often turbulent working days of managers, as well as an appreciation of their non-decision making style. Most important of all, it would require that people be brought back in.

Taking people into account might reduce the importance generally attributed to management. It would mean an appreciation of problems that have no apparent solution. An uncomfortable reality of hierarchy and power must be acknowledged. This would bring about a new type of discussion; as of yet largely absent from the management accounting as well as the popular management discourses.

I will discuss the role of leadership in this context – and hypothesize that ideas of leadership are functional in deterring interest from problems related to the notion of management. Ideas of leadership then help decouple managerial practice from management prescriptions, and different types of management prescriptions from each other. They help stabilize the a-moral position of different management prescriptions.

I will explore how leadership (as described in the literature) brings moral issues to the fore. Or are ideas of leadership yet another way of camouflaging what management is all about?
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THE MORAL IMPLICATIONS OF THE HEGEMONY OF
THE HR PERSPECTIVE ON CONFLICT IN EMPLOYMENT RELATIONS

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David Lewin argued in a recent paper that our contemporary social perspectives on conflict in employment relationships are really dominated by two “paradigms” – one rooted in the (now declining) Industrial Relations (IR) discipline and the other in the (quite flourishing) Human Resources (HR) management area (Lewin, 2001). These paradigms are based on different fundamental premises about organizations and (within them) conflict in employment relations. For the IR perspective conflict stems from a lasting employer-employee imbalance which requires organized and institutional intervention (from law, or trade unions, or both) to be corrected. That conflict can however be constructive, even when adversarial and win-lose relationships between the two parties predominate. For the HR perspective however, conflict is a result of poor human relations and perfectible management processes and any endogenous power differences are minimized. Organizational and workplace interventions and techniques (like “employee empowerment”) which promote cooperation and mutuality can generate employer-employee unities of interest and identity; when used wisely conflict can be radically minimized if not totally eliminated. Empirical research supports each perspective’s claims, to some extent.

This paper takes this portrayal of these two contrasting representations of workplace tension and conflict and uses its finer points to raise a number of questions of relevance to the moral foundations of management knowledge of employment relations:

concerning the reasons for the relative isolation of each paradigm from the other within the academic world, and the progressive institutional and pedagogical ascendancy of IR over HR

concerning the moral implications of the managerial representations of employee interests and identities that each of the paradigms encourages, implicitly and explicitly

concerning the selective and “imperialistic” tendency of the HR paradigm to integrate a number of other perspectives (such as ‘stakeholder theory’ and ‘diversity management’) and co-opt them to the same communitarian and unitarist assumptions. While this is done the contributions of other disciplines – such as the Sociology of Work – are minimized or ignored

Does the growing intellectual hegemony of the HR paradigm on conflict and employment relations (in Business Schools and perhaps also in Universities more widely) imply a moral hegemony, the dominance of particular ethical assumptions and principles? What would that mean for practitioners and managers?

The paper goes on to consider these issues and argues that such a dominance has not yet been attained because of the relative underdevelopment of ethical thinking within the HR paradigm itself. Since the decline of paternalism and the post-war emergence of the view of employees as – above all - knowledge-bearing resources, attempts to develop an ethical paradigm of responsibility towards groups of employees (for
example at the European level) have been timid and lacked strong institutional carriers and transmission processes. The strong prevailing tide of *individualism* within the HR paradigm has moved thinking in the opposite direction. The fate of the “mutual gains” perspective in the USA illustrates this tendency in another part of the world. By omission the HR perspective leaves around it a moral vacuum which is filled by simplistic unitarism and ethical “unreasoning”.

The final part of the paper concludes by considering the institutional and intellectual problems that this state of affairs poses, and puts forward one or two ideas on how to tackle them.

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TRANSPARENCY & WHISTLEBLOWING IN FRANCE: 
ANATOMY OF A NATIONAL TABOO

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Denunciations, disclosures, reporting, informing: why do whistleblowing procedures create an ethical dilemma in French corporations? At the core of the Sarbanes Oxley Act (SOx), the reporting of illicit activity in the corporate world materializes the antagonism between transparency and confidentiality. First signed into law in 1863, the False Claims Act allows citizens or companies to bring suits against groups or other individuals that are defrauding the government through programs, agencies, or contracts. The False Claims Act underwent significant changes in 1986 to protect whistleblowers. This amendment has probably influenced the Sarbanes Oxley Act voted in 2002. Since the Enron, Arthur Andersen and Worldcom scandals, whistleblowing procedures are viewed as a necessary dialectic between individuals and organizations. Yet since January 2006, the requirement that foreign multinationals listed on the New York Stock Exchange (NYSE) implement this practice has been met with stiff resistance in many French companies. Some French labor unions see this controversy as a clash between the European and Anglo-Saxon models of managerial culture. In an overview of the literature, a semantic analysis of the words used in French to refer to "whistleblowing" reveals a clearly pejorative view. To understand the moral reticence of French companies towards whistleblowing, our study articulates three levels of analysis: (1) a business survey of 82 large French corporations, (2) an analysis of two sociopolitical crises entrenched in the collective French memory, (3) and a philosophical critique of the concepts of whistleblowing and transparency.

1/ Business survey

Our business survey was conducted with the Compliance Departments of large French corporations, mainly those in the CAC 40 listed on Euronext. Of these 82 corporations, which include some of the largest capitalizations in France, 22% are listed on the NYSE. This sample includes 18 business sectors and employs 7.4 million people, i.e. 27% of the French working population. Our results show that in 2005, only 41.5% of large French corporations had whistleblowing procedures, compared to 79.2% for American companies listed on the NYSE in 2003. The different types of whistleblowing procedures in France reveal a paradox: while these procedures are intended to promote transparency, the reality is that employees find them extremely vague, confusing or disturbing. Does this paradox reveal a taboo? Why do French companies see whistleblowing as a risk, and not as a means to prevent risk?

2/ Sociopolitical analysis

The roots of this paradox can be traced to two major political crises involving informing and deeply embedded in collective French memory. In the history of France, the Dreyfus affair is the paragon of false evidence: the government's indictment of an innocent man illustrates the subversive risk of whistleblowing, placing lies, slander and injustice at the heart of transparency. Under the Vichy government, French
collaboration with the Nazis engendered thousands of instances of informing. Here again, innocent people were accused of being guilty. Whether the Dreyfus Affair or the collaboration of the Vichy regime, in both cases, the informer was indistinctly tied to the guilty party. Again in both cases, the informer acted to serve an authority entrusted “with a monopoly on legitimate physical violence” (Weber, 1919). Often presented in France as a tool of the powerful or the guilty, whistleblowing is rarely viewed as a device of justice or truth, as is the case in Anglo-Saxon cultures. Embedded like a deep splinter in French national memory, do the remnants of this confusion influence the adoption of transparency procedures in French companies?

3/ Transparency: an opaque concept

Whistleblowing is part of a philosophy of transparency. Inscribed at the heart of a precautionary approach, transparency is often viewed as an opaque concept that arouses suspicion. In substance, transparency qualifies the disclosure of information. It is defined according to five related concepts that endow it with a structure: information traceability, intelligibility, independence, exhaustiveness, and the immediateness of the disclosure. Through these five criteria, we analyze the philosophical sources that have examined the themes of accusation, infamy, complicity and exposure, from the Sycophants of Ancient Greece to the "supposed right to lie because of philanthropic concerns" of Emmanuel Kant. Whistleblowing procedures revive a primeval query: “Am I my brother’s keeper?” We also explore various religious sources (Catholicism, Protestantism, Judaism, and Islamism) to compare their moral influence on European and Anglo-Saxon corporate cultures today.

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SOCIAL CONVENTIONS AND FOCAL POINTS IN
THE COORDINATION OF KNOWLEDGE BASED EXCHANGE

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The predominant thinking on organizational knowledge to date has focused on the stickiness of knowledge articulation and transfer due to intrinsic tacitness, social complexity and contextual embeddedness. Knowledge is “contextual and embedded” in the highly complex organizational routines and processes, hence, difficult to imitate (Zack, 1999). Therefore, it has been identified as a source of creating sustainable competitive advantage for firms (Drucker, 1993; Grant, 1996a, 1996b; Leonard-Barton, 1992, 1995; Nonaka, 1991, 1992, 1994; Nonaka & Takeuchi, 1995).

Despite ever-increasing literature on organizational knowledge, there is no consensus in the field on a widely accepted definition of knowledge. Blackler (1995) lists its characteristics as “multifaceted and complex, being both situated and abstract, implicit and explicit, distributed and individual, physical and mental, developing and static, verbal and encoded”. For the purpose of this study however, knowledge is defined as socially constructed (multiple realities) (von Krogh et al., 2000), institutionalized and culture-bound (Hodgson, 1999), hence, contextual (Nonaka & Takeuchi, 1995). Boisot (1998) emphasizes the cumulative tendency and complexity of knowledge while Spender (1994, 1996) highlights the process by which knowledge expands by application and collective practice. We also regard these characteristics as indispensable in understanding the organizational dynamics of knowledge.

The knowledge-based theory of the firm suggests that firms outperform competition when they can exploit the imperfect mobility of assets which generate greater rents within a particular firm. Such rents are largely derived from invisible and organization-specific assets that are not easily imitable by other firms (McGrath, 2005; Grant, 1996a; Karreman & Alvesson, 2004; Spender, 1996). However, the knowledge based view of the firm maintains that not all exchange opportunities are valuable because the value of a firm’s knowledge base is not necessarily transparent (Tsoukas & Mylonopoulos, 2003; Miettinen & Virkkunen, 2005; Coff, 1999). Knowledge intensive exchanges pose fundamental value assessment problems (Chi, 1994) that lead to significant transaction costs of searching for reliable and valuable partners (Kranton, 1996), and cause potential exchanges falling through (Arrow, 1974; Spender, 1996; Zander & Kogut, 1995). This assertion moves the focus of analysis away from the market competition paradigm to a behaviorally-based theory of exchange which takes into account the effects of social externalities such as inter-firm relations and social structure.

Collective identity based on shared values and norms reinforce a common worldview, breed trust and motivate participants in knowledge-intensive production to interact and communicate positively with each other while exploring new ideas and initiatives. Kogut and Zander argue that “identity leads to social knowledge that supports coordination and communication” (1996, p. 502). Nonaka also depicts the essence of the creating and diffusing tacit knowledge and learning when he emphasized “personal commitment, the employees' sense of identity with the enterprise and its mission (1991, p. 97). On the other hand, when there is no history of shared experiences or repeated social exchange over a long period, collective identity cannot
function as an effective coordination mechanism. In this case, tacit communication through social salience or common knowledge could suffice as a coordination mechanism for knowledge exchange. Indeed, tacit communication could be more effective in a social community of practice with strong collective identity, but also takes place among actors with diverse background and identities. Coordination of interaction through tacit communication when two or more parties have incentives to reach a mutually beneficial outcome has been termed a “focal point” (Schelling, 1960). To put it overly simply, focal points enable coordination by assisting actors to identify each other’s attributes even when they do not have strong social ties.

