

Essentials of Management: ***Ethical Values, Attitudes,*** ***and Actions***

edited by
James S. Bowman
with Introductions and Selected Readings

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***To the Memory
of My Parents***

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PREFACE

I. Introduction: The Study of Management Ethics

Chapter 1 — Are Management Ethics Worth Studying?

A. Richard Konrad

By examining arguments about the study of ethics, the author advocates its pursuit as a feasible and desirable goal for students of management. Consideration of ethics in decision-making is more than “just a sop for the archaically devout” or a misguided attempt to get people to behave. Instead, the purpose should be to challenge one’s thinking about values in education, management, and society.

Chapter 2 — Empirical Methods for Management Ethics Research

Odd Langholm and Johs. Lunde

This state-of-the-art essay argues that if management ethics warrants a place in the science of administration, then only actual value concepts and ethical conduct in management can form the basis of ethics within the framework of administrative theory. Accordingly, a foundation for the empirical study of management ethics is presented by identifying appropriate fields of investigation and discussing selected research findings.

Chapter 3 — Approaches to Management Ethics

John A. Rohr

This article contains a discussion of those areas that are not fruitful in the study of ethics by managers. A “public interest model” of ethics for organizations is then developed. Finally, the Constitution and court cases are analyzed as authoritative sources of values in administration.

Selected Readings

II. Management Ethics in Transition

Chapter 4 — Ethics and the New Ideology

George Cabot Lodge

The thesis of this chapter is that society's traditional definitions of ethical conduct are rapidly changing and that many of the dilemmas we now face are the result of that transition. This theme is explored by discussing the components of the country's traditional ideology and comparing them to the nation's new, emerging ideology. Many ethical issues can be better understood, if viewed in light of this transition. What stands in the way of an appropriate resolution of these issues is "a good deal of irrelevant ideology on the part of government, business, and the public in general."

Chapter 5 — Ethics: Age-Old Ideal, Now Real

James Owens

One mark of a professional, is his ability to comprehend ethical dilemmas. In an age of "instant information" and public insistence on moral behavior, management ethics is a practical necessity for administrators in the real world of organizational decision-making. The author presents a useful definition of ethics for managers and managers-to-be, and explores its implications. Fundamental ethical principles and historical standards are then outlined. The article concludes by recommending the continuing development and application of codes of ethics derived from these principles and standards.

Chapter 6 — Ethical Chic

Peter F. Drucker

Closing this section is Drucker's controversial essay which denounces business ethics as special pleading by the powerful. He contends that ethical concern is merely a fad, and is self-defeating nonsense.

Selected Readings

III. The Organization and the Individual: Ethical Dilemmas

Chapter 7 — The Management Ethics "Crisis": An Organizational Perspective

T. Edwin Boling

Dr. Boling provides a brief review of the literature and identifies inadequate premises for ethical guidance. In reference to major management theorists, the author develops specific principles to encourage moral behavior in organizations based on the superiority of group standards over personal ethics.

Chapter 8 — *Organizations as Political Systems: Heroism and Legalism*
Deena Weinstein

The author challenges the concept of the organization as a rational device for efficiently securing fixed ends. It is suggested that a more comprehensive perspective understands bureaucracies and organizations to be political systems. Traditional theories of organization—the administrative myth—maintain that the bureaucracy is a rational, nonpartisan, technical process. Employees cannot act politically except in disloyal opposition; dissent is a political phenomenon that occurs in organizations that are not supposed to be political systems. Ethical action punctures the myth of value-free neutrality and social consensus in administration. Opposition strategies are heroic because they require employees to challenge authority when obedience is expected, and there are very clear limits to legal reforms.

Chapter 9 — *Linking Ethics to Behavior in Organizations*
Archie B. Carroll

A framework for ethical thinking is presented followed by a discussion of seven actions that administrators can take to improve ethics. The premise of the article is that while broad social forces are important in ethical behavior, a more immediate cause—management practices and superior-subordinate relationships—affect the ethics of employees.

