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# **Ethics at Work: the Discourse of Business Ethics**

**An investigation into ethical discourse  
in UK Higher Education and organisational contexts**

**Roger Cook**

A thesis submitted in partial fulfilment of the requirements of  
University of West London for the degree of Doctor of  
Philosophy

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‘Our conceptual schemes mediate even our most basic perceptual experiences’

(Peter Railton, 1986 p.172)

## Declarations

I declare that while registered as a candidate for University of West London's research degree, I have not been a registered candidate or enrolled student for another award of another academic or professional institution.

I declare that no material contained in the thesis has been used in any other submission for an academic award. During the period of registration material relevant to the research was disseminated as follows:

### **Articles in refereed academic journals**

Cook, R. (2011) Developing ethical awareness among MBA students *Vistas, The University of West London Journal, October 2011*

Cook, R. & Munro, J. (2008) Managing the SME with Integrity *Cyprus International Journal of Management Summer 2008*

Munro, J. & Cook, R. (2008) The Small Enterprise as an authentic learning environment *ASLIB Proceedings Vol. 60, no. 6*

### **Relevant Papers published in Conference Proceedings**

Cook, R. (2011) Raising Ethical Awareness among MBA Students *18<sup>th</sup> International EdiNeb Conference, Lyon*

Cook, R. & McCallum, S. (2007) Citizenship, Values, and Moral Education *CARN Bulletin 10c Extending the horizons of Action research, Nottingham*

Cook, R. & Munro, J. (2006) 'Teaching ethics in Enterprise' *Paper presented to the ICSB 51<sup>st</sup> World conference, Melbourne June 2006*

### **Relevant Conference Papers presented**

Cook, R. (2010) Making Ethics Work SIEC *82<sup>nd</sup> International Conference July 2010, York*

Cook, R. & Munro, J. (2010) 'Ethical dilemmas and the Entrepreneur' *IEEC International Enterprise Educators Conference, Glasgow*

Cook, R. & Munro, J. (2005) Trust and Sustainable Small Business *Paper presented to the Institute for Small Business and Enterprise, 28<sup>th</sup> National Conference on Illuminating Entrepreneurship, Blackpool*

## Abstract

This thesis aims to make an original contribution to the development of effective ethical discourse at work through the development of a conceptual model which reframes existent philosophical ideas and moral perspectives. Its intention is both to facilitate better personal understanding, and to enable improved moral communication between individuals, workforce communities and organisations. This is needed because the impacts of the banking crisis, and continued incidences of corporate wrongdoing are exposing the weaknesses in managerial capitalism, and provide evidence that the rhetoric of business values is sometimes at odds with reality. Contemporary organisations are also increasingly being required to explain and defend the values which shape their business conduct, an irreversible trend driven by factors such as the growth of the social media, increasing private ownership of wealth, shareholder activism, and stakeholder empowerment. The thesis presents a framework for ethical analysis and discourse.

The research takes the form of transdisciplinary enquiry. Applying a critical realist perspective, relevant bodies of literature are reviewed, leading to the creation of a proposed analytical framework and an associated process model. It is proposed that together these comprise the tools to help the development of the ethical manager. Using a case study approach, the framework is first trialled among postgraduate professional MBA students. Based on initial research findings, a developed framework is then adapted and field-tested for relevance to practising managers in diverse organisational contexts, and potential further uses and applications considered.

Concept testing demonstrates that a flexible managerial model of ethical analysis the thesis is successfully developed for use by business practitioners, consultants and business ethicists. Management as a discipline is pragmatic in nature, drawing in an eclectic manner on differing academic disciplines, and the proposed model is similarly derived from a transdisciplinary approach to business ethics which seeks to gain insights from diverse disciplines, drawing from both moral philosophy and developmental psychology to create an original PREP framework and associated Process model.

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## Chapter 1: Introduction

This thesis seeks to reframe ethical discourse at work. The thesis enquires into reasons why a renewed discussion of business ethics applying a fresh approach is needed, even though both business and ethics have been with us for most of human history. Stigler (2012) refers to the current social climate as facing moral deprivation, an ironic term given that many societies have benefitted economically from globalisation and industrialization as never before. This moral climate within which our wealth creating organisations operate has been exposed in a new light during and after the financial crisis that emerged in 2008 (Flynn, 2012). Business conduct driven by rampant self-interest has disturbed the economies of much of the developed world. Now we face a crisis so extensive that some of the gains of the last sixty years may yet be undone. Growing poverty in Southern Europe signals potentially difficult times ahead for decades to come. The origins of this crisis can be traced to unethical conduct within the Banking sector, which developed after its deregulation in the UK and America in the 1980's (Elliot, 2014).

As we face the early decades of a new millennium conditions for the conduct of business are at the same time both much the same as mankind has faced since time immemorial, and also radically different. Successful business relies on commercial trading, which has always been and still remains our main organ of wealth creation, and the mechanism which empowers mankind's drive to constantly improve living standards. The essential nature of business transactions between trading individuals and organisations has scarcely changed over millennia. Buying and selling is not so very different for the deal-makers of to-day from the merchants who conducted their business along the spice route and silk road of earlier civilisations. So why the need to rethink ethics? From a historical perspective, ancient ideas from early thinkers as to the 'right' and the 'good' guided citizens towards conducting their lives and their business affairs with integrity aimed to promote prosperity through engendering trust and goodwill, and early ethical ideas remain relevant and useful to us to-day. Aspects of classical moral philosophy still hold true because we remain bound in the same human condition as our forefathers. However, much has also changed in human affairs. Plato and Aristotle, whose differing emphases on idealism and empiricism together represent the pinnacles of classical ethical discourse, were both as much concerned with the role of the state (strictly the city state) in shaping and governing the

conduct of its citizens, as with the individual. Aristotle places his *Nicomachean Ethics* (Ed. Radick, 1976) firmly in a political context, and in Plato's *Republic* (Ed. Cornford, 1966) the nature of justice is scrutinized as much as for the state as for the individual. But to-day we face conditions which are radically different, as the role of Government has grown both bigger (with regard to the geographical boundaries the nation state encompasses) and also smaller, in that with globalization geographical borders no longer limit trading boundaries. It is more often companies than countries who now are the key players in the world economy, and companies, despite their claims of wishing to be good corporate citizens are often proving to be unruly, and sometimes ungovernable, members of society.