Focal points and social conventions (Lewis, 1969) have important implications for knowledge based exchange and organization, but have not been sufficiently researched in the knowledge management literature. Our main thesis in this paper is that focal points and social conventions (Lewis, 1969) or patterns of behavior that are customary and self-enforcing (Schelling, 1960; Ellickson, 1991; Young, 1996) drive valuations in knowledge exchange. The intangibility of knowledge-intensive exchanges (McGrath, 2005; Karreman & Alvesson, 2004) shifts the focus of valuation away from the objects of exchange towards how the socio-economic system selects certain actors in each field or business domain and identifies their “focal” assets. The main purpose of this conceptual paper is to elaborate the concept of focal points (Schelling, 1960; Lewis, 1969) which underlines the creation of social conventions (Lewis, 1969), and to analyze their applications to the social context of knowledge-based exchange and competition. The primary insight of this approach lies in shedding new light on the social determinants of economic valuation such as precedents, salience and positive predisposition of actors.
STAKEHOLDER THEORY:
CRITICAL REVIEW AND RESEARCH PROPOSALS

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Traditionally, strategic research has tended to make certain assumptions that have favoured certain ways of interpreting strategy. Most models have focused on relations of rivalry and have described strategy as a process that occurs at an organisational level, in which managers act in a deliberate and rational way. Although these models are easy to apply and fit in well with managers’ cultural frame, it is debatable whether or not they are the only way of characterising strategy. If these assumptions differ from reality, the application of these models can compromise the future of the organisation. Many authors are aware of this problem and have tried to define new paradigms that are strategically profitable as well as socially and ethically sustainable. The stakeholder theory probably goes furthest to meeting this combination of requirements.

In both of its versions (strategic and normative), the stakeholder theory recognises that between organisations there are relations of mutual dependence that must be managed. In this respect, the stakeholder theory, just like other strategic models, ignores the possibility that organisations might coordinate a unitary course of action at a collective level.

Based on this approach, this paper aims to respond to three questions: a) What role has stakeholder theory played in the recognition of organisational interdependencies? b) What critical assessment can be made of this theory? and c) Which research areas will enable its useful contributions to be applied whilst avoiding its limitations.

**a) The recognition of interdependencies**

Early strategy models describe the context as a homogeneous and well structured setting that limits an organisation’s options in terms of action. Strategy is therefore a reactive process, which takes place at an organisational level and which seeks either to adapt to contextual restrictions (contingency theory) or to position the organisation in markets that guarantee revenue (theory of strategic positioning).

Resource dependence theory and stakeholder theory have criticised these models for not recognising that organisations are able to influence and modify their environment. In this new paradigm, organisations maintain specific relations of dependence and rivalry that must be managed through negotiation and compromise.

**b) Critical assessment of stakeholder theory**

Stakeholder theory has made important contributions to the study of strategy.

1) It recognises that organisations are linked by relations of mutual dependence,
2) It has contributed to the democratisation of organisations, empowering the rights of the affected parties to participate in decisions about the decision-making rights that correspond to the shareholders,

3) It links the issue of strategy with the area of ethics.

However, the theory undoubtedly has its flaws:

1) It focuses too strongly on the organisation, ignoring the processes of action that take place at a collective level,

2) It neglects the possibility that organisations might coordinate themselves to create resources that are valuable to all organisations in the collective,

3) It interprets action as something intentional and hence does not consider the possibility that collective action might emerge or evolve in a way that is unplanned, within the process of social interaction itself.

c) Future research areas

Critical assessment of this theory gives rise to certain proposals, which should in turn lead to the development of a theoretical model that reflects reality more closely.

1. The application of the ecological notion of communal adaptation
Theories that have applied a biological analogy to the study of organisations have recognised that organisations often form social systems (population ecology), and that these systems can be coordinated in order to develop a collective action similar to the phenomenon of communal adaptation described in biology (collective strategy and community ecology).

2. Cognitive strategy
The decisions made by a manager depend on the way in which he or she interprets reality. According to the theory of competitive enactment, in the processes of exchange that take place in markets, managers tend to unify their understanding and coordinate their decisions, thus a unitary and non-intentional action emerges at a collective level.

3. Recognition of resources and collective capabilities
Social systems can lead to the formation of routines and strategic capabilities that could be effective at a collective level. Concepts such as reputation or trust must be promoted and analysed not only from the
point of view of the organisation but also of the collective. Unfortunately, none of these theories has analysed in depth the strategic consequences of these systems.

The inclusion of this collective dimension will help to build a stakeholder model that incorporates a more comprehensive view of action, in which two levels of analysis (organisation and collective) are combined with two views of action (deliberate and unplanned). This new paradigm would provide socially sustainable strategic advice to managers.
THE ROLE OF THE ENVIRONMENTAL AUDIT
FOR THE REINFORCEMENT OF THE ECONOMIC
AND ENVIRONMENTAL CONDITIONS OF THE ORGANIZATIONS

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The concern for the environmental protection has gained considerable importance over the last years, becoming a topic of great interest to companies and governments, as well as for the citizens and public opinion in general.

Simultaneous with this phenomenon of increasing interest on the part of the society and the authorities, an environmental law was developed in the different countries, which in some cases implied an adaptation effort on the part of the enterprises. In fact, the existing environmental norms have gained a high degree of complexity and non compliance can determine, in some cases, high penalties and/or sanctions.

This phenomenon caused the enterprises to consider environmental issues, in a way that they became concerned if their activity caused environmental damage. This awareness led to the necessity of introducing environmental issues in the daily process of decision taking.

Thus, the present and future responsibility of environmental issues has become presently indispensable. In this manner a new factor emerges that both enterprises and organizations in general cannot ignore. The aim is to develop an adequate environmental policy that agrees with the interests of society in general. This environmental policy, on the other hand, can become a strong marketing tool.

The environmental audit emerges as a result of this increasing concern with the environment and of the responsibility that enterprises have in this matter. This tool is capable of evaluating and testing the basis of a careful policy on the environmental issue, which is concerned with environmental issues involving the industries and analyses the environmental risks resulting from carrying out certain activities, as well as evaluating its impact.

Therefore it is essential to develop environmental audits with the aim to develop programs that permit meeting the present legislation on these issues, in each country, in each sector of the activity, region, etc.

Those enterprises that wish to know and analyze their particular situation in relation to the environment carry out this type of audits, be they internal, carried out by the enterprise, or external, ordered from specialized firms.

The environmental audits are procedures of systematic checks which are recorded permitting to obtain and evaluate the results of the audit objectively, (information that can be checked, in reports or statement of facts), to determine if the Environmental Management System of an enterprise is compatible with the
criterion of the audit (policies, practices, procedures or requirements), and to communicate the results of the process to the clients. Its performance is totally voluntary, being a flexible tool whose achievement is determined by the needs and priorities of the enterprise.

In this study, we hope to fit the environmental audit in the environmental management systems of the organizations, emphasize the legal requirement in this matter, check what is being done in this field in Portugal and what benefits for both the enterprises and the environment can result from such an audit.
INTELLECTUAL EVOLUTION OF STRATEGIC MANAGEMENT AND ITS RELATIONSHIP WITH ETHICS AND SOCIAL RESPONSIBILITY

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Recently some studies on strategic management history have been done, including its evolutionary perspective (e.g., Herrmann, 2005) and the changes in its intellectual structure (Ramos-Rodriguez and Ruíz-Navarro, 2004). However, very little attention has been paid to the relationship between ethics, or social responsibilities, and strategic management, since this latter concept has been introduced. This fact, together with the relevance of the historical evolution of such relationship, lead us to undertake the present study, whose aim is to scheme the explicit or implicit existing link between ethics, or corporate social responsibilities, and strategic management that has been assumed by influential schools of thought in strategic management.

We will start the study with an overview of the historical development of strategic management thought. Then we will proceed to analyse the presence of ethics in the most significant schools in this field, together with the problems and prospects in each approach.

**Historical Development of the Strategic Management Thought**

The original definition of strategy and the foundation of the strategic management took place in the 1960s (Rumelt et al., 1994). The seminal works of Chandler (1962), Ansoff (1965, 1971) and Andrews, alone and with collaborators (Learned et al., 1965; Andrew, 1971), brought about a study of general management with an increasing focus on external analysis and the business environment. Its concern was mainly for a higher effectiveness in complex environments.

Afterwards, it became very influential the “Five Forces Framework” proposed by Porter (1980). Intense forces generally result in low returns and vice-versa. This model, which imported ideas from industrial organizational economics and based on Structure-Conduct-Performance, was widely accepted. Later, most academics and practitioners focused their attention on analyzing industry and defining generic strategies to obtain competitive advantages. Two main approaches were proposed: “strategy content models”, focusing on which are the outcomes and positions of the firms, and “strategy process frameworks”, underlining how the companies’ processes would lead to final outcomes.

These approaches neglected, to a great extend, the influence of organizational resources in strategic management. Alternatively, another approach was introduced. It was called the Resource-Based View of the firm (RBV). This new perspective, whose pioneers were Wernerfelt (1984) and Barley (1991), affirms that the main sources of sustainable competitive advantages reside in the development and use of valuable firm resources and capabilities. The key argument was that if resources are valuable, rare and costly to emulate without any close substitutes, then they could become a source of sustained competitive advantage.

Today, some authors are seeking a new paradigm for strategic management which can answer new advances in technology and increasingly blurred boundaries among industries, markets and competitors, as well as diverse and more complex sources of competitive advantages, and ethical concerns.
The Managerial Approach to Strategic Management and the Ethical Values

The question of ethical values and their link to strategy began to receive attention since the very beginning. Guth & Tagiuri (1965) noted that personal values are important to determine the choices of corporate strategies. From a practical perspective, Watson (1963) also pointed out the influence of managers’ beliefs in business.

Kenneth Andrews, in his influential book *Concept of Corporate Strategy* (1971), explained that when designing a strategy, one must define what could be done (opportunities), what can be done (resources), what one would like to be done (desires) and what should be done (responsibilities).

For Andrews, corporations should act following the values of senior managers, but also paying attention to social issues, and what social and moral leaders are saying (social responsibilities). Since a part of those values could be ethical values, ethics, to some extend, is part of strategic management. Nevertheless, this approach has been criticized by joining strategy with ideology (Shrivastava, 1986).

Industrial Organization Economics and the Stakeholder Theory

Contrasting with Andrews’ managerial view, the industrial organization economics, and more specifically the Porter’s approach, is in line with the idea that the corporation should act in the interests of stockholders. Porter, by looking at the five forces, forgot the seniors’ values; and the notion of Corporate Social Responsibility began to be replaced by that of “Corporate Social Responsiveness” to obtain competitive advantages. The basic philosophy of social responsiveness is that business must anticipate and respond to public concern.

Freeman (1984) tried to join strategic management with stakeholder claims. Stakeholders are those who have are *at stake* in the corporation (employees, customers, etc.) Freeman argues in favour of listening to what specific persons are saying about their specific stakes, which involve considerations of distributive justice.

Together with social demands, the role of ethical principles was considered mainly when the business ethics movement started in the USA in the mid 70’s. In this way, it was suggested the need to introduce ethical principles into the strategic decision-making process to make moral judgments on specific actions. Ethical principles matched strategy together with “stakeholder theory”. Freeman and Gilbert (1988) held the idea that ethics is an intrinsic element of business life and champion the union of ethics with strategic management. These scholars proposed that strategies should honour a principle of personal autonomy and a principle of voluntary agreement. Gilbert (1992) added that strategy should be inseparable from a person’s ethical responsibility to contribute to human solidarity.

Stakeholder theory and moral principles become part of strategic analysis. Arbitrary, capricious or unjust decisions —those that fail to take moral principles into account, would be grounds for distrust. That is why an important number of authors maintain that ethics ought to be central, to strategic management. One new
justification for the consideration of ethics in the strategic planning process is then based on attaining stakeholder trust. But, although Freeman and Gilbert (1988) made an excellent contribution, their vision has been criticized for reducing the business world simply to a group of self-existing personal projects, neglecting the role of corporate culture (Mulligan, 1992).