Selected Readings

IV. Ethical Attitudes in Government and in Business

Chapter 10 — *Ethics in the Federal Service: A Post-Watergate View*
James S. Bowman

This chapter discusses the attitudes of public executives toward moral issues in American politics and ethical practices in daily administration. The findings suggest that although managers are disposed to serve the public interest, some kind of institutional basis for professional conduct is necessary. Methods to accomplish this are suggested.

Chapter 11 — *Is the Ethics of Business Changing?*
Steven N. Brenner and Earl A. Molander

This article reports the views of 1,200 *Harvard Business Review* readers compared with the attitudes of their counterparts 15 years ago about management ethics. It concludes with a brief identification of four needed changes in managerial outlook.

Selected Readings

V. Conclusion: Actions to Deal With Ethical Problems

Chapter 12 — Codes of Conduct and the Golden Rule

John Donaldson and Mike Waller

In a critique of management research and practice, it is argued that moral codes are sources of commitment and are therefore sources of power and control. The Golden Rule provides compelling answers to significant questions in administration.

Chapter 13 — Institutionalizing Ethics in Public and Corporate Governance

Theodore V. Purcell, S.J.

The universal nature of ethical considerations in management is analyzed and documented. The author discusses strategies on how to “do” ethics in organizations, including the case for “ethics specialists.” The chapter concludes by arguing against common objections to including ethical considerations in decision-making.

Chapter 14 — Whistle blowing in Organizations

Lea P. Stewart

This study explores whistle blowing as an organizational phenomenon, and analyzes 51 cases in order to derive a model of these incidents. Generalizations are then made about the nature of whistle blowing and how it fits into organizational communication patterns.

Chapter 15 — Ethics and Public Policy

Ralph C. Chandler

“How can public administrators properly plant, bring to flower, and keep weeded a personal code of ethical performance?...” This question is discussed with reference to major historical documents in American history and key issues in public administration. “The problem of administrative ethics continues to be one of discretion...and pursuit of the public good.” Michigan Public Act 196 is discussed as a piece of legislation that effectively deals with the ethical dilemmas of managers.

Chapter 16 — Recent Reforms in Government and the Case for an Inspector General of the United States

Jarold A. Kieffer

A federal administrator points out deficiencies in present arrangements designed to expose wrongdoing. The public learns of official deviance primarily through random and bizarre events. He recommends that systematic procedures be installed to correct this problem, beginning with the establishment of an independent office of inspector general of the United States.

Selected Readings

Preface

If management is defined as getting things done through people, it is evident that ethics can seriously affect organizational morale, recruitment, productivity, and many other daily administrative problems. Decisions about these problems, whether or not they are perceived as ethical choices, are made in the belief that something ought to be done. The administrative response is, in a word, a function of values. They are not merely inevitable, but constitute the irreducible nucleus of management.

Ethics and values have been highlighted in recent years by what is often called post-Watergate morality. Indeed, when government and business executives are involved in national scandals, the public legitimately wonders what else is happening in American institutions. Studies have documented widespread improprieties in the conduct of routine administrative activities, a fact that has led some responsible commentators to believe that corruption is now ubiquitous and systemic in American life.

Since administrators face complicated ethical issues in organizations and in society, they are finding it increasingly necessary to expand their knowledge about managerial ethics. An executive today, in fact, can hardly afford not to study the subject. There is, however, a general lack of teaching and training materials in this field. Specifically, there are few that address these questions in the public and private sectors of the economy as they affect the administrator.

By the late 1970s and early 1980s, a number of articles appeared that examined individuals and organizations encountering ethical problems. This book, therefore, does not contain separate chapters on the conventional socio-management issues and methods which tend to be either transitory or technical. Nor does it consist of inspirational essays or accusatory polemics which do little to describe or explain behavior in, and by, organizations.

Instead, this collection aims at enlarging the administrator's understanding of the nature of ethics involved in his daily work by offering analytical studies of, and meaningful guidelines for, managerial situations. If the study of ethical puzzles in organizations is to be fruitful, in other words, then it must concentrate on problems central to management. *Essentials of Management: Ethical Values,*

Attitudes, and Action, provides materials to assist managers and future managers to develop and/or maintain, personal and organizational codes of honorable performance.