The current ineffectiveness of governments to shape the conduct of these powerful corporate citizens was illustrated by the global banking crisis which surfaced in late 2008. Bad business is of course nothing new, nor are instances of corporate greed and scandal which have existed since the advent of the limited company. But in recent decades the scope and frequency of such problems appears to be increasing rather than decreasing. We have recently witnessed the consequences of corporate greed in the banking sector, and it is now apparent that the unrestrained self-interest which pervaded much of the sector over recent years led banks to develop irresponsible and unsustainable lending policies, ultimately resulting in a loss of market confidence, and subsequently to a wider economic crisis. While there were differences between national governments as to policies and regulatory regimes controlling banking activities, no government was entirely able to legislate for, or prevent the ensuing credit crisis. The crisis first surfaced in the sub-prime market in the USA, but there have been sharp and lasting impacts on the wider global economy, and five years later in Europe unemployment overall was still rising and money growth depressed (Warner, 2013). In the UK the ineffectiveness of the Government's regulatory regime, despite the control and monitoring created through the Financial Services Authority for this very purpose, became apparent as banks progressively developed an ethic which moved from being prudent and risk averse to bonus-oriented and sales driven, with little thought of the potential plight of customers saddled with debts repayment they had no realistic prospect of being able to meet over time. Short-term gain at the expense of responsible and sustainable business policies had spread far throughout business in general and the banking sector in particular.

For Plato and Aristotle the study of ethics was integral to the development of the leaders of their society, indeed their academies were founded for that very purpose. Now there is a sharper separation between the civic and the commercial, and economic power has progressively moved further into the hands of business rather than political leaders. Today a relatively small number of influential leaders shape and direct the conduct of our corporations, and there is a dearth of the public spirit among business leaders which was considered integral to the working of Greek city states. Repeated instances of unethical behaviour of business leaders have also come to light since the late 1980's, including among the retail banks. Fred Goodwin, former CEO of Royal Bank of Scotland heads up the list, having shown reluctance to surrender any part of his £703,000 annual pension or £3,000,000 tax free lump sum on his forced retirement, despite directing years of reckless lending and making acquisitions which led RBS into total business failure (Kampfer, 2013). Bob Diamond has had to resign from Barclays following the LIBOR rate scandal and may yet also face serious criminal charges for payments to Qatari investors during the crisis to secure funding for the bank (Harris, 2014). Neither Plato nor Aristotle could have foreseen how people would behave once their actions could be hidden behind the veil of incorporation, but the consequences of corporate malfeasance have much wider impacts in society than merely affecting the corporate bottom line. Evidently we must rediscover ethics for business, and vigorously debate situations, activities and decisions at the point where business practice and malpractice actually happens. We need ethical managers for companies to-day, as much Greek city states once needed ethical leadership.

If the human condition has not radically changed over millennia, human knowledge and understanding has, and it continues to expand exponentially and to find new forms of knowing and understanding. The field of the social sciences, within which the discipline of management is broadly located, has proved it can offer new perspectives on human conduct at work. This thesis will develop the argument that Business Ethics as an emergent discipline has not as yet fully utilised the knowledge and understanding of human behaviour that is afforded by perspectives derived from sociological and psychological insights into people's actions and mindsets. What is now required is a re-examination of the conduct of business activity in a discourse which is relevant and of practical use to people at work, and also transparent to society at large. We have to develop the ability to analyse business situations and business decisions in ways which engage business practitioners in their day-to-day working life, and which allow for transparency and

accountability beyond the business community itself. A discussion is needed which can both employ proven ethical concepts derived from great ideas of earlier times, and also benefit from contemporary forms of knowledge. Furthermore this needs to be achieved while employing an accessible vocabulary and engaging with a contemporary mindset. This is indeed a challenge, and the thesis will endeavour to make an original contribution to the task facing ethicists and business academics tackling these issues through addressing the question of developing ethical competence for managers and business practitioners. To achieve this, the enquiry must be located in an informed understanding of the moral questions arising in current business conditions. These questions form a chain of complex interrelated factors, the cumulative influence of which needs to be taken into account in framing this research. They are addressed in this chapter as:

- the fabric of managerial capitalism ( paragraph 1.1)
- the nature of the corporation ( paragraph 1.3)
- postmodernism and societal change ( paragraph 1.4)
- conditions in the workplace (paragraph 1.5).

## **1.1 Background: The question of capitalism**

We live in a day, when economic outputs have soared globally compared previous generation, while at the same time the world has witnessed the emergence of market capitalism as a dominant economic system. According to U.N. and World Bank data (Dicken, 2011), world output has multiplied by a factor of five in the last fifty years. Between 1970 and 1995 the per capita G.N.P. of the U.K. and the U.S.A. measured at constant prices grew by about 50%. India, the world's second largest country grew by about 80%, and China, the world's most populous country, grew around fivefold.

### **1.1.1 The dominance of capitalist systems**

These achievements have occurred in a context of increasing free global enterprise, and the remarkable success of free market capitalism as a prevailing economic system is not greatly affected by diverse political contexts, including even theocratic governance in the Middle East. Alternative economic and institutional models such as Soviet style communism have failed, and even a resurgent nationalist Russia has not undone the shift to a market economy that accompanied the fall of Soviet socialism in the late 1980's and

early 1990's. China clings to a socialist political model but economically it has progressively adopted a form of market socialism allowing private accumulation of wealth. Europe by contrast through the regulatory frameworks of the European Union has essentially introduced a social market, while the USA remains the closest of the major national economies to a free market. Each of these models fundamentally rely on capitalism as the creator and driver of wealth creation. McEwan (2001) identified capitalism as founded on three principles:

- private ownership of property and the means of production
- the primacy of the consumer, who is free to buy as (s)he chooses
- individual rewards for producers who successfully satisfy consumer needs

All of these attributes are recognisable in the different forms of enterprise economies now found around the world. It is perhaps ironic that the term 'capitalism' was coined by its fiercest critic Karl Marx, who denounced the exploitation of workers which he viewed as inherent in a capitalist system. Retrospectively it is evident that Marxism has proved a failed ideology as a context for wealth creation, (if not for other forms of human endeavour) or as Friedman (2000, p.104) succinctly put it, 'it doesn't work'. The lesson of history is that wealth creation works best within a broadly capitalist framework, but the cracks in capitalism today are showing. As capitalism has become global, it has developed alongside the inexorable rise of the limited company as vehicle for the conduct of business. A feature of 'late capitalism' is the separation of ownership and control of the enterprise, creating managerial capitalism which predominates as a business model. In the 1990's business textbooks were still being published in the UK that questioned the ethical validity of a free market economy (Sorrel & Hendry, 1994) and included a neo-Marxist critique of free enterprise (Stokes, 1995; Alvesson & Wilmott, 1996), but such rejectionist critiques are currently almost as rare as a Marxist state itself. A critical approach to free market capitalism can be found derived from a Foucaudian perspective on the use of power in business (McKinley & Starkey, 1998), but it is a voice in the wilderness. However critical voices are justifiably now being raised against extensive deregulation within a free market economy. Within the success story of modern managerial capitalism there are both winners and losers, and the downside of capitalist systems needs to be recognized as a moral challenge, as well as the fault lines of the corporation itself as the dominant vehicle for contemporary wealth creation.