**Resource-Based View of the Firm and the Organizational Culture Ethos**

Contrastingly, corporate culture is presented in the Resource-Based View since this approach considers that firms create sustainable competitive advantages by developing and applying resources, which are costly, rare and non-replicable. One of those resources is organizational culture, which is the result of complex interactions (Barney, 1991). Another resource is corporate good image, which includes reputation for being socially responsible company. Virtues of managers and employees can become also a competitive advantage based on the human resources quality.

**Toward a More Comprehensive Integration of Ethics in Strategic Management**

Today ethics and social responsibility are frequently included as a strategic tool. Ethics has become *strategic ethics*, but this is different from considering ethics in strategic management. The advantages born from the trust generated by acting ethically may have positive results on the new challenging strategic management era, but, the criticism runs. Some have argued that the incorporation of ethics into the province of strategy is advocated solely for the sake of competitiveness. The right use of ethical rationality can produce economic benefits, but the reason for making good ethical judgments is not just economic. The study of strategic rationality and the link with ethical rationality becomes a new challenge for both, scholars and practitioners.

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WHAT'S LOVE GOT TO DO WITH IT?

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What does love have to do with leadership? Recent research sought to identify if the psychological dimension of love was perceived as an underlying dimension of transforming leaders. The quantitative analyses in this research confirmed that employees’/colleagues’ perceptions of love, as ‘choice to will the highest good’ as expressed in behaviours identified within the ‘Genuine Concern for Others’ scale of the Transformational Leadership Questionnaire (TLQ), is an underlying dimension in transforming leaders in a sample of Anglo and Hispanic/Latino leaders in the Puget Sound, US (Miller, 2005). This was shown by examining the relationship between the ‘Genuine Concern for Others’ scale with known dimensions of transforming leaders, influence processes identified in theory, and identification of empowerment.

The main research question sought to identify an ‘underlying’ dimension, which meant that the dimension would have impact along other ‘known’ dimensions: moral leaders, empowerment of followers, effective leading of organization. Known dimensions of transforming leaders were identified in the literature review. Additionally, theorizing by Boulding concerning leaders who choose to use love as a basis of power, and Burns’s definition of transforming leaders also were shown to provide understanding of transforming leaders’ influence processes.

It was shown that it is from the ‘Genuine Concern for Others’ (GCFO) scale of behaviours that the leader interacts with the follower in the ‘Leading and Developing’ (LAD) and the ‘Leading the Organization’ (LTO). The ‘Genuine Concern for Others’ scale is the interpersonal relationship scale between the leader and employee/colleagues, and as such is a set of behaviours that underlies and consequently has impact on all of the other leader behaviours, such as the LAD and the LTO. Analysis of Boulding’s theory of power, Burns’s definition of transforming leaders, and known dimensions of transforming leadership in the research literature pointed to the direction of causality in interpretation of the data.

The perceptions of the followers were the main focus of the analyses. The method for testing the main research question in identification of processes (how the dimension of love relates to known dimensions) involved quantitative analyses. Employees’/colleagues’ perceptions of transforming leaders were obtained using the Transformational Leadership Questionnaire (TLQ). The relationship of the followers’ perceptions of what could be described as ‘choices that sought the highest good’ (love) with known transforming leadership dimensions and influences processes were identified in theory, and consequently used to interpret the results of the quantitative analyses.

Three discussion and analyses were used in this research. The approach that was used in seeking to research the dimension of love within an organizational context used both psychological and leadership theories; specifically, the interpersonal relationship approach between the leader and the employees/colleagues was identified in both psychological theory and leadership theory. Because an underlying dimension was being assessed; it was first necessary to be informed by psychological theorists (their expertise was shown in identifying underlying dimensions). Second, leadership theories, specifically psychometric instruments, were identified that were shown to represent the underlying dimension (love) as conceptualized and identified.
within psychological theory. Third, quantitative analyses provided a method that testing the main research question.

The basis for being able to identify causation, that love is an underlying dimension, in large part came from identifying love as an action that could be chosen with deliberation from within psychological theory. This enabled specific behaviours (actions, choices) to be assessed from the followers’ perspective of what would be choices within an organizational context that would be most desired within the interpersonal relationship behaviours between the leader and the follower. Because of this identification, quantitative analysis was possible.

Psychological theory examined the concept that love could be chosen, and that love would inform interpersonal relationship behaviours with others. The interpersonal relationship basis of love in psychology was shown to come from examining Frankl, Fromm, and Allport; who identify the concept of love being able to be chosen with deliberation by anyone. When the value of love is made or chosen by an individual, then it was shown that it would find expression in behaviours specifically valued by others. Within any interpersonal relationship dynamic with others, the dimension or expression of this type of love is not static, but identified as an on-going learning process. Love (for the aforementioned psychological theorist) was identified not just as choices to be made by an individual, but choices to value, identify, and act for the benefit of the other. Thus the definitions of love were identified as ‘choice to will the highest good’ and ‘empathy with action’. As such, the emotive construal and metaphysical, so often associated with examinations of love, were left out; placing some limitations on the analysis.
AN ETHICAL ENCOUNTER WITH THE OTHER
– LANGUAGE INTRODUCING THE NEW INTO THOUGHT

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For the first time we experience a global civilization of hasty information exchange and exceptional mobility - a civilization, with unstable boundaries, continually changing its form. As a result phenomena have lost their clarity (Kirkeby, 1998). Therefore, organizations find themselves operating in a knowledge society characterized by rapid change, immense product diversity, continuously changing consumer demands, globalization and still tougher competition (e.g. Brown & Eisenhardt, 1998; Drucker, 1985, 1993; Hamel & Prahalad, 1994). Thus, the organization needs different people to meet the fluctuating demands and rapid change in the market.

Additionally, creativity and knowledge creation flourishes best under conditions where opinions are met with openness as well as constructive criticism (e.g. Janis, 1972; Jehn, 1995, 1997; Jehn & Bezrukova, 2004; Jehn, Northcraft, & Neale, 1999; Nemeth, 1983, 1986, 1997; Nemeth, Connell, Rogers, & Brown, 2001; Nemeth & Kwan, 1985, 1987; Nemeth & Wachtler, 1983). Therefore, organizations face the challenge of organizing people as diverse others, and to create an environment where differences are encouraged and respected, so that creativity can unfold.

This paper argues that a creative knowledge environment is most sufficiently accomplished in the ethical act of facing the other. An ethical encounter where the responsibility for the other’s otherness is in centre. Only through the responsible encounter with the other – and with respect for his otherness - can we hope to build a relationship where difference is reflected and respected, were diverse others can learn from each other, and where creativity finds space to unfold. To enlighten this discussion of responsibility for the other, the paper seeks inspiration from the phenomenological philosopher Emmanuel Levinas (Levinas, 1961). The main focus of the paper will be to discuss the argument that the ethical encounter with the other is achieved through the medium of language.

Central to Levinas and the theme of this paper is therefore, the concepts of the other. The other has traditionally been understood as separate from the same or the self, however ultimately and ideally united with it (Levinas, 1961, 1967, 1987). That is, even though the self has been seen as unique, the goal was traditionally to perform a normalizing function to approach a situation of sameness where people were alike. Thus, otherness or alterity traditionally appears as a temporary interruption, which man must attempt to eliminate as it is reduced to sameness. In contrast, Levinas (1961; 1967; 1987), argues that the other exists entirely beyond the understanding of the self, and ought to be perceived – and appreciated - in all its peculiarity and otherness. The other is situated absolutely outside the self's intellectual capacity, and exists in all its strangeness. It is not simply a mirror image of one self.
The ability to see the infinity of the other’s difference and the willingness of sacrificing my own ego to welcome this difference is responsibility for the other. This responsibility is moral, because it applies only me that I take this responsibility, and because it is not due to a matter of exchange of services or favors, and thus it is not possible to standardize and make responsibility universal. Following Bauman (1993) being moral means that I take responsibility no matter who takes the same duty and responsibility as I do. Morality is, thus, not moral if it is performed either because I have no choice or if I expect to get something in return. The ethical encounter with the other is a one sided ethics, and because of its asymmetry it cannot be turned in to a general set of rules (Davis, 1996). The self is moral only because of the unique morality in the self not benchmarked to the other's actions.

The question that remains, and which this paper will seek to discuss, is then, how is this relationship with the other accomplished. How can I coexist with him and still leave his otherness intact?

According to Levinas (1961), there is only one way – by language. The face of the other is appealing to a meaningful response. Of course, I may be indifferent and give only a casual word. But if a responsible encounter is to be achieved, a real response, and a responsible answer is indispensable. This means that I must be willing to put my world into words, and to offer it to the other.

By speaking to the other I enter into a relation with him. Important to this relationship is that the other is not an object that must be interpreted and illuminated by my alien light. I must enter a two-sided relation with him, where I as well as offering him my world, also open up to his world. Speaking becomes serious only when I pay attention to the other and take account of him and the alterity he inhabits. I can only hope to learn and gain new knowledge if I, with respect and reflection, acknowledge his points of view and learn from the otherness he is offering.

Following Levinas (1961), the basic difference is between a totalistic mode of thought which tries to gather all things around the mind, or self, of the thinker, and an externally oriented mode, which attempts to see into what is radically other than the mind that is thinking it. Following the totalistic approach, I may decide to remain within myself or absorb the other and try to make use of him, or I may take the risk of going out of my way and trying to speak - and to give to him.

Speech is not established in a homogeneous setting, but in a world where it is necessary to aid and to give. In this way, speech advances from absolute difference (Levinas, 1961). The difference thus appears against the ground of normality. Absolute difference, inconceivable in terms of formal logic, is established only by
language. Language therefore appears to be the very power to break the continuity of being or of existing knowledge.

‘In the ethical welcoming of the face the will opens to reason. Language teaches and introduces the new into thought. The introduction of the new into a thought, the idea of infinity, is the very work of reason. The absolutely new is the Other’ (Levinas, 1961:219).

References


ETHICAL ISSUES OF AUDITORS OF ACCOUNTING FIRMS
IN BANGKOK, THAILAND

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Nowadays there are many business operations so auditors are needed in the public and private sectors. Many private organizations have an auditing department. Each year organizations hire audit companies to create a balance sheet and do income statements in order to assess their tax liability. So ethical auditors are still in demand. Since auditors help society to be responsible, they must be unbiased and honest.

The objective of this research is to study ethics of auditors in accounting firms in Bangkok, Thailand. This was a survey research. The population in this study is 1221 certified auditors. Total samples in this study were 302 certified auditors which selected from the population by using three-stage sampling. Stage one used simple random sampling to divide Bangkok’s 50 districts into two geographical groups: Tonburi (11 districts) and Pranakorn (39 districts). Quota random sampling was then used to select 2 districts in Tonburi and 8 districts in Pranakorn. Finally, convenience sampling was used to select 31 auditors in each district. Independent variables in this study were auditors’ personal information, and support factors which were ethics of careers, and age of work. Dependent variables are attitudes of auditors toward ethics in auditing which have three aspects: accountability, transparency, and others.

This study used percentage method in order to explain auditors’ personal information. This study used Likert scale according to Cronbach method and Alpha =0.8671) in order to explain ethical behavior in auditing. This study also used Chi-square test to study relationship between ethics in auditing and support factors. The hypothesis of this study was that support factors are connected to ethics. The acceptance significant level in this study was 0.05 level. Most respondents (75%) were female, and half (50%) were between the ages of 25-35. Many (36%) had a bachelor’s degree and have about 11-20 employees in their offices (44%).