The scope of this volume includes

1. Approaches to management ethics
2. Commentaries on past, transitional, and future ethical concerns of professional administrators
3. Analyses of the organization and the individual
4. Survey evidence dealing with the attitudes, values, and behavior of managers
5. Specific actions to deal with ethical dilemmas.

The emphasis is not on high elective officials, company presidents, or major scandals—such concerns lack day-to-day relevance for the majority of students and managers in business and in government. Nor is the focus on philosophical questions. Most managers-to-be, executives, and instructors, are simply not conversant in the philosophical nuances and theological distinctions of scholars. Thus, articles are chosen with the expectation that the reader would have little formal background in policy analysis or philosophy and ethics.

The focus is on the middle manager and organizational problems of immediate significance to students of administration in the classroom or office. Both the future executive and today's executive, as decision-makers, must choose among values in making policies. Therefore, the issues here are examined from a manager's point of view; values of employees and their organizations are explored, and actions that individuals and institutions can take are discussed.

The articles in this work have been compiled in such a way as to be beneficial to undergraduate and beginning graduate students. In addition, practicing administrators will find the material useful in sustaining a personal approach to management ethics. The subject matter of this book, in a word, should be part of the intellectual equipment of all managers and students who consider themselves to be enlightened and socially concerned.

Several features of the collection will facilitate its effective use. First, in selecting articles, it has been assumed that the reader has a general interest in management problems, but limited knowledge of their ethical implications. Accordingly, they are relatively free of jargon and written in a straightforward manner. Second, each part in the volume contains an introduction that will direct the reader's attention to (a) issues that underlie ethical inquiry, (b) significant aspects of the chapters, and (c) the Selected Readings at the end of the section. Third, a synopsis introduces the key ideas in each of the articles. The bibliography following the main sections in the book reflects not only the belief that students and managers should read more, but also reflects the increasing amount of excellent literature that is available.

No book of readings can “solve” moral problems in the practice of business or government; to pretend otherwise would deny all sensitive inquiry. There are no easy answers because there are no easy questions. As will be seen, however, it is too pessimistic to conclude that nothing can be done. It is precisely because fundamental problems have not been solved that thoughtful reflection is needed. In light of the ancient curiosity about ethics and contemporary ethical issues, a timely analysis of the management implications of the subject can be found in these pages. Enough government agencies and business firms are taking concrete actions against corruption and for integrity to demonstrate that the situation can be confronted with more than pious platitudes.

This anthology is one product of several recent research projects undertaken by the editor. Appreciation is extended to John A. Rohr (Virginia Polytechnic Institute and State University), Chester A. Newland (University of Southern California), Theodore V. Purcell (Georgetown University), and N. Joseph Cayer (Arizona State University) as well as to the W.K. Kellogg Foundation for its support. Marcel Dekker, Inc., granted permission to adapt small portions of a recent work of mine for use here. Most of all, my wife Ellona, and children Christopher and Andrew, endured the domestic consequences of this effort for which no satisfactory compensation has yet been devised.

James S. Bowman

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Part I.

Introduction: The Study of Management Ethics

The study of ethics may be an established discipline, but its application and integration into contemporary business and government management is just beginning. Although one of the exceptional characteristics of human beings is their moral behavior, there has been a general reluctance on the part of students of organizations to give appropriate consideration to this fact. There are, for instance, few analytical models of the subject to help guide one through the maze of reality, to develop generalizations, and to draw conclusions. In both practice and theory, the ethical implications of administrative conduct remain largely unexplored. Yet no one is entirely free of moral codes. Available evidence (see, for example, Part III) clearly demonstrates that managers are interested in ethics which they associate with rules and standards, morals, right and wrong, and values of honesty and integrity.

Although almost every individual has little difficulty understanding the idea of ethics, it is not easy to define. Among the numerous attempts to explain its meaning, perhaps the simplest and most useful definition is a set of standards by which human actions are determined to be right or wrong. Stated differently, ethics may be seen as the rules governing the moral conduct of the members of the organization or management profession.