### **1.1.2 Distribution of wealth**

While wealth overall has increased significantly in the last twenty years, noting the general trend alone is misleading. Madeley (2003) pointed to the inequity and real poverty within the statistics, referring to the fact that developing countries grew at around 3 per cent between 1960 and 1980, but this halved to around 1.5% between 1980 and 2000. He reports that during the last 20 years Latin America has remained stagnant (growing at 0.3% compared to previous growth of 2.8%) ‘while African economies have been shrinking at around 0.8% per year compared to earlier growth rate of 1.6%’ (p.40-41). Under market capitalism today it is companies not countries who conduct international trading activities, and ‘the poor swim in the same economic stream as the corporations’ (Litvinoff & Madeley, 2007 p.10). The result is that ‘Free Trade’ is something of a misnomer because according to the advocates of ‘Fair Trade’ it does not free the poor from poverty, but rather makes them vulnerable to the economic exploitation by multinational companies. The post World War II growing unequal distribution of wealth is moreover not just between the developed and the developing world. Within country boundaries the gap between the rich and poor has been steadily widening in countries as diverse as Malaysia, Brazil, and the U.K. (Dicken, 2011).

### **1.1.3 Private ownership of wealth**

Governments are now being outflanked by corporations, and governmental influence is waning because capitalism transfers ever greater proportions of the world’s wealth into private ownership. Adam Smith (1976, originally published in 1776) justified the enclosures of land held as ‘common’, and the trend towards private ownership of assets has subsequently never been fundamentally reversed. In recent decades privatisation programmes around the world have seen the transfer of transport and utility companies into private ownership, together with supporting assets and infrastructures. The world’s largest economic units, at least beyond the top twenty most wealthy of the world’s nations, are companies. With the growth of the knowledge economy this trend looks set to increase rather than decrease. Moreover, as the knowledge economy grows and the value of intellectual property rises, no Government will be able to monitor or control the flow of intellectual capital across its borders, achieved largely through electronic communications.

### **1.1.4 Power of TNC's**

As increasingly the world's wealth falls into private ownership, the power of companies relative to national governments increases. It is now a recognised strategy for transnational (TNC's) companies (Bartlett & Ghoshal, 1995) to deliberately develop an operational footprint that transcends borders, allowing TNC's to develop flexibility and bargaining power when dealing with national Governments. Even major nations are in danger of being out manoeuvred by powerful TNC's. If for example Glaxo Wellcome are uncomfortable with the terms being offered them to supply pharmaceuticals to the U.K. National Health Service, they will threaten to move significant elements of the company activity such as R&D abroad. National governments have become so keen to attract TNC's in order to generate cash inflows and short-term employment that global initiatives to create Free Trade Zones have precipitated a 'race to the bottom' (Klein, 2001). Klein observed that short term employment gains are frequently not consistent with longer term economic prosperity, and if a TNC finds better terms (tax breaks, inducements, etc.) elsewhere it can and will move on. Unlike host governments TNC's have no fixed abode. The increased power of TNC's has not been matched by a commensurable increase in accountability. Political accountabilities around the world are far from perfect, but have at least developed further than measures to promote managerial accountability for public companies, who in many cases can further prevent transparency by registering operating companies in tax havens, many of which around the world are set up under a British jurisdiction.

### **1.1.5 Environmental degradation**

This century the degradation of the natural environment is now a recognised universal threat affecting all humanity. Currently this recognition is focussed on the effects of global warming, but there are numerous other related issues concerning the preservation of the land, air and of water which look set to affect all of mankind everywhere. Of all human activities, it is business which has the greatest environmental impacts and therefore has the greatest potential to benefit and to damage to our wellbeing. Business Ethics therefore needs to facilitate vigorous and well-informed debate which addresses significant threats to our human condition. Awareness of the impacts of business activity on the natural environment has been growing since the 1960's, but now the urgent voices of the scientific community are raising awareness of a need for remedial actions, although according to

some of the most outspoken voices (Lovelock, 2007) it may already be almost too late. This may yet be the single most important issue of our time. Sustainability is one area where the role of the nation state is still significant, because national laws can govern the agenda for the response of business organisations to the crisis. Hargroves & Smith (2006) argue for the urgency for new thinking about sustainability at both national and business levels. China is set to become a leading world polluter, given that 70% of its energy comes from coal-fired power stations without equipment to reduce emissions. At least China now acknowledges the scale of the problem, and is seeking to introduce limits on carbon emissions and a carbon-trading scheme (Forrister & Bledsoe, 2013). Legal frameworks have a role to play in this area, but it is companies who for the most part conduct activities which cause environmental degradation, and it is therefore companies who will need to act to turn the situation around. Elkington's (1999, 2005) approach to sustainability reporting based on the 'Triple Bottom Line' of environmental, economic, and social issues has met with widespread acceptance and has been voluntarily adopted as a broad framework without, as yet, the U.K. Government introducing statutory reporting requirements. Nevertheless this is an area where rhetoric may often not match actions. Greenpeace (2012) sounds a cautionary note on the persistent 'greenwash' practiced by many companies. The Global Canopy Programme, an Oxford based coalition of leading rainforest scientists, estimate that deforestation accounts for up to 25% of global emissions of heat trapping gasses, more than the world's entire transport sector (Mitchell & Mardas, 2010). Deforestation is commercially driven, and the same TNC's which most easily elude governmental controls also dominate and shape activities throughout the supply chain from logging to distribution of final consumer goods. At least the emerging literature on environmentalism and sustainable development (Starkey & Welford, 2001; Newton, 2005; Blackburn, 2007) provides a critique of unrestrained capitalism, and suggests alternative actions.

## **1.2 Motivation for the research**

The motivation in undertaking this research stems from repeated discussions with practising managers and post experience MBA students struggling to find the language to articulate moral views about work practices in the current business environment. This led to the determination to find a means to reframe ethical discourse for work and business

contexts, in order to raise skill levels in ethical analysis and discussion. Also, the research would inform the introduction of Business Ethics modules across a range of undergraduate and postgraduate degrees at the University of West London, notably our capstone MBA course.

### **1.2.1 The language of ethics**

As with any other subject the language and currency of ideas needs to reflect contemporary challenges, and effective business decisions can only be made based on appropriate information. For information to be exchanged between parties, there is first a requirement to have in place effective communication, and for that both a common language and mutually understood conceptual frameworks are needed.