For accountability ethics, auditors were on time in the high level (56%) and were thorough in their work in the high level (63%) as well. They were strict with the rules in the high level (56%) and were also self disciplined in the high level (63%). They were equally responsible to the assigned job and other people in the high level (56%). They persevered in their work in the middle level (56%) and participated in local activities in the middle level (50%) as well.

For transparency ethics, auditors considered accuracy and completeness of documents in preparing accounting important in the highest level (75%). They thought noninterference from outsiders in doing accounting was essential in the high level (69%). Auditors believed that Generally Accepted Accounting Principles (GAAP) was important in the high level (44%). They also thought that consistency with accounting standards was essential in the high level (50%). Disclosure of financial reports was considered important in the high level (50%). Carefulness in the operations was rated important in the high level (69%). However, planning of the operation and corroborating the auditing of a third party were thought equally important in the middle level (44%).
Auditors valued integrity in the highest level (63%) and they valued fairness in accounting in the high level (63%). They did the job with honesty in the high level (81%) and they were proud in their career in the high level (71%). However, they followed news in order to develop their knowledge in the middle level (44%). They were interested in ethical career training in the middle level (44%).

The Chi-Square results show that support factors (career ethics and years in the profession) are correlated with ethics in auditing at the 0.05 significance level. Auditors who have held their jobs for a long time will have ethics in accountability, transparency, and other matters. Especially auditors who have been in their careers for a long time will take their ethics seriously since their career depends on experience and trustworthiness. The result of the research showed that auditors have attitudes consistent with justice and they recognize the importance of ethics by doing their work thoroughly and with self-discipline. For ethics in transparency, auditors used principles of accuracy and completeness of documents. For other ethics, auditors will do their jobs with fairness and also consistent with truth and reason. Bringing ethics to business is difficult since ethics is abstract and dependent on the environment. Learning and conscience of each auditor are important. Sometimes effects from low economy can affect ethics. Enron’s unethical practices harmed its investors. The public started to pay attention to auditors to check whether auditors were doing their job with completeness, accuracy, and ethics.
TOWARDS SUSTAINABLE MANAGEMENT:
- ON COLLECTIVE CONSTRUCTIONS OF LEADERSHIP

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Within the field of leadership practices, there is an emergent movement towards viewing leadership in terms of collaboration between two or more persons. Increasingly, the public debate recognize states, corporations and organizations as lead by several persons rather than by single charismatic men. What seems to be the claimed reason for this is that organizational leadership is nowadays a complex and exhausting job that demands too much of single individuals, and that dual leadership is a way to broaden the competence and personality bases of management and to relieve each other from time to time. The basis of this is an increasing emphasis on what we may call “sustainable leadership”, i.e. a search for leadership ideals that (1) enable people in modern society to actually work with leadership without sacrificing everything else in life, and (2) can enhance the legitimacy of leadership in a society that raises serious doubts concerning the content and consequences of modern management practices. In our own earlier studies, we have seen examples of both dual and collective leadership in several entrepreneurial enterprises, and we have also seen how individuals may go beyond taken-for-granted identity bases in society (such as the single hero entrepreneur) through articulation and reflection.

At the same time, traditional research literatures on entrepreneurship, leadership and organization theory are dominated almost exclusively by the perspective that leadership is something that is exercised by a single person – the idea of unitary command. From having been person-centered fields of inquiry, later developments have emphasised cultural values, visions and leadership as an interaction between leaders and led. What is still rarely challenged is the notion of leaders as one single person or the notion of leadership as something that is exercised by a single person, notions that also shape leader’s identities in society. The idea of unitary command is thus still strongly contributing to the ongoing construction of leadership in society and the ongoing construction of leaders’ and followers’ selves. Leaders as well as followers (terms that in themselves are representatives of dualistic and dichotomous identity constructions) incorporate such taken-for-granted assumptions in society and make them a part of themselves and their ongoing interaction with others.
Phenomena such as dual, shared or collective leadership has thus in general not found its place in leadership discourses and leadership research. One has rather almost automatically assumed unitary command as a natural perspective on leadership, in the same way as entrepreneurship research has assumed the notion of single individuals as the natural perspective on entrepreneurship. Several of the most acknowledged studies on leadership has explicitly had this perspective, such as Carlson (1951) and Mintzberg (1973) who both followed single CEO’s in order to understand what leaders do and thus what leadership is all about. The same perspective can also be found in formal and informal regulations and practices in society in the notion that only a single person can be held accountable for a defined economic area of responsibility – a notion that have far-reaching consequences for who are seen as leaders and what is seen as leadership in the modern corporate world. Insofar contemporary leadership research can be seen as an important influence to the ongoing construction of leadership ideals and practices in society, the question of what basic perspectives that guide this research should be more than only of theoretical interest.

The existing literature on shared leadership can, roughly, be divided in two related streams; (1) one that focus on the practicalities of why and how managerial duties and positions should be assigned to more than one person, and (2) one that assumes a basic perspective on all leadership as being collective construction processes with several people involved. Although these two traditions do not exclude each other, they imply quite different research agendas.

In the first tradition, we find several reasons why and how managerial tasks shall be divided splitted up on several individuals. Concepts like “post-heroic leadership” are used to discuss the inhumane workload of the modern manager and the need to enable him (and sometimes also her) to live a balanced life (Sally, 2002, Pearce & Manz, 2005). Modern decentralized ways of organizing – through high-performing teams rather than through bureaucratic command structures – are also used as arguments (Walker, 2001, Lambert, 2002, Pearce, 2004), and also the observation that an increasingly complex world requires top management competence profiles broader than what can possibly be expected to finns in one single person (O’Toole et al, 2002, Waldensee & Ealgerson, 2002, Pearce, 2004). By reference to established theories on group composition and role complementarity it is also usual to describe managerial tasks as requiring several different individual roles at one and the same time (Yang & Shao, 1997, Denis et al, 2001). Sometimes we also meet arguments linked to the general legitimacy of leadership, such as that organizational and societal change processes may be facilitated by having several different perspectives and/or interest groups represented in the managerial function at the same time (Denis et al, 2001, Sally, 2002, Ensley et al, 2003). In case this literature refer to actual empirical experiences, it is usually in the form of successful instances of shared leadership (usually from top management settings) and practical advice on how the co-working
leaders shall distribute tasks, roles and information amongst each other in order to make things work (O’Toole et al, 2002). Some authors still also maintain the continued need for traditional vertical unitary command in many situations; shared leadership is primarily suitable for tasks characterized by reciprocal interaction, creativity and complexity (i.e. advanced teamwork situations).

One problem of this perspective is that it views shared leadership as an exception to “usual” leadership, an exception to be practiced in extraordinary situations. Shared leadership is also defined out from the number of involved individuals, rather than out from the individuals’ experiences on if the exercised leadership was actually shared or not – i.e. a focus on formal organizational arrangements rather than on practical everyday organizing. The alternative, as we see it, is to apply a basic perspective on leadership as something that individuals construct together in social interaction (Gronn, 2002). Gronn discuss this in terms of level of analysis, i.e. that the level of analysis should be the exercised leadership rather than the single individual leader. Meindl (1995) and Reicher et al (2005) claim that traditional leadership models contribute to the institutionalization of a dualism of identity between leaders and followers in society – a dualism that may be challenged through studies of leadership identity construction. Fletcher (2004) takes this line of reasoning one step further in her discussion of post-heroic leadership in terms of collective, interactive learning processes. She do think that such a theoretic development will run into difficulties, difficulties that may better be understood from a gender perspective. The traditional images of leadership are strongly masculinised, she says, and the feminization that is inherent in the post-heroic perspective will challenge several deeply rooted notions of leadership (cf Lindgren & Packendorff, 2006b). Among these Fletcher find the taken-for-granted individualization of society (reinforcing unitary command as the only viable solution), and also the contemporary idea that problems of gender inequality are finally being solved (implying that any basic redefinition of leadership would be unnecessary since we have already found the most suitable forms) (cf Vecchio, 2002). A social constructionist research agenda where leadership, leader identities and masculinization/femininization as constantly constructed and re-constructed should thus be central to advance both leadership theory and leadership practices in the direction of sustainable leadership.

After starting the paper with a discussion on the double lack of sustainability in contemporary leadership theory and practice, we will revisit the multiple theoretical roots of the unitary command perspective. They are to be found in military history, in the development of economic institutions and in modern theory and practice within the field of leadership. Following that, we will instead argue that all leadership can be seen as processes of interaction between several individuals – by shifting perspective from viewing leadership as a single-person activity to viewing it as collective processes of identity construction, we will see new patterns in how decisions are made, how issues are raised and handled, how crises are responded to etc.
We will then present data from four case studies of organizations which on the surface are organized by unitary command, but where the everyday construction of leadership and leader identity is a collective one. The leadership in this organization is an ongoing construction process where leaders, expectations on leaders, idea generation, decision making and arenas for leadership are continuously negotiated and re-formulated over time. In the four organizations – two independent schools, a private theatre company and a music industry conglomerate, we find different processes of construction of leaders and leadership. A discussion on future research agendas – in terms of research problems, empirical settings, theoretical aims, methodological issues and the social responsibility of leadership research – concludes the paper.
MORAL DILEMMAS ON COLLECTIVE KNOWLEDGE

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After the cognitive turn and the emergence of knowledge management, collective knowledge creation has taken a central role in the theories of organizational knowledge (Nonaka and Takeuchi 1995; Davenport & Prusak 1998; Choo 1998). The exchange of information and knowledge sharing among employees is considered as one of the main component of the knowledge management process. Several scholars and practitioners have been busy in developing specific interventions that may help organizations increase overall knowledge sharing. “Everyone benefits by knowledge sharing” has been one of founding and unquestioned principles of knowledge management.

The perspective into collective knowledge building has been a firm-based or an organisation-based orientated without discussion, for example, of the interests of knowledge utilization, in using here Habermans’ (1968) concepts. When a firm or an organization is considered as the subject collective knowledge, the role of individual interests in knowledge creations has remained obscure. Employees seek information and create proprietary knowledge for an organization and its needs. The proprietary knowledge creation does not necessarily support their personal needs to develop their competences and skills.

This paper attempts to illuminate an individual expert’s role and interests in building collective knowledge. Collaboration and competition and the dynamics of their conflicts are an everyday occurrence for experts in various professional areas. Teachers, lawyers, doctors, researchers, designers and managers are forced to compete against colleagues in building their careers. They compete with each other harder than ever before for short-term work assignments that involve a high level of responsibility, where quick profits and results are pursued at a fast pace set by the quarterly economy. Simultaneously, they also face the need for networking and collaboration in order to perform complex tasks at work. What kind of moral dilemmas due to the situation that colleagues are both competitors and collaborators?

The firm-based oriented models of collective knowledge have criticised, since they ignore the question of intellectual property ownerships. Some scholars have begun to develop community-based models of knowledge creation (Lee & Cole 2003, 633; Haefliger & von Krough 2004; see also Wenger et al 2002). For instance, Gwendolyn Lee and Robert Cole have pointed out that firm-based knowledge creation takes place under condition of authority and hierarchy. Using as an example of the Linux case, they argue that the production of sophisticated knowledge products does not require a complex division of labour. As voluntary, emergent and distributed nature of knowledge creation, knowledge is public but can be owned by members who contribute it as long as they share it.