This inquiry is guided by the following assumptions:

- a. The practice of management generates ethical predicaments;
- b. People are capable of choosing one course of action rather than another in dealing with these dilemmas;
- c. Admirable behavior can be nurtured and directed in organizational settings.

2 • PART I. INTRODUCTION: THE STUDY OF MANAGEMENT ETHICS

"In essence," write Charles W. Powers and David Vogel (Part I, Selected Readings), "ethics is concerned with clarifying what constitutes general welfare and the kind of conduct necessary to promote it."

Over the past century, the centrality of ethics in higher education atrophied to a peripheral concern. It has only recently acquired a visible, if small and uncertain, presence in administrative studies. Therefore, in this introductory section, several topics are explored: why ethics should be studied, and how it can join the mainstream of the study of management.

A. Richard Konrad, in the initial essay, forcefully argues that management ethics are indeed worth studying today. If students, regardless of the point in their careers, are (a) establishing a level of professional competence and integrity, and (b) facing value differences in making judgments, then the ability to comprehend what is at stake is clearly the essence of management. What is needed is a perspective on one's role in society that permits one to recognize that ethics cannot be left solely to philosophers or religious leaders.

The second and third chapters examine the problems and potential of ethics research in making a contribution to the understanding of management. Odd Langholm and Johs. Lunde indicate the deficiencies in past business ethics literature, and discuss how contemporary studies can be integrated into management science. While agreeing with Konrad that a moral pattern must be implicit in the body of knowledge that each manager bases his decisions on, they disagree with Konrad (as well as Deena Weinstein, John Donaldson, and Mike Waller, in later chapters) on how this can best be accomplished. The third chapter, by John A. Rohr, examines "false starts" in the study of ethics followed by an outline of a potentially useful approach to analyzing ethics in government.

None of the contributors would dispute the notion that ethics courses and research cannot provide a panacea; it may be impossible to arrive at definitive answers to moral questions through analysis alone. Yet, Derek C. Bok (Part I, Selected Readings) maintains that there is no reason why ethical issues cannot be as rigorously pursued as many other areas in business and in government, unless it is claimed that ethical values have no intellectual basis whatsoever. The revival of the interest in ethics in the management profession might be described as a search for its soul. To paraphrase Justice Tom Clark, "What good is knowledge of administration if those who possess it are corruptible?"

The Selected Readings at the end of this section amplify these themes by investigating the state-of-the-art of management ethics teaching and research. Perhaps the most oft-quoted piece on teaching in the field is by Bok. A useful discussion of the relevant research trends can be found in Dwight Waldo's article. Recent overviews in both areas appear in the work by Joel L. Fleishman and Bruce L. Payne in public management, and by Charles W. Powers and David Vogel in business administration.

1.

Are Management Ethics Worth Studying?

A. Richard Konrad

Although I am an instructor in a philosophy department, I now teach an ethics course in a business school. An article in *Business and Society Review* by Mary Susan Miller and A. Edward Miller (“It’s Too Late for Ethics Courses in Business Schools,” Spring 1976), suggests that there really isn’t any point in bothering with such courses. Their thesis was reinforced a few issues later in a commentary by Pat L. Burr. If I agreed with their assumptions about the purpose of ethics courses, I would pack my briefcase immediately and look for better things to do. But I believe their assumptions are wrong.

I want to argue against the belief that the purpose of a course is to teach people how to behave and that the measure of success of a course is how “good” the students were once they had taken it. Of course, it is a waste of time to lecture students about the wrongness of kickbacks, bribery, false advertising, and lawbreaking; or about the virtues of honesty, keeping your promises, promoting public welfare, and reducing waste and unemployment. Everybody knows all that without being lectured to about it. Furthermore, the knowledge of what’s right and wrong seems to have little bearing on how people will act in these matters. In fact, if teaching ethics were nothing more than a listing of virtues and vices, I wouldn’t bother with it myself, for it would be an utter bore.

In their article the Millers seem to assume that what would justify . . . ethics courses would be the reduction of widespread wrongdoing. . . . After all, that is the problem which worries the general public. And the solution to the problem lies in something which the Millers believe is beyond the ability of an . . . ethics course to teach—personal integrity. Since the Millers don’t say explicitly what