At this point a few simple definitions of terms will be useful, although it must be acknowledged that language can never be definitively fixed in meaning. Like Humpty Dumpty, we each use words to ‘mean exactly what I want them to mean’. This limitation, if acknowledged, is not an insurmountable problem. Wittgenstein (1978) when writing about ‘language games’ was drawing attention to the need for ‘ordinary language’ rather than private language to facilitate a discourse, in other words language that enables communication through a common discourse. He coined the term for this as ‘language in use’, the meaning of which can be taught and used by other people. His argument for clear language expressing and conveying shared meaning to others is an essential prerequisite for ethical discourse. The difficulties that can be created by differences of meaning and understanding become more significant with deconstructionist interpretations of the use of language, where words begin to mean exactly what the listener or reader, and not the author, wants them to mean. This raises real challenges for ethics that must met, and some working definitions are a useful starting point.

Casual use of the terms ‘morality ‘ and ‘ethics’ might regard the terms as more or less mutually exchangeable, it has even been observed that ‘the morality of people and their ethics amounts to the same thing’ (Blackburn, 1996 p.251), but for this thesis a distinction is needed. *Ethics* is understood to be the ‘science of morals in human conduct’ (Thompson, 1998 p.463) and *morals* as ‘concerned with goodness of human character or behaviour, or with the distinction between right and wrong’. The terms are therefore closely linked, but

distinguishable. Ethics as here defined encompasses conscious rational thought and moral analysis of situations, activities and decisions, it requires conscious reflection and deliberation. If ethics is truly to be considered as a science, it must have an objective stance, and also a subject of its enquiry, which is 'to do with human conduct' (Ferguson and Wright, 1988 p.232). So it is best understood as the study of the moral aspects of human behaviour. Given that business activity only occurs through human transactional acts, its relevance to business behaviour becomes evident. Put another way, the study of ethics 'reflects morally significant supra-individual behavioural norms, *within a systematic frame of reference*' (Stoeckle, 1979 p.74). Moral conduct in the sense it is employed in this thesis reflects and enacts an individual's or a community's values but does not of itself infer any critical enquiry as to that conduct. It is ethical enquiry that asks questions addressing whether actions and behaviours should be considered as right or wrong, as moral or immoral. It is possible therefore for the use of the terms 'moral' and 'ethical' to overlap, as a single action may for example be described as both moral and ethical, but on careful consideration a distinction can be drawn. To describe an action as 'ethical' implies that a cognitive process has occurred which has evaluated an issue and arrived at a conscious judgement as to what constitutes justifiable or unjustifiable. The distinction matters because this thesis will consider different ways to frame and consider such judgements. Effectively it is the discipline of ethics which informs moral judgements.

It must however be recognised that the subject of ethics can be prone to esoteric use of terms, and that writers use terms differently when they are under more close consideration. Ricoeur (2002) for example uses 'ethics' at the level of the individual's aims for personal conduct, while for him morality has to do with the articulation of ethics in social norms. He views morality as communal, while ethics is personal. For Ricoeur ethics deals with the domain belonging to a good human life. It is concerned with the overall aim of a life of action. Morality however refers to the expression of this aim in terms of norms that are regarded as somehow obligatory. Moral norms are taken to be universal and to exercise some constraint on conduct, and so have a social significance and are defined in the public domain. Habermas (1984) in contrast associates 'authenticity claims' with 'ethical' discourse, which unlike truth and rightness claims, do not come with such a strong consensual expectation. Unlike moral discourse, in which participants strive to justify norms and courses of action that accord due concern and respect for persons in general, ethical discourses focus on questions of the good life, either for a given individual

(‘ethical-existential’ discourse) or for a particular group or polity (‘ethical-political’ discourse). These thinkers’ use of terms are specifically identified because within the corpus of their work each provides valuable perspectives relevant to this thesis, Ricoeur on personal understanding and interpretation and Habermas on constructing ethical discourse. However their definitions of terms are not easily accessible and a relatively straightforward usage is more appropriate to the consideration of business ethics for the general business practitioner, which is the focus of this thesis. A common understanding of terminologies to be employed in business ethics can only be established through conducting an ethical conversation, no matter how stumbling the initial steps may be of the discourse. To have any practical effect on realized behaviours, such conversations need to include a ‘normative’ element to their content, in that questions need to be considered as to what ‘should be’, rather than stopping simply at what ‘is’, which is to halt the conversation at the stage of descriptive ethics, and which does not move beyond seeking to explain existing or historic phenomena. Normative ethics seeks to conduct a rational analysis as to what may be as well as considering what already is or has been. Normative ethics, if viewed as a ‘scientific’ study requires analytical tools and frameworks. Part of the overall aim of the thesis will be to appraise some of the more widely recognised of the recently published frameworks as to their suitability and practicality in the workplace, and to seek to devise alternative methods of analysis suited to the business context.

### **1.2.2 Developing a meaningful discourse**

In order to actually ‘do ethics’, i.e. to analyse and evaluate real-life business situations, decisions and activities, some initial framework of reference is needed to organise thinking. By clarifying essential basic terms and definitions a start is made on developing a discourse, that is a common means of debating a subject which can ‘provide a language for talking about – a way of representing the knowledge about – a particular topic at a particular historic moment. This ‘rules in’ ways of talking about a topic, defining an acceptable and intelligible way to talk...It also ‘rules out’, limits, and restricts other ways of talking, of conducting ourselves’ (Hall, 1997 p.44-51). A major challenge facing contemporary ethics is to develop a suitable framework of reference for analysis applicable to a business context. Many of the insights of classical moral philosophy, while providing valuable perspectives, which can potentially be applied to different contexts, are expressed in terms and definitions which are at best obscure, and at worst inaccessible to the modern

mind. The language of de-ontological and teleological ethical ideas is dense, and can easily act to obscure the real value of the underlying ideas themselves. Business practitioners, grappling with practical moral dilemmas while needing to make decisions in tight time deadlines, may well find it frustrating and time consuming to master the jargon of moral philosophy. Moreover modern lifestyles are now 'time poor', which greatly reduces in number those who have the luxury of opportunity to devote time and effort to understand the mindset of moral thinkers of history, so their ideas (like history itself) remain 'another country'. We also now have in our possession new forms of knowledge which can frame ethical analysis which are more amenable to the modern mind and to people trained in the social sciences, and the use of this knowledge in ethics has not as yet been fully explored.