The community-based models of knowledge creation aim at deconstructing hierarchical and systematized models of collective knowledge creation (see e.g. Nonaka & Takeuchi 1995), but it can hardly replace the need of the firm-based models of creating knowledge. The open source development project was attracted by experts whose incomes come from other sources than this volunteer working. Even if the project is called as emergent, based on technology-mediated interaction, developers shared a common and clear task. Socially shared clear tasks are much more difficult set in other expertise areas such as medicine, law,
education or research. The membership of the Linux system development project was open but socially and technically constrained. Nevertheless, the community-based models of knowledge creation have introduced a distributed, non-hierarchical system to produce collective knowledge. Moral dilemmas on the community-based knowledge creation are concerned with its elitist nature: only a few experts can work independently and autonomously outside the power of institutions, firms and organizations.

The purpose of this paper is to illuminate individual actors’ roles and interests in building collective knowledge and moral dilemmas related to shared cognition. First, the purpose is to consider dilemmas related to the firm-based collective knowledge such as tension between competition and collaboration and ownerships of knowing. Then, it considers the community-based knowledge creation as a new alternative to produce collective knowledge.

References


EDUCATION IN RESPONSIBILITY
IN THE LIGHT OF LÉVINAS

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The concept of *stakeholder* has become central to the question of corporate social responsibility (CSR): this responsibility is constructed and measured on the basis of the attention given to the interests of the firm’s stakeholders, in other words all the actors affected by its activity or representing an interest for it. The very term stakeholder sanctions an enrichment and broadening of the spectrum of actors taken into account by the firm within the context of its policy of social responsibility, in addition to the stockholder, namely the associate or shareholder.

However, there still remain many “silent voices”: all the actors who represent neither a threat to nor an opportunity for the firm, but towards whom, nevertheless, the firm may prove to be socially responsible. On its own, the concept of stakeholder thus appears to be inadequate as a foundation of that vision of corporate social responsibility which breaks with the notion of economic life as a mutually profitable exchange between legitimised powers. And CSR policies, however sincere they may be, may appear to the disillusioned observer simply as exercises in cynicism. In short, the concept of stakeholder does not appear to be sufficient to found even the concept of a CSR policy.

We believe that the question should be approached the other way round, starting with a view of responsibility: a clear definition of that for which the firm is responsible carries within it a definition of the actors towards whom it is responsible. There is no longer any *a priori* reason for the “silent voices” to be excluded. It remains for us to forge a conception of responsibility which goes beyond the simple sociological observation of those interests actually considered legitimate. That is the aim of this paper. What stands to be gained is a better conception of an education in responsibility.

A brief historical survey of the concept of responsibility leads us to dwell more particularly on the thoughts of the philosopher Lévinas. According to this author, man is responsible for the society in which he lives: it is his duty to consider the specificities of others and to show care for their vulnerabilities. And, we should like to add, each person assumes their responsibility all the better when they are humble in their consideration of these specificities and prudent in their care for these vulnerabilities.

In managerial terms, we could say that the responsibility of the firm is to turn the threat that it represents in the eyes of the other actors, because of their vulnerability, into an opportunity that they cannot seize on their own, because of their specificity. Likewise, corporate strategy could be all the better described as socially responsible when it displays humility in its consideration of specificities and prudence in its care for vulnerabilities.
Consideration, care, humility, prudence: in our times, these attitudes, and the qualities that underpin them, enjoy singularly little respect. They denote a personality stamped with compassion both for others and for oneself: conscious of one’s own specificities and vulnerabilities, one refrains from judging the greatness of others by the yardstick of one’s own smallness, one is careful not to lead others into one’s own erring ways. In short, an education in responsibility is first of all an education in the way we look at ourselves and our own influence on the world.
MANAGEMENT AS META-IDEOLOGY
– ON THE MORAL LIMITATIONS OF MANAGEMENT STUDIES

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This paper will argue the following: Management studies is not merely ideological, but rather meta-ideological. This insofar as it functions as a praxis to uphold a set of preconceived moral notions regarding management, organization and the economic, and does so by way of fooling itself into believing its understandings of the world represents objective knowledge production. In this sense, it is an ideological construct put in place to support and enhance another ideological construct, creating a situation where we are symbolically twice removed from any imaginable “objective state”. Rather than merely stating that management studies bolsters a set of moral understandings of the world, the paper thus argues that in order to be externally ideological it has been forced to adopt an unspoken and unconscious internal ideology, and thus create a kind of a “moralized world” that can be used for meta-political ends. More specifically, the paper will deal with the process of moralization and moral delimitation as central to the modernist project of a management science, which has managed to create a limited set of knowledges within which this can then position itself as a natural and neutral mode of analysis. By adopting a critical stance to this moral world, the paper attempts to argue that one of the fundamental aspects of how management studies works is that it limits the world in a manner that reduces the same, thus fundamentally making the study of management an ideological practice of the Gramscian variety. This has an impact on the field both as a path of scientific inquiry and as an engagement with the world, specifically by way of limitation. Although there are a multitude of ways in which one can define “ideology”, the prime one this paper engages with is one where it is understood as the lessening of a world by limiting what is possible to say about it. More to the point, the paper discusses moralization as a prime ideological practice, arguing that it is through the moral limitation of epistemic fields that we have been able to construct and define management studies. By this we mean that the specifically moral act of choosing what should and should not be included in management studies is a foundational act, one that has far-reaching consequences for the field as a whole. This can perhaps best be made evident by way of illustration or juxtaposition, and one of the most obvious examples would be that of crime. Obviously, all forms of crime are normally viewed as at least in part immoral. They involve the breaching of a number of codes of moral behavior, including but not limited to codes relating to rights to property and personal integrity. However, from an assumedly objective perspective, such as one from the social sciences, there is no denying that e.g. organized crimes such as drug dealing build on a number of organizing processes and also involve quite a lot of management. Also, it is quite apparent that crimes such as drug-dealing or prostitution create value, albeit not of the morally upstanding or necessarily desired variety. Still, interestingly but not unsurprisingly, the academic field of management studies has done very little in the way of grasping such non-traditional forms of business, and instead started from the moral (but less than logical) assumption that it should only deal with legal and morally upstanding forms of economic transactions. As a matter of course, almost all studies of management have been conducted in fields which can at the very least be thought of as “proper” – it is particularly interesting to note that although
pornography is legal in most countries, and a huge business to boot, almost no serious studies of the management implication of this field have been conducted (Yes, the author has dabbled in this field too.). Thus, the paper argues that management studies as a field has self-assigned legality (and similar moral precepts) as a form of disciplining and tempering function on its inquiries into the world, regulating itself through an externally assigned set of principles regulating the boundary between internal and external. Consequently, it becomes difficult to uphold the idea of management studies as an objective field of knowledge, as it clearly limits and self-disciplines itself according to what can only (from within an analytic framework of economic behaviour) be understood as an arbitrary set of outside rules. In such a mode, the study of management studies becomes an issue of outlining the different ways in which the field has decided to neuter and curb itself in order to better fit into the symbolic construct forced upon it by the ideology within which it resides – ergo, the study of management studies as meta-ideology.
MORALITY AND MANAGEMENT:
MOVING TOWARDS A HOLISTIC PERSPECTIVE

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The field of business ethics has received contributions from many different perspectives and many different disciplines over decades. It seems, however, that although the various moral philosophies applied so far have raised important issues and provided valuable insights into the matter of morality in the business world, they have failed in fully apprehending the moral mechanisms of individuals in a social context. More importantly, they have not been able to clearly identify the way forward for individuals to behave better, to be better. We should not disregard the precious arguments that Kant’s deontology, Mill’s utilitarianism or Rawls’s Justice theory have brought up. Each new development in the field of moral philosophy is a significant input to the debate by its peculiar approach to and propositions about the moral point of view. Nonetheless, it might be worth pondering on the way we make use of these contributions with regards to our very practical moral issues. Whether moral philosophies should (or not) offer a workable, ‘hands-on’ framework that people can apply when making a decision is debatable. However, moral philosophies should not loosen their link with human matters, since eventually moral enquiries are a human quest about human nature and what might better it (eventually what might transcend it).

The realm of business is a particularly striking example of the prevalence of down-to-earth, short-term, materialist concerns. It is no longer fashionable to tag ‘business ethics’ an oxymoron, yet it appears that both concepts still experience difficulties in working together. Of course, each wave of corporate scandals and collapses due to fraudulent or irresponsible behaviour carries its share of fundamental questioning of the business system and the business people who operate it and in it. The hopes are always that in the aftermath of the crisis, reflections on the cause(s) of the crisis will provide solutions to fix the problems once and for all, though so far records do not call for enthusiasm. It could well be that the way the ‘problems’ are approached is not appropriate (and never has been), because corporate scandals are no contemporary phenomena (Vogel, 1991). Corruption and bankruptcy, general lay-offs and insider trading have been a matter of fact since business became a more or less formal activity. The rise of the industrial society is usually associated with the loss of community solidarity and the growth of individualism in an amoral business context (Shepard et al., 1995). Obviously, the advent of the limited liability status has opened doors to greater abuse as well as to entrepreneurship (Davies, 1997; Bakan, 2004).

In this context, the presently growing interest in business ethics highlights a greater awareness that some critical factors may have been left aside, and maybe a sign that a greater number of people are willing to accept a perhaps radical questioning of institutionalized practices, symbols, values and behaviours, if not a paradigm shift (Shepard et al., 1995). However, if many scholars and most business people and stakeholders agree on the need to do something (whatever this may be), the direction in which efforts should concentrate remains undecided.
On the business side, an increasing number of scholars call for a re-reading of Adam Smith’s theory to underline Smith’s care about the moral responsibilities of the ‘economic man’ (Farmer, 1964; Wilson, 1989; Werhane, 2002). Others denounce the self-fulfilling capability of economic theories (Ferraro et al., 2005) and the perversion of economic models which acquire a ‘real-life characteristic’ status whilst they are in fact pure hypothesis (Etzioni, 1988; Bowie, 1991). On the moral philosophy side, the revival of Virtue Ethics epitomizes a willingness to change the lens through which moral issues have been examined in the recent past. Building on Aristotle’s ethics (Aristotle, 1998), Virtue Ethics focuses on the individual rather the issue or the dilemma, and places a great emphasis on the training and development of a genuinely good character which then enables the individual to act good because he is good (see Statman, 1997; Hursthouse, 1999; Foot, 2002). Virtue Ethics has found its place in the business ethics field (e.g. MacIntyre, 1985; Solomon, 1992, 2002), notably because it allows some context-dependency and suggests the individual can have a certain control of himself if he trains to acquire the appropriate balance of virtues. It certainly constitutes a significant step towards a more dynamic and more complete integration of moral concerns and business imperatives. Nonetheless, it does not substantially challenge the foundations of the debate but is rather yet another way, probably more subtle, to adapt morality to suit business needs.

The individual is indeed key to his own moral growth (as Virtue Ethics suggests), in the same vein as rules are part of and necessary to the social order (as deontology implies) and concernment for one’s interest in relation to others’ is a human fact (as utilitarianism points). Yet none of these paths seems to lead to the unlocking of the door of human moral flowering and happiness beyond the constraints of the social world.

In a follow-up of his work on corporate social responsibility (Frederick, 1986, 1994), Frederick (1998) poses that the way forward lies in the adoption of a more integrative perspective. The CSR4 stage (i.e. ‘Cosmos, Science and Religion’) introduces a world framework where business is not the centre but just one part of the whole. Knowledge grows through interdisciplinary exchanges, and the relationships business-society are shaped not only by management gurus but also scientific progress (for a better understanding of human society and the natural environment) and spiritual schools of thoughts (for an increased well-being of individuals both at work and in their social life). Actually, current trends in science and social sciences hints at a willingness of a few scholars and leaders to take this holistic path. In fact, the growing interest in spirituality one has observed recently (e.g. Mitroff and Denton, 1999; Guillory, 2001; Korac-Kakabadse et al., 2002; Krishnakumar and Neck, 2002; Forman, 2004) might well forms the basis of a more integrative, not-business-centred, holistic approach to morality in management.