### **1.3 Aim and objectives**

The aim of this thesis is to make an authentic and original contribution towards raising ethical awareness among business practitioners today. Within this overall purpose, the specific objectives of the project are:

1. To explore existing literature and identify the research gap with regard to a contemporary framing of ethical analysis and discourse
2. To critically evaluate existent ethical analytical frameworks for analysis
3. To develop a transdisciplinary adaptive analytical framework, which is:
  - a) informative
  - b) rigorous
  - c) comprehensive
  - d) accessible to non specialists
4. To ensure the proposed framework resonates with contemporary understandings of discourse and interpretation
5. To test and develop the framework to ensure it is fit for purpose for educational and business use in diverse contexts, and is flexible in use across organisations, individuals, and situations.

The research question addresses the 'how' of doing ethics now, and asks if it feasible to develop an effective and accessible analytical framework to structure ethical reflection and discourse within Higher Education and across diverse business and organisational contexts. Once a framework is accepted and adopted, it enables more effective

communication and discussion of moral perspectives within and across organisational situations.

### 1.3.1 Stating values and shaping conduct

Values inevitably shape conduct. Who we are shapes acts to what we do, and *vice-versa*. In this sense, neither conversations nor acts are ethically neutral, and the one affects the other. In developing a discourse for Business Ethics, there is an intention to develop *praxis*, which is here understood as ethically informed practice. The term originates with Aristotle's discussion of goal-oriented actions, but as used here it also reflects a Kantian understanding of the term, which recognizes ethically significant thought as an inherent element of practical reasoning. The process of cognitive thinking requires the vehicle of language. Philosophy in the 20<sup>th</sup> century has become interested in language as both enabling and limiting thought processes. Proficiency in ethical discussion requires mastery of the relevant terms and language, a suitable framework, and to then be practiced as language in use.

The thesis title merits brief explanation, because it provides a rationale for the focus of the research. The opening phrase of the title is a useful 'pithy phrase' if not entirely original (Shaw, 2003). This is because 'Ethics at work' serves to emphasize the need for ethics to do something - that is, to gain traction with regard to the application of ethical ideas and concepts to real world situations. Moral discourse purely as an exercise in philosophical enquiry without a 'real world' application is not what is here intended. Rather, the research specifically relates to the discussion of ethics in a work context, so the focus of the title reflects the intent of the work. The nature and dynamic of any discourse is critical to the creation of meaning and significance, that is the processes through which discourse (both written and verbal) shapes and informs both social and individual attitudes and acts. This is an area which needs careful reflection in a business context to which the title deliberately makes reference. This is because the work specifically focuses on a form of situational ethics where particular dynamics and relationships apply which shape and affect the nature of the discourse. The ethics of warfare or the ethics of the household are not the same as ethics in business, they are different situations (though it can be argued that many ethical concepts, if suitably contextualised may apply in widely differing situations). At its heart 'Business Ethics' relates to the transactional, and to issues concerned with buying and

selling. The boundaries of enquiry are therefore specific, but still create a broad field. This is therefore a situational ethic which relates to the sole trader and to the micro enterprise as much as to the multinational corporation. In most business situations, a key transaction is the hiring of labour through contracts of employment, and this is an important aspect of Business Ethics because it creates a particular power-based relationship with significant implications for moral discourse and the influencing of conduct at work. In this sense 'business' includes public sector and voluntary organizations in the 'Not for Profit' sector.

Organizations are a distinct form of social structure unlike the tribe or family, in that they exist to fulfil a specific purpose, which inherently entails economic activity. Alongside this purpose, some form of hierarchy and authority structure to shape behaviours must exist, whether implicit or stated. So organizational ethics is subsumed within Business Ethics as here defined. Also, in our current managerial capitalist system, any concerns over business ethics most often become the responsibility of those who exercise stewardship of resources, i.e. its managers. Managerial ethics must therefore form a substantive but not comprehensive element of an organization's business ethic. The term 'Business' Ethics incorporated in the title is wide ranging, but it nevertheless sets parameters. It is not, for example an ethic of care as found in medical ethics (though Linsley & Slack (2013) argue it has a relevance) but examines a different dynamic between people where realistically self-interest must be recognized as playing a prominent role.

The language and terms employed in normative ethical discussion seek to be both objective and dispassionate in facilitating a rational discourse. The use of a particular language can influence patterns of thinking and behaviour. Words are not only the building blocks of language, words themselves 'do things'. According to ordinary language philosophers words have a performative function in that they do more than describe events or things, and they also do more than capture propositional content. Speech acts are, according to Austin (1979), 'locutionary acts' which also have an illocutionary force, that is they reflect the intent of their author. They also have 'perlocutionary' effects, that is they take on a significance for the listener. If words 'do things' they have differing effects that bring about change in the listener. Terms as '(un)ethical', '(im)moral', 'rights', and 'duties' may in themselves produce shifts in attitudes, beliefs and behaviours. A consideration in the discipline of ethics is therefore to seek to understand how the discourse of ethics, as constructed through the use of language, shapes behaviour.

However this discourse is not a given, it is contestable, and given the privileged and somewhat inaccessible language and constructs of classical ethical debate it is now appropriate to reconsider the language of ethics, how its discourse is framed, and how ethical language is used to evaluate business actions, dilemmas, and situations. The current business environment of unrestrained capitalism requires a renewed development of ethical discourse.

## **1.4 Challenges to the corporation**

The overall success of managerial capitalism cannot hide its fault lines. The main vehicle of managerial capitalism is the limited company, and there are challenges in the current business climate to the very institution of the limited company. Companies themselves need to be able to frame arguments and devise policies that deal with these challenges to survive and fulfil their stated purpose. The growth of the limited company (frequently owned by a diverse shareholder base but directed by a few individuals) is a relatively new innovation, a legal device developed in the 19<sup>th</sup> century which creates an ‘artificial person’ able to possess assets, incur liabilities, and to conduct transactions which do not put the assets of its owners at risk. This artificial person is definitely not human, for example the wealth it holds is held in perpetuity, while the people who own or manage the company are transient. However it certainly has a ‘life’ of its own and according to its severest critics the corporation, though once created by society for its benefit, has been transformed into an instrument of ‘market tyranny that is extending its reach across the planet like a cancer, colonising evermore of the planet’s living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money’ (Korten, 1995 p.12). This perspective is debatable, but the point is that it does need to be debated both rigorously and carefully, and this where the value of Business Ethics really lies.

### **1.4.1 Wealth and management responsibility**

Bury (2001) differentiates between different types of wealth creation, using the New Economics adopted by the World Bank. He distinguishes between:

- *Produced Capital* created through manufacturing, trade and investment
- *Human Capital* recognising people's educations, skills, and health
- *Natural Capital* consisting of non-renewable environmental resources and eco-systems
- *Social Capital* related between people through trust, networks and relationships.