This paper proposes to examine how moral issues in a business context would benefit from being tackled from a more holistic perspective. Emphasis will be put on what developments in spirituality can bring to our understanding of management and human relations in general. The purpose of the enquiry is to determine
whether grounding the debate into spirituality offers a way out of the haze of moral practice and growth in the social world, in particular in the workplace.

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THE DEBATES ABOUT MBAs PROGRAMS OVER TIME
AND THE CONFRONTATION OF DIFFERENT LEGITIMACY PRINCIPLES

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This paper explores the confidence crisis that business schools have faced and that they are still facing today (Starkey, Hatchuel & Tempest, 2004). Through the theoretical framework of Boltanski & Thevenot (1991), we look at public debates surrounding MBA programs to pinpoint the various orders of legitimacy they are confronting.

Since its introduction in 1908, the MBA program has suffered numerous public criticisms. In the end of the 50s, the Carnegie and Ford Foundation reports stressed the lack of academic basis and scientific rigor of these programs. Many MBA programs were amended based on these criticisms. Following this evolution, the excessive academism of these programs was underlined in the late 80s. Since a few years, business education has been the subject of criticisms, coming both from practitioners and management researchers. MBA programs are accused of not preparing students to become good practitioners (Mintzberg, 2004; Pfeffer and Fong, 2002). Criticisms are related to the pedagogical aspects and to the ethical values that are transmitted to students.

In spite of these criticisms, the MBA program continues to be the most important program for American Business Schools and produces almost one million graduates every decade (Mintzberg, 2004: 5). The public debates surrounding these programs reveal the contemporary debates about managerial practice and management knowledge.

The aim of this paper is to clarify the foundations of ethical debates in management education by concentrating on the different orders of justification at work in our society and, in particular, in our organizations. Boltanski and Thévenot’s typology of cities (1991) is used as the theoretical basis of our argument. We use Boltanski & Thévenot’s account of the plurality of legitimate forms of justification and evaluation which are used in our societies. On the basis of major perspectives in political philosophy, they identify six ‘worlds’, ‘cities’ or ‘orders’ which are affecting the way individuals justify their actions, or reach an agreement: the inspiration order (cité inspirée), the domestic order (cité domestique), the opinion order (cité de l’opinion), the civic order (cité civique), the industrial order (cité industrielle) and the merchant order (cité marchande). The cities grid elaborated by Boltanski and Thévenot allows a rigorous frame to study public controversies.

Many empirical studies flourished along the line of this approach. Derouet (1989) used the cities model in the pedagogical and educational domain. He analysed pedagogical debates on the basis of the six cities of Boltanski and Thévenot. Lafaye (1989) analysed the reorganization of a French municipality as a confrontation between different forms of legitimacy. Through the study of controversies surrounding MBA
programs we identify the different legitimacy principles which have emerged over time and on which program revisions in Business Schools have been based.

Our empirical material is the discourses on North American MBA programs that have emerged over time. The aim is to link positive and negative criticisms to criticism and justification of the cities grid and to compare the identified logic to the one of the “city’s ideal-grid”. This longitudinal study will allow us to situate in time the different legitimacy crises affecting American Business Schools and to analyse their reactions, which legitimacy principles lie behind the education of managers in North-America and how these principles are leading to various conceptions of good behaviours for business actors.

Our contribution in this paper is thus twofold:

1- An empirical analysis of legitimacy crises of American Business Schools and of legitimacy orders opposed in the debates about MBA programs, through a framework based on the identification of the main logic of justification in our society.

2 – A use and adaptation of Boltanski and Thévenot’s model about orders of justification with a view to developing a new understanding of an important debate in our modern society. We draw upon Boltanski & Thevenot’s model and extend their approach in order to address our particular object of study, the production and diffusion of management knowledge. We identify a plurality of modes of justifications in the scholastic texts on management education. We thus relate various conceptions of management knowledge to Boltanski & Thevenot’s cities. Although their model has been developed primarily in the fields of sociology and economics, we argue that it opens interesting avenues in the field of management studies and the analysis of the academic world.
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VALUES AND MANAGEMENT KNOWLEDGE:
FROM AN EPISTEMOLOGICAL PROBLEM
TO A GENEALOGICAL RESPONSE

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We would like to lay stress on the aporetic dimension of mainstream discourses regarding the legitimacy of management knowledge. The management knowledge corpus has been historically built on a particular interpretation of the Weberian concept of axiological neutrality or value neutrality, which used to constitute a strong basis for a scientific approach. According to this view, management knowledge would be a question of facts and not a question of values. For example, an author like Herbert Simon is defending in the introduction of his seminal book “Administrative behaviour” the possibility of value free knowledge on organisational topics. Simon’s view is based on the traditional distinction inherited from logic between empirical facts and values oriented actions.

But in reality, this kind of management knowledge, alike in some ways sociological knowledge, represents only an engineering knowledge which considers not “the things as they are” but “the things as they ought to be”. Management has indeed a praxeological and prescriptive dimension and elaborates models of action. Management knowledge is therefore considered as an actionable knowledge (Argyris): it recommends courses of action, which are presented as necessary and unbypassable deductions from objective facts.

Thus management knowledge pretends on one hand to be values-free, but on the other hand it remains a prisoner of some kind of normative frame, occulting this aporia and putting forward the meta theoretical assumption of instrumental rationality. Purposes and values for action are therefore in a position of exteriority and the decision model is only concerned by the objectives’ selection, means, and outcomes of action.

This posture may constitute an epistemological obstacle for treating the question of relations between socio-organizational values and management knowledge. First, values and social norms are considered as some external constraints by many management decision models. Thus, the risk of value conflicts in a management model is interpreted as the result of conflicts between constraints. It leads therefore to an unfortunate reduction of the problem’s field. In addition, social norms embedded in management techniques and systems are taken for granted or denied.

Thinking interactions between values or norms and management knowledge will necessitate a clear positioning of such a question on an epistemological plan. Therefore we are proposing a genealogic perspective (Foucault). According to this approach the question of the emergence of management knowledge is put in perspective as a general movement of the constitution of social and human sciences, associated with a general rationalisation process. Such a process is a basis for the creation of numerous institutions. Sometimes, organizations are also institutions (Enriquez).
To illustrate our perspective, we will study the field of management control artefacts. The development of management control tools may be interpreted as a three-dimensional process occurring in the organisational area:

- A process of reification/instrumentalization, which treats social relations as objects and explores the means to control them.
- A process of abstraction/deterritorialization, which destroys the concrete situations and reorganise them on an abstract model.
- A process of equivalence/calculation which opens the possibility for a comparison between the objects created by the first process.

These processes of institutionalization are coupled with the expansion of anthropological schemes which deliver the right and good way of organizational behaviour. Management control systems appear therefore as organizational scripts for uses and practices. They create dynamics where norms, values, purposes (as social and historical constructions) are affected and involved. The problem is at least not to relate the question of organization and the question of values but to explain how the development of organisational techniques affects and modifies the instituted norms and values.
ETHICS OF MANAGEMENT TOOLS:
GOOD SERVANTS AND BAD MASTERS

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Introduction
Management tools play an important role in contemporary managerial work. Hundreds of different management tools (e.g. Bain & Company 2005, Mycoted 2006) offered by numerous scholarly fields are available for the executives to support their work for maintaining and creating strategic advantage of their organizations. The pressure to find new sources of growth in an increasingly demanding and competitive business environment is strong, thus, the support is welcome in companies. Overall, executives’ interest in management tools is increasing and they have outward-looking attitude towards the tools (Frost 2003).

Value of using management tools is not clear; a tool can be useful as well as harmful. Although, the purpose of high-level management tools is to offer significant gains and benefits for the organization using the tools (e.g. Barthélemy, Bisdorff and Coppin 2002; Brännback 1996; Eom, Lee, Kim and Somarajan 1998) not all companies are using them and not only benefits are achieved. Real impacts on company performance of using management tools are still in many respects unrevealed and unclear. For example, are tools promoting equality in the companies or possibly creating elitist management group that uses tools? Or, is it fair that just using a management tool causes unnecessary data collection, update work, use resources, need for education and bureaucracy for the company? Are these impacts according to the values and goals of the companies? Thus, are management tools ethical?

This paper discusses executive level use of management tools by looking at ethical aspects of the tools. More specifically, I study how tools affect organizational work in ethical and unethical ways. Also, I concentrate on what kind of ethical issues and assumptions appear to be surrounding the tool use.

My study is guided by a “postmodernist” business ethics strategy that does not seek absolutes, universals and foundations (Gustafson 2000). “Postmodern” business ethics starts with the idea that “postmodernism” cannot provide a foundation for a comprehensive, unified, all-purpose, abstract formula, one-size-fits-all ethical theory (Rasmussen 1993, Walton 1993, Gustafson 2000). The following themes suits to my work: 1) there should not be a radical separation of personal and professional ethical behaviour, 2) business ethics rely not on abstract theory but rather on narrative approach, 3) “postmodern” business ethicists are suspicious of universal theories, 4) and have a tempered quest for ethics that just make more sense (Gustafson 2000). Good ethics represents the very essence of civilized society (Trevino and Nelson 1999) and ethics is a property of social activity that must be judged by its results (Hiz 1992).

Management tools are part of social activity of companies as well as an important part of managerial and corporate decisions which are judged by their moral and ethical content. Tools could be seen as nonhuman technical constructions (Latour 1988) that cause things to happen in humans’ world. They can produce good
(e.g. efficiency) or bring about bad (e.g. steal time). Thus, tools have prescriptions, and their outcomes have ethical dimensions, too.

**Empirical study**
In my study, the data is collected by means of a survey, interviews and action research altogether from 266 different companies in Finland. This qualitative data is analyzed by using grounded theory (Strauss and Corbin 1998) as basic methodological framework. Specifically, applying Charmaz’ (2005) constructivist approach enables conceptual categories of ethical issues arise through interpretations of the data.

With the term management tool I mean any method, model, technique, tool, framework, methodology or approach used to provide decision support (Clark and Scott 1999) in an organization. Tool refers to a decision aid used in a methodological manner for specific purposes in management activities. A tool can be either quantitative or qualitative and can be manual or computerized. A tool can also be based on one or several methods, and originate from different disciplines. Thus, management tools comprise such as SWOT-analysis, Scenario Analysis, Executive Information Systems, Brainstorming, Risk Analysis, Balanced Scorecard, etc. In this study, the users of the tools are executives, i.e. senior management of the companies using tools in making major decisions.

**Ethical aspects of management tools**
Many management tools are designed for improving efficiency of managerial work, and thus producing good. People are encouraged to perform resourceful actions (i.e. effective and efficient actions) and at the same time aimed to achieve ethical goals in moral ways (Ryan 2000). However, executives use tools for other than efficiency reasons, too. For example, executives use tools to address political issues. They promote their own ideas by communicating, creating new ideas and motivating through the tools. That itself is not an unethical action, and may yield as much good for companies as improvement in efficiency. Should this be then seen as a misuse of a tool, or as executives’ ineptitude to stick to basic assumptions of tool use, or as narrowness of a tool? Hence, the purpose of efficiency when using tools does not serve executives’ work widely, on the contrary, it is aimed only to a certain part of managerial work. From executives’ point of view this does not actually improve ethical goodness of tools.