The distinction is useful as a precursor to ethical debate, because it clarifies ways in which 'capital' may be both created and destroyed by business activity. The proposition that 'even the most private of private enterprises is an organ of society and serves a social function' (Drucker, 1955 p.331) may not therefore always hold true. Drucker's 'Practice of Management' (1955) was a seminal post World War II publication that marked the beginnings of a new approach to the study of management in the context of managerial capitalism. At that time he was keen to demonstrate a changing context for business and management. He refers back to the philosophical roots of modern capitalism as founded primarily in self-interest. Drucker writes:

Two hundred and fifty years ago an English pamphleteer, de Mandeville, summed up the spirit of the new commercial age in the famous epigram "private vices become public virtues" – selfishness unwittingly becomes and automatically turns into the public good...but...no society can be built on such belief (p.339).

For Drucker the concentration of power and resources in the modern corporation is unavoidable, but at the same time it renders assumptions of self-interest coinciding with public good to be invalid. His view is that the manager must now 'assume responsibility for the public good' (p.332), and that 'the public responsibility of management' therefore underlies all its behaviour. He argues that this 'furnishes the ethics of management' (p.333) without diluting its purpose of wealth creation. This needs to take place while preserving future capacity, and deferring to public opinion, public policy, and to the law. Also, management should conduct the enterprise without undermining social beliefs and cohesion. For Drucker 'today the business enterprise must be so managed as to make the public good the private good of the enterprise' (p.340). Drucker attempted in these assertions to re-introduce the values of common duty to society into a philosophy of management. He criticised a foundation for enterprise founded primarily upon self-interest, but in promoting enterprise based on a different set of values he was attempting a Promethean task. Retrospectively his argument looks optimistic, if not naïve. Progress

towards a public-spirited approach to management as envisaged by Drucker has in the subsequent five decades been patchy and uneven at best. To-day advocates of ethical business argue from a basis of self-interest that 'there is money to be made from socially and environmentally sustainable business, not just through engaging in public relations gloss but through business innovation and creativity' (McIntosh et al., 2003 p.11). These are emphatically not the values to which Drucker aspired for the role of post-war enterprise.

Hendry (2004) argues that we now live in a society where the principles associated with entrepreneurial self-interest have actually become more influential than ever before, and vie for dominance with traditional ethics of obligation to and respect for others. Hendry argues that both sets of principles have always been present in society, but in recent years traditional moral authorities have lost much of their force and the morality of self-interest has acquired greater social legitimacy than ever. The result is that in many situations it is no longer at all clear which set of principles should take precedence. Hendry (p.260) concludes that:

we do not need to curtail business and the force of enterprise, but we do need to trust them to be 'open and honest about their interests and activities,...and to engage in constructive dialogue around the relationship between those interests and the interests of society at large.

Hendry points towards difficulties in conducting constructive debate, because the shared values within which this dialogue takes place are less certain than in previous times. Hendry refers to the mix of values of duty and loyalty with self-interest as bimoral, by which he means that to-day we live with competing values which struggle for a predominant influence, and the outcome of which is not certain. He is much less assured of a better future than Drucker was fifty years ago. His work is of value in highlighting a need for renewed constructive dialogue, but of itself takes us no further in working out how that dialogue may be framed so as to be relevant to the changing context which Hendry has identified. This thesis will seek to develop a potential framework for such dialogue.

### **1.4.2 Fault lines in managerial capitalism**

While Drucker (1954) pointed to the potential power of the modern corporation to do public good, more recently authors have pointed to the effectiveness of the limited company as a vehicle for wrong doing (Bakan, 2005). Even before the banking crisis the evidence clearly supports this view. In the 1990's the U.K. witnessed a rash of corporate scandals the most spectacular of which involved misappropriation of Pension Funds within Maxwell's Mirror Group, but even this scale of this fraud was in due course eclipsed by the Enron collapse in the U.S.A. in 2000 (Tran, 2006). Alleged frauds currently under investigation since 2009 (notably Bernie Madoff and Sir Alan Stanley) may yet approach Enron in their scale of losses to investors (Rushe, 2012; Ferguson, 2012). One common factor that has emerged through this sustained spate of corporate malfeasance has been the lack of effective control that is exercised over managers over today's corporations. The theory behind managerial capitalism is that managers are stewards charged with the custody of assets which belonging to others to whom they need to render accounts. But in practice share ownership is today often so widely dispersed that managers may find the owners of the enterprise exercise few constraints over their actions. Since the 1980's ownership of shares among the general public in listed companies has increased significantly, partly driven in the U.K. by the privatisation of public utilities. The trend is global. At present there is an explosion of people's capitalism in China where reform of non-trading share regulations has increased share ownership, without leading to improved governance. (Yin-Hua Yeh et al., 2009). Without sufficient safeguards, the unrestrained self-interest of management has too often led to unethical behaviour through misuse of position. The problem is widely recognised, but effective remedies are hard to implement. Attempts to make managers act more directly in the interests of stockholders by granting them significant share options, as advocated by Rappaport (1990), in practice only made matters worse at Enron. Ken Lay, Jeffrey Skilling, and their senior managers simply used inside information to sell their stock in advance of the company's total collapse (Rogers, 2013). The difficulties over accountability are however widely recognised, and this has led to international attention being given to improving Corporate Governance for public limited companies. Attempts at improved governance stem from the view that shareholders should be made much more aware of company activity, and better represented at Board level through their appointment of non-executive Directors. But shareholders need to be

actively engaged with the company for this solution to the principal-agent question to have any credibility.

### 1.4.3 Defects in industrial democracy

Shareholder activism relies on shareholders taking an interest in the management of companies in which they invest, and bringing to bear pressure on Directors to implement policies meeting with the shareholders approval (Monks & Minow, 2004). By 2002 Hermes, a major U.K. Pensions Fund Manager was able to publish principles (The Hermes Principles, 2002) for Good Corporate Governance which listed companies could not afford to ignore. These principles include requirements that:

- Companies should seek an honest, open, and on-going dialogue with shareholders (Principle 1)
- Companies should behave ethically, and have regard for the environment and society as a whole (Principle 9)
- Companies should support measures which minimise the externalisation of costs to the detriment of society at large (Principle 10).

The obvious inference of these requirements is that listed companies need to carefully consider their ethical stance, and to be able develop to explain and defend their actions, in other words to be capable of conducting an ethical discourse. Shareholder activism has created much of the drive for better Corporate Governance, and in order to attract investment capital markets need to maintain competitiveness through requiring their listed companies to explain their governance processes. But it would be naïve to conclude that improvements to Governance have as yet effectively resolved questions of executive accountability or controlled levels of remuneration. Bankers' remuneration remains excessive levels and HSBC has recently found ways to avoid European rules limiting bonuses (Neate, 2014). The fact also remains that for the private sector Non-Executive Director appointments are seldom made through an advertised open recruitment process even though the role which is crucial to good governance. We may well see in the next few years the introduction of a formal requirement for a professional qualification for non-Executive Directors, but as yet Rappaport's (1990) view that Governance remains the last frontier of reform of the public Corporation still holds true. Moreover effective Governance will not of itself create ethical companies. It is at best an enabler and

facilitator of greater ethical awareness, and at worst a distraction. It is perfectly possible to have impeccable governance processes, and to do business unethically.

#### **1.4.4 Stakeholder empowerment**

Shareholder activism itself only reflects a greater awareness of rights in society at large. Society has witnessed radical change with regards to what has been termed the death of deference (McIntosh et al., 2003). Unquestioning loyalty among communities to the institutions which shape the lives of a populace is now largely a thing of the past, Twenty years ago the responsibility of managers to act as stewards primarily responsible to the owners was hardly questioned. Management's key task, at least in theory, was to make profits for the shareholders. Cultural shifts in society have since led to much greater awareness from of stakeholders now expecting their interests to be recognised by corporations (Freeman, 1984; Carroll & Buccholz, 2000) and managers to account for their actions. Mark Carney (the recently appointed Governor of the Bank of England) states that banks are in danger of becoming socially useless without investment focussed on jobs in the wider economy (Silverman, 2013). Companies are being forced to recognise that business systems only exist as part of the wider social systems of society within which they are embedded, and this understanding has led in turn to the growth in popularity of the concept of Corporate Social Responsibility (CSR). CSR developed from a perspective whereby companies chose to consider their philanthropic responsibilities over and above legal, economic, and ethical issues (Carroll, 1991). This was an approach based on the will to do good in society if the company could afford to do so, but was still fundamentally reactive and not seen as core the company's purpose. Recently the concept has developed into a more proactive perspective which purports to recognize the interplay between business and society, termed Corporate Citizenship (McIntosh et al., 2003). However to its critics, this is regarded as little more than re-labelling. The growth of awareness of the need for CSR to respond to a stronger stakeholder voice is welcome, but a cautionary note needs to be sounded on the shaky marriage of capitalism and virtue (Caulkin, 2006). While corporate responsibility is now an aspect of corporate activity which few organisations completely ignore, such activity is often largely based on self-interest. This is not to devalue the Corporate Citizenship agenda, but to recognize its true motive, for as McIntosh at al. (2003) argue, Corporate Citizenship is now just smart business. Careful management of stakeholder interests is quickly transformed from recognition of the corporation's social

responsibilities to a managerial perspective which adopts an instrumental view (Johnson, et al., 2011), and therefore fundamentally cynical view of CSR. Vogel (2006) sceptically points out that CSR is best thought of as a strategy like any other and if it has potential to bring about lasting change, this potential is more modest than the CSR enthusiasts propose. This is because the main constraint on the market's ability to increase the supply of corporate virtue is the market itself, the bald facts being that a few companies in high profile sectors do CSR work because it suits them to do so. Vogel claims most still do not, and the capital markets will not make them. However, if CSR is a somewhat controversial response to increased stakeholder power and interest in corporate activity, it is clear that the shift to greater stakeholder awareness is nevertheless irreversible, and will increasingly constrain companies to define and defend their ethical stance.

#### **1.4.5 Communication in the Information Age**

The dawning of the Information Age has radically affected the extent and the manner in which organisations are now accountable to stakeholder groups. Investigative journalism is able to have far reaching effects on companies' actions because it publicizes situations where actions do not match a claimed ethical stance. Journalism is also able to put company Directors under intense scrutiny, as Lord Brown discovered when Chairman of BP (Rozenburg, 2007). Communication has become increasingly effective between stakeholder groups as internet access widens. For every corporate website launched to enhance company reputation there are often several anti-corporate sites allowing user comments to be publicly posted. This opens a channel for disaffected stakeholders to communicate and to cohere, thus giving them a powerful voice. The web may not provide wholly reliable information, but as it becomes an everyday communication channel, social media is an effective means of drawing attention, for good and bad, to corporate activity. Facebook recorded 100 million users in 2010 (Johnson, 2010) and according to industry research, social media content is more trusted to be truthful than both news media and corporate websites (Agichtein, 2008). This is a major challenge to corporate reputations, and is a powerful incentive for companies to enter more seriously into dialogue with stakeholders. To do so effectively, any person representing a company or organization needs to be skilled in ethical analysis and debate.

Significant shifts in the power of stakeholder groups, the influence of the media, and the growth of the social media, have been crucial factors leading to the development of Corporate Communication as a specialism. Within the field of communication management it is recognised that image is inseparably linked to identity, and that in theory ‘by far the most important and effective medium through which corporate identity is created is the behaviour of the company’ (Van Riel, 1995 p.32). Recognition of a need for ethical awareness among Corporate Communication professionals is now reflected in the literature. Earlier texts made little or no reference to ethics (Van Riel, 1995; Black, 1996). A decade later Oliver’s concluding chapter (2007) introduced the need to understand and communicate an ethical dimension to business as a moral imperative, and Gregory (2006, p.290) regards the ability of the public relations practitioner to challenge business decisions on moral grounds as a part of professional competence. She however observes that ‘most people who work in public relations have not been trained in moral philosophical systems’ (2006, p.295) an observation which applies to most forms of management training. Her response is to revert to reference to classical ethical theory, an approach mirrored in many ethics textbooks aimed at general managers, but this is problematic. This chapter argues that today such reference to classical theory alone is no longer sufficient to be relevant and meaningful to to-day’s managers. Gregory concedes that classical theory alone is insufficient, referring (p.295) to Ryan and Martinson (1984, p.27)’s assertion that:

If public relations has adopted any underlying principle, it is possibly the subjectivism (or individual relativism) theory that each individual must establish his or her own moral baseline.....the only real constraints that an individual be able to live with an action, at least for the short term.

There is an inherent contradiction here, in that classical moral theory tends to seek for universal ethical principles, and therefore its fundamental tenets are far removed from subjectivism or ethical relativism. Gregory only reflects the contemporary confusion that reigns in this arena. Furthermore, her observation is fair comment in that there is a fundamental need for communications professionals, indeed for all business practitioners whatever their particular professional area of expertise to develop a personal understanding of their own ethical awareness and perspective before they can enter into effective ethical discourse. Gregory claims that the communications practitioner is to be the person in the organisation who challenges the ethical aspects of business decisions, situations, and

activities, but this should be true of every manager within an organisation, and not the purview of any one specialism.