Furthermore, instruction manuals of management tools rarely describe possible side-effects and unintentional impacts of tool use. In my study, executives report that tools require unexpected use of resources (e.g. time and specialized personnel) when learning and digesting tools as well as when unlearning of old practices. Implementing a new tool demands investment of many resources spiced with possible change resistance and prejudices against the tool. Lack of sufficient and realistic information on different aspects of tool use is unethical.
The scope of tool use ranges broadly, e.g. some companies use wide variety of tools while some do not use any tools at all. The reasons for not using tools depend much on company culture that either does not support or even prohibits the use of tools. Especially, such aspects as ownership (private entrepreneurship/family business or subsidiary of multinational company), industry, and company size affect not using tools. Hence, management tools support companies in unequal manner.

Overall, tools may even start to control decisions instead of executives. “Form goes over the substance” as some executives express. In sum, executives regard management tool use ethically good and sound as long as tools hold their ground as a good servant not an unwanted master.

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THE ETHICS OF LEADERS IN HRD OF
INDUSTRIAL ESTATE IN BANGKOK AND BOUNDARY
FOR SUSTAINABLE BUSINESS GROWTH

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Leaders influence group behavior, and can therefore determine the success or failure of an organization. Leaders who have a strong sense of ethics will use morals in the determining policies, rules and standards of ethics that organizations want. Employees can follow the ethical policy as working guidelines in organizations until it was organization culture by using human resources as developing centers and are factors behind success of the organizations.

The objective of this research is to study ethics of leaders in human resource development (HRD) of Industrial Real Estate in Bangkok and Boundary. This study was a survey research using stratified sampling according to business categories. Independent variable are business categories (Consumer goods, food, and packaging industries) and size of organizations (small, medium, and large). Dependent variables are leadership and four schools of business (utilitarian view, rights view, justice view, and integrative social contracts). Tools of this research were questionnaires. A total of 467 were sent, of which 175 were returned, accounting for a 37.5% return rate. This study use descriptive analysis in order to describe population characteristics and uses Multiple analysis of variance (MANOVA) to test the difference of mean of ethics with the significant level 0.05.

The research results showed that:

1. HRD leaders focused on the seven operations: 1) hiring qualified applicants; 2) supervising employees; 3) training and developing personnel; 4) evaluating employees’ work; 5) compensation management; 6) ensuring the health and safety of employees (7) checking organization operation so that it complies with labor law.

2. More than half of the respondents (58.4%) were male and 41.6% were female. The largest percentage (40.3%) were 41-50 years old. The second largest was between 30-40 (36.5%). The largest percentage of respondents had worked at the company for fewer than 5 years (34.9%). The second largest percentage had been with the company for 6-10 years (21.6%) and 74.7% of the respondents were managers.

3. Most respondents worked in consumer goods (57.6%). The second largest worked in food industries (29.6%). The third largest worked in the packaging industry (12.8%). Most organizations (54.7%) have a human resource department at the head office. In some organizations, the owners run the human resource department. Sometimes this will be part of the general affairs department. Most of the organizations (68.5%) were small. Next were medium- and large-size organizations which accounted for 18.4 %, and 13.1 % of the total, respectively.
4. For Utilitarian view, leaders of organizations of different sizes and industries have no statistical difference in ethics for utilitarian view. This is because at present human resources are important in making a competition advantage. The quality of employees make organizations succeed which result from economic and social condition and also technology which changes all the time. So human resource development must continuously build quality.

5. Leaders of the organizations who have different sizes and different business categories have no statistical difference in ethics for rights view. Employees have the right to privacy, to state their opinions, and to be treated fairly.

6. For Justice view, leaders were measured from fairness where administrators used rules fairly to employees such as payments according to results of work not for gender, race, ethics, or leaders satisfaction. Employees who make mistakes will get appropriate punishment. The results of the research showed that ethics of leaders are highest for responsibility, honesty, confidentiality, fairness, and neutrality, which have mean scores equal to 4.74, 4.69, 4.66, 4.62, and 4.58 respectively.

7. Integrative social contracts are decision of leaders of organizations which should consider between rules or regulations and other basis. For example, employee salaries should depend on payment rate of each local area. The results of the research demonstrated that leaders of organizations no statistical difference in 4 aspects of Integrative social contracts which are 1. leaders of change 2. human resource capital 3. human resource evaluation and Human Resource Scorecard. The results showed that top leaders in all organizations use ethics in human resource capital first. For other aspects of Integrative social contracts that leaders used were different according to sizes of the organizations.

After developing human resource capital, small-size organizations will develop leaders of change, then human resource evaluation and Human resource scorecard respectively. After developing human resource capital, medium-size organizations will develop human resource evaluation, then leaders of change and Human Resource Scorecard. After developing human resource capital, large organizations will develop a Human Resource Scorecard, next leaders of change and lastly human resource evaluation. The research results showed that leaders had the mean ethics of the four aspects in the high or highest level.

Business organizations have an important role in economy and society. They manufacture, purchase, sell, hire labor and pay taxes. Business organizations must be run ethically. They must be responsible for
employees, administrators, owners, shareholders, customers, accounts payables, accounts receivables, competitors, distributors, government sectors.

In the future, consumers will unite to get more power in negotiation with sellers. The government will take care consumers very seriously. Therefore, leaders of organizations should pay attention to business ethics for sustainable growth. The objective of business organizations will not be only making profits but will be making sustainable profits.
FROM HUNTER-GATHERER TO ORGANIZATIONAL MAN
– A MORALITY TALE

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1. This paper takes a long-term view of the moral foundations of management, a view that stretches back into the distant past to the time when human beings lived as hunter gatherers in small, durable groups of closely-related individuals. The value of this long term perspective is that it permits the development of a micro-analytical “theory” of moral duty and obligation -- it sheds light not only on the source of ethical principles but also on sources of obligation (that is, how ethical principles are made to influence individual behaviour in group settings, including the modern business organisation).

2. The premise of the paper – taken from evolutionary psychology – is that humans have innate cognitive and emotional capacities that have, since the emergence of the species, allowed them to control and coordinate individual behaviour within groups. These capacities underpin humanity’s position – or evolutionary niche -- as the ultimate social species. They are central to the development and spontaneous “enforcement” of informal social norms, which, in the ancestral environment, allowed group members to work together in a co-ordinated way.

3. Evolutionary success for individuals in all species of animal depends on their success in two inter-related spheres: somatic activity and reproduction. Through somatic activity animals seek access to the basic resources that they need to survive as an organism (e.g. food, shelter). The conditions of access to these resources involve varying degrees of competition among both individuals and (for humans) groups. Successful access to vital resources in turn creates the conditions in which reproduction can take place – ability to leave surviving offspring is the defining characteristic of evolutionary success. Reproduction requires surviving until the age at which procreation is possible, gaining access to reproductive opportunities (including through success in sexual selection, the decisions on mating partners made by individuals, especially females) and (for humans and other animals requiring high investment in the young) successfully creating the conditions in which someone (often one or both of the parents) makes this investment.

4. Although the somatic and reproductive activities just described involve significant amounts of competition, they also involve (for humans and other social animals) significant amounts of co-operation. Man in his ancestral state of nature was largely dependent on his group. A common interest in the durability and success of the group joined all group members in a shared enterprise of collective survival. There was no “social safety net” other that provided by the group itself and task specialisation within the group would have allowed for efficiency gains in nearly all productive and defensive activities. Thus, the ancestral environment created high evolutionary stakes for successful cooperation.

5. However, these benefits required the ability to allocate resources, to coordinate activities within the group (e.g. specialisation of labour within the group) and to control free riding. Studying the
evolutionary roots of the human mind allows us to understand how behaviour in our species has evolved – pushed by the survival benefits of specialisation of labour and informal social insurance – a series of capacities that allow individual behaviour be spontaneously regulated through internal group social processes. This is the biological basis of morality.

6. Humans have innate emotional capacities (loyalty, sociability, fear of being an outcast, anger at inappropriate behaviour, shame, generosity etc.) and cognitive capacities (ability to recognise each other, to perceive and evaluate others’ behaviours against norms, to link action to consequence, etc.) that allow them to evaluate and promote both their own and group interests and to balance tradeoffs among interests. Humans also have an engrained inclination toward deceit, guile, coercion and acquisitiveness. These help them to attend to their individual or family needs, including by sacrificing group interests for individual or family interests.

7. The human mind provides subtle mechanisms through which a shared sense of moral duty (that is ethical norms) can arise along with the ability to “enforce” these norms in one’s own behaviour (self regulation) and the behaviour of other members of the same group (group coordination). This allowed groups of hunter/gatherers to find a workable dynamic balance between individual and group interests and between cooperation and competition. Taken together, these give us a theory of moral conduct – the ability both to forge and to spontaneously “enforce” ethical norms is a characteristic that is central to human identity and to human evolutionary success.

8. Of course, man has come a long way since the Stone Age. Although material and social conditions have changed for most of us since the age of hunting/gathering, these basic cognitive and emotional capacities are still with us. They continue to influence group behavioural control in all group situations, including in modern business organisations. Indeed, the economic rationale of the modern business organisation may to provide an organisational envelope that that allows owners (and the economy in general) to capitalise on the benefits of basic human coordination capacities inherited from the ancestral environments. Inherited capacities that might be economically beneficial include group loyalty and attachment (and, thus a willingness to expend more effort for the benefit of the group than is compensated by remuneration), sociability (that is workers value working in a group environment), desire for status (thus, willingness to provide effort even in the absence of monetary compensation), group monitoring of individual effort and performance in group-related tasks (that is, use of innate human capacities to control free riding in the modern corporation) and coordinated group responses to unexpected events (where group loyalty, informal rules and hierarchies will allow responses to take place that might not have been possible among unrelated individuals operating through the market place).
9. Although innate human capacities inherited from the ancestral environment influence all aspects of modern life, including life in the corporation, they also show their limits in these contexts. Most modern humans live in complex societies and lead lives characterised by extensive interaction with genetically- and socially-unrelated individuals. In the span of one hundred thousand years or so, the human species has progressed from co-operation and exchange within stable groups of closely-related individuals to economic systems in which transactions within organisations and through markets coexist. Market transactions consist of impersonal, arm’s length exchanges that are often mediated and made possible by complex economic, political and civic institutions. Human history can be understood as a process of institutional development that allows coordination to take place within ever-expanding groups of unrelated individuals.

10. With the ingenuity that characterises it, the human species has managed to give increasing complex institutional expressions to its attempts to balance the tensions between cooperation and competition and between group and individual interests. Over thousands of years, institutional development – or capacity for impersonal coordination -- has rippled out in concentric circles from the inner core formed by ancestral bands of hunter-gatherers. Anthropologists and game theorists are now trying to understand the evolutionary basis of the transition from informal, norm-based coordination within small, permanent groups to the institutional complexity that characterises modern societies. What is already well established (in traditional economic theory, for example) is that impersonal transactions in the market and the formation of market prices allows for coordination of production and consumption decisions that has welfare-enhancing results if markets perform properly. In modern economies this market-based, impersonal coordination exists in parallel with the more relationship-based coordination that takes place in business organisation.

11. What is also well established is that various institutional supports are required to support properly functioning markets. Examples include corporate law, competition policy, deontological norms of professional associations (e.g. accountants and auditors), consumer protection policies, systems of labour relations, environmental regulation, anti-bribery legislation, tort law, etc. These communicate through formal mechanisms (often through legal codes) shared norms for behaviour and create obligations through various deterrents (e.g. law enforcement, threat of litigation, taxation) or through formal positive incentives (e.g. subsidies, the promise of peaceful labour relations in a sector).

12. These formal, institution-based norms and associated enforcement systems provide another “moral foundation of management” -- one that rests upon the more fundamental, biologically-based foundation described above. The paper explores the interaction between the two sources of morality in management – between formal, institutionalised, impersonal norms and norms that emerge from and are enforced by innate human capacities.
Taken together, these two sources of morality lead to a view of the modern business organisation as providing a space in which innate human capacities can come into play and be focused on tasks of group production, while simultaneously being conditioned by more formal market and regulatory pressures. In sum, although the firm has been famously referred to as a “nexus of contracts,” it is actually a nexus of human relationships surrounded by an envelope which is largely legal in character. The envelope conditions the terms of transacting in product, labour and capital markets and, hence, the way that impersonal market pressures impinge on interpersonal processes within the firm. It also influences how other external control processes (largely regulatory in nature) impinge on the activities of the firm. The paper argues that the modern business organisation (as a legal and market entity and as a nexus of human relationships) allows us (modern humans) to enjoy the best of both worlds – we get the welfare enhancing efficiencies that arise from the rational, impersonal pressures of market competition and from formal regulation as well as the motivation and context-sensitive adaptation allowed by the emotional and cognitive capacities inherited from our ancestors.
BACK AND FORTH WITH ETHICS IN PRODUCT DEVELOPMENT
- A HISTORY OF ETHICAL RESPONSIBILITY
AS A DESIGN DRIVER IN EUROPE

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Product development and ethics have always been tightly intertwined. In a corporation, product development is the activity that is concerned with how things ought to be, with devising artefacts to attain goals. To design is to devise courses of action aimed at changing existing situations into preferred ones. Within the context of manufacturing and business, however, the criteria of defining what the preferred situation is and its ethical implications have changed during history.

This paper presents historical developments of the role of ethics in European product development. It portrays how the ethical standpoint of the management of product development within corporations has turned from a non-consequentialist approach in the 1970s - a moral duty to produce the most appropriate product possible -, into a consequentialist and utilitarian one in the late 1980s with a focus on product differentiation, leaving the moral consequences of product choices to the customer. In the 21st century, the ethical considerations of product management shifted back towards a more deontological approach, when consumers no longer were considered to choose only rationally, but according to two irreducible utilities, based on two sources of valuation: pleasure and morality. The ethically conscious consumer influenced the companies to re-perceive ethical considerations their duty in product development. This paper contributes with new insights into how the social and political business environment and the prevailing management theories have affected the ethical considerations in product development through time.

The 1970s were a period of strong left-wing political movement in Europe, and the ethical justification of capitalism was frequently questioned. In product development, it was considered the duty of the development team to create products that were as easy to use for the end-user as possible, and much emphasis was put on issues such as ergonomics. Special effort was made that also users such as the elderly and the disabled, could use the products, but with the underlying assumption that there was one optimal product solution to be found for one functionality or usage situation. The societal and moral responsibility of the designer was broadened to encompass also the underdeveloped countries and others in need, and product development was to be made such that it strained the world resources as little as possible. Money, status and consumerism were seen as dubious for an ethical product developer, even one within a corporate framework.

With the economical upswing in the 1980s, ethics were suddenly of lesser interest. Product development no longer aimed to find one ideal product solution or to defend those with disabilities, but to do good business. Design management theories of the time were very closely tied to neoclassical economics and management

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The neoclassical paradigm was based on the idea of the hedonistic and self-centred consumer that did not want a product solution that was optimised for functionality, but one that was optimal for him. Consumers were to be making decisions based on rational judgements, and buying products became a way for individuals to communicate ideas of status and social distinction. Design was largely used for product differentiation: to create anything and everything for the consumers, who were given the liberty of choosing as he pleased. Within design management, it was more important that products fitted the corporate product portfolio than that they suited the individual user.

With the arrival of the 1990s, the importance of brands grew for companies. The main focus was no longer purely on the product portfolio, but also on the end-user experience of the corporate and its brand. As the world was already perceived full of products, the new way of differentiating a product or brand was not through the product itself, but through the entire experience that was created for the user of the product. The intent was to get the customer tied to a brand on an emotional level, instead of just buying products for their functional needs. There was a paradigm shift from the utilitarian, rationalistic-individualistic, neoclassical paradigm, to a new paradigm where people were considered to be able to act individually and rationally but with a very strong moral and emotional underpinning.

In this new paradigm, scholars such as Amitai Etzioni argued that consumers were no longer to be seen as black boxes, responding only to external changes rather than internal processes, but as individuals balancing between their basic urges and desires and their moral commitments. The conscious consumers expect a more ethical approach from companies, and the ethical responsibility that was originally considered the duty of the product producer and then given to the end-users themselves during the consequentialist approach, has now returned to the field of product development and management. There are now several emerging topics, besides Experience design, were ethics has again become the focus of design and management theories: Corporate Social Responsibility, Service design, Participatory design and Sustainability. The arrival, contents, and implications of these new concepts to product development will also be considered in this paper.

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THE PARADOXICAL SITUATION OF ETHICS IN BUSINESS

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Corporate life has probably been plagued by unethical behaviour for as long as it exists. But, with the increasing impact of such behaviour on human rights, on working life, on environment, and on (small) shareholders, the problem has become a serious issue. The paradox is that the more is being done about ethics, the less (corporate) behaviour seems to be concerned, beyond paying lip service. The problem is the disregard of morality: cynicism, not ethics. Modern cynicism is defined as pragmatic behaviour that disregards moral values. The reassertion of the importance of ethics without an understanding of the underlying problem will most likely not yield the desired outcomes.

Indeed, the most common response has been to try to reinforce people’s sense of ethics. This is reflected in Business Schools’ curricula, in companies’ emphasis on codes of ethics, and in various aspects of the Sarbanes Oxley law. Yet, the outcomes of these comprehensive efforts reveal widespread scepticism, cynicism, and no improvement. The paradox can be restated: the more we know about ethics, the more cynical we become. A couple of years ago, the Aspen Institute made a research into the impact of ethics in graduate education. Taking two cohorts, engineering and business students, it compared their responsiveness to ethical issues before and after their study. Engineering students as opposed to business students were not exposed to ethics classes. It turned out that business students had become less concerned by ethical issues (and more with the bottom line), while engineering students remained unchanged.

In corporate life the inclusion of codes of ethics does not seem either to have improved things: the codes have been grossly ignored, and have often been used for other ends like promoting the image of the company, increasing managerial control over employees, and shareholder control over managers. The Sarbanes Oxley law applied to the Worldcom case has lead to a number of curious outcomes: an out of court settlement, executives promising “not to do it again”, organisation of good behaviour seminars... Of course, other indictments have severely condemned the main actors of that corporate scandal.

But the above observations reinforce the impression that we are at a loss to know how to restore ethical behaviour in corporate life. In fact, we may have jumped to the conclusion. Without analysing the problem of unethical behaviour, without understanding why we do behave in questionable ways, ethics has been considered the answer. Instead, it will at best be a varnish of socially acceptable behaviour.

The paradox suggests that problem and solution are intimately tied. Indeed, it will be argued that it is the growing awareness of ethics and ethical problems that contribute significantly to cynical behaviour. Ethics conceived as the commitment to do the right things has evolved into a means rather than being an end in itself. Indeed, the “right” outcome means different things to different people, yielding confusion and opportunism. This conception oriented on outcome, fits the contemporary quest of control over human
affairs and has become dominant in management. The tendency to teach and to impose ethics is illustrative of our society’s control orientation in this matter. Contrary to its definitions, ethical behaviour has become an outside attitude rather than an intimate identity. Ethics becomes a matter of choice, a desirable image, and a means of control.

Solving the paradox may require to obliterate ethics as a topic of knowledge (but our conclusion can only be normative to this extent). Another kind of knowledge is involved, tacit and natural, learned in society and taken for granted. The ethical burden rests inescapably on the individual. He is the only who can live up to moral values, like truthfulness, courage, solidarity through his natural action. Collective approaches with ethical codes and hotlines are misplaced. They are a reflexion of control systems. Society and business can fruitfully resort to laws and rules to ensure good order, and possibly to support moral values: the XIXth century laws against child labour in Western Europe are an example of laws inspired by humanity that have become a moral standard.
THE REVIVAL OF ECONOMICS: AN ETHICAL PERSPECTIVE

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In the last thirty years the science of economics went through a far-reaching reorganization. What at the beginning had been seen as a minor improvement able to deal only with idiosyncratic cases, the inquiry into the role of information as pertaining to human action managed to push outwards the traditional boundaries of economics and provided the cement that tied together seemingly disparate fields of research. The systematic analysis of information brought about a deep change in the range of topics and techniques, and reshaped the ethical standards of economics.

While the principle of methodological individualism has not been challenged by the new approach, the principle of rationality has been extended and generalized to allow for decision making under uncertainty and asymmetric information, as well as for the limited human ability to process information. The renewal of economics was facilitated by the huge progress made by game theory, a discipline which helped economists to develop rigorous analyses of human interaction. Econometrics also supported the information based analyses by providing new tests and models able to deal with expectations.

With the progress in understanding the expectation formation process came a skeptical attitude with respect to the early neo-classical faith in the unchallenged optimality of the decentralized market equilibrium. Economists agree now that some form of instability is a built-in feature of contemporary decentralized economies, and this instability might well increase with the development of the financial market. Yet after the generalized collapse of centrally planned economies in the late eighties, few would challenge the idea according to which the market mechanism is the best available system of allocating resources.

As already mentioned, the revival of contemporary economics is not only a matter of broader topics and better techniques. At the origins of economics, ethical matters were part and parcel of analyses such as carried out by Adam Smith, John Stuart Mills, David Hume and the other economists called “classics”. Founders of modern, neoclassical economics, to mention only Stanley Jevons, Alfred Marshall or Léon Walras, narrowed the ethical scope of economics to a deep concern about effectiveness or how to eliminate waste from human action. While many analyses were successfully devoted to explaining the determination of prices, the goal of effectiveness can be related in a natural way to the general goals of growth and development. In the late sixties, the long-run progress of knowledge in economics reached kind of a dead-end; tensions between conflicting theories and policy implications were high, and some economists aimed at keeping alive the public interest for the field by applying the methodology of economics to controversial topics as crime, terrorism, marriage, and others.

An outstanding feature of contemporary economics is a return to the ethical quest of early neoclassical writers: knowing now how to analyze imperfect information situations, economists begin to focus again on fighting waste, in order to contribute at improving welfare of individuals and the society. Results in many specialized fields (international economics, industrial organization, labor economics, etc.) are quite encouraging. Since imperfect information seems to be at the heart of essential disruptions of the
decentralized economy, economists can work together in order to find solutions to contain instability. Like in the early years of the XX\textsuperscript{th} century, this joint intellectual effort would support the development of capitalist societies.

Traditional economic analysis made and is making substantial progress in analyzing human action within the paradigm of predetermined tastes, wherein human goals are taken as given. Yet, as pointed out by Aristotle long ago, in the long run, human action has also a bearing on human character. Tastes and actions are thus interdependent. A challenge for economics is to take into account the possibility of evolving tastes. Several economists have already called for the creation of such a research program. In this matter, the interaction between economics and business ethics could be beneficial to both fields.

This paper is organized as follows. The next section provides a definition of contemporary economics which emphasizes the contribution of imperfect information, and takes a stance on the suitable ethical perspective; we argue that virtue ethics provides the best intellectual framework. Section 3 comments on the concept of rationality in contemporary economics, and develops its ethical foundations. We analyze the ethical implications of the quest for effectiveness in Section 4. Section 5 analyses the ethical foundations of several applied economic analyses (growth, unemployment and industrial organization). The last section presents the conclusion.
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