Managers involved with communications stand at a bridge between an organisation and the 'publics' making up its various stakeholder groups. Good communications require a common language for understanding to be effective, and an approach to dialogue which enables ideas to be understood and critiqued. But these requirements are themselves major challenges in the field of ethics, and communicators face particular challenges in taking up any mediatorial role. Managers need to be able to master the various forms of expression which ethical debate can take in order to both effectively communicate with disparate stakeholder groups (the interests of shareholders are hardly likely to be voiced in the same language as environmental groups). Managers also need to acquire a mastery of the vocabularies of ethics in order to voice the organisations objectives and ethical stances. This requires the development of the skills of the ethicist, still a rare breed in the business world. A balance has to be drawn between the use of terms which are concise enough to communicate ideas efficiently, and the use of technical jargon which is elitist and obscure, and which privileges those already familiar with the discourse and alienates others.

## **1.5 Problem statement: 'Doing ethics' today**

Despite the evident need for effective ethical debate, it is increasingly difficult to conduct such a discussion in a work context. This forms the crux of the problem: the need for an effective discourse to be developed which allows for uninhibited dialogue to occur within the workplace, and between the various stakeholder groups affected by the organisation's activities. The difficulties this discourse faces are as much to do with our mindsets, our worldviews and contemporary perspectives, as with the dilemmas facing the business world. Most of the time in our daily living we scarcely stop to recognise the 'power of the big idea' to influence how we think and how we act. But shifts in 'perception, mood and meaning' (Drucker, 1984) can profoundly alter people's values and worldviews. Societal values in any age shape its mores and behaviour, for better and worse. For example the emphasis which was placed in Victorian England on public virtues and respectability was all well and good as far as it went, but it did not go very far towards helping the disadvantaged in the growing cities, and left the poor members of society largely untouched, or hidden from view in workhouses. The prevailing worldviews and mindsets,

the spirit of the age, its *zeitgeist*, will contain within its totality undercurrents which foster or hinder ethical debate and conduct, but either way there are always issues needing discussion. These may be dilemmas both in society as a whole, or within the business community itself. Organisations are social structures which cannot operate cohesively unless individuals contribute to a common goal, which requires shared understanding of values and acceptable standards of behaviour. The development of a discourse shaping values is challenging in the context of contemporary growth of pluralism, subjectivism and relativism.

### **1.5.1 Pluralism in a post-modern society**

The first waves of an irreversible tide of globalisation have now passed. It is not only news of events anywhere in the world that travels fast, but people as well, and capital and intellectual property can move even faster in the Information Age. For Levitt (1983) globalisation meant the ‘homogenisation of everything’ in that people the world over now desire the same functionality and value from goods and services. While this may be incontrovertible for mobile phones or laptop computers, Douglas and Wind (1987) argued that Levitt misread the enduring nature of national tastes and preferences, and that we are in practice today also faced with an unprecedented diversity within society. For them globalisation has tended to underline rather than homogenise this diversity and to create, *de facto*, an empirical pluralism. Crucially this pluralism is not simply racial, ethnic, or at a national level, but also extends to the realms of ideas; to the cultural, the religious, and the philosophical. In many respects this pluralism is to be celebrated and cherished, as it helps to challenge cultural arrogance and prejudice and to break down bigotry in whatever form it arises. If globalism is here to stay, so is pluralism, and this has impacted as much on academic endeavour as much as anywhere else, including applied ethics. Ethical discussions now need to reflect multiple perspectives on moral questions.

The emergence of ethical pluralism has coincided with the end of modernity, and the search for ‘certainty’ in definitive answers to be found in a unified and objective truth. This may be a healthy development, but pluralism also has a downside. An emphasis on diversity can also lead to fragmentation, a lack of cohesion, and potentially negative influences on the integration of society. Furthermore an unquestioning acceptance of pluralistic values can work against opportunities to gain insights through critical

comparison of the relative merits of competing ideas and values. This however should be one of the benefits of pluralism, provided it is accompanied by tolerance in dealing with differences of viewpoints, and if unavoidable, with agreement to disagree. Where a celebration of plurality is accompanied by an unwillingness to question the validity of different perspectives, the result is a tendency to stifle rather than sharpen debate. Also, celebration of diversity can lead to loss of social cohesion if there emerges a renewed emphasis on the individual rather than the communal, and an attendant atomisation of community (Putnam, 2000).

### **1.5.2 Subjectivism and its effects**

Pluralism of itself need not lead to difficulties in conducting ethical discourse, indeed it is hardly a new occurrence in the history of civilisation. Cities from 1<sup>st</sup>-century Rome to 21<sup>st</sup>-century New York have always been a melting pot of diversity. However pluralism has been accompanied in our time by an unprecedented emphasis on the subjectivity of knowledge, by the 'turn to the subject'. This has followed the demise of the enlightenment project, characterised as it was by a belief in the rise and progress of reason. Such naïve faith in mankind as a rational animal has now been irreparably broken, for the great wars of the last century proved conclusively that mankind does *not* always act reasonably. It is also become now evident that even the most rigorous search for knowledge based on evidential processes using empirical methodologies is not as objective as it may at first seem, but takes place within paradigms which themselves shape how knowledge is formulated and developed (Kuhn, 1970).

The seeds of a turn to subjectivity were embedded in enlightenment thinking from its outset. Descartes in his Discourse on Method (1637) was seeking certainty in developing his philosophy of knowledge, and sought to begin again by doubting everything. Rather than accept received wisdom from any external source his aim was to ground everything man's powers of reason, and his axiom 'I think therefore I am' initially served enlightenment thinkers well in fostering independent thinking. This formulation begins with an emphatic 'I', the knower. However this immediately creates a fundamental disjunction between the subject who is the knower, and objects to be known. The Cartesian subject/object distinction also opens the door to subjectivism, for its inherent emphasis on the 'I' who is thinking and therefore the 'I' who exists as the central focus of

knowledge created a fault line leading to the eventual cracks in Western attempts at objective epistemologies. Kant, from whom much ethical discourse still draws to-day, also helped to inject into modernity the seeds of its eventual downfall. He, like Descartes, argued for absolute intellectual autonomy. Kant however differed from Descartes in bringing together rational and empirical methodologies, so in his *Critique of Pure Reason* (1781) Kant argued that the self does not so much discover what is out there, but projects order creatively upon the world. For Kant we can never really know what the world is like in itself, we see it through the patterns that our mind (which he termed the transcendental ego) imposes. This is what orders brute facts and imposes meaning. In Kant's philosophy human consciousness becomes not only the key for discovering reality, but the source of reality itself (Finger, 1993). The way is thus opened for a struggle within modernity. By the mid 20<sup>th</sup>-century Gadamer's *Truth and Method* (1960) argued that it is simply not possible to escape from one's own pre-understanding, prejudgements and traditions, so true objectivity is not possible. This realisation heralds the death of modernism, and the beginnings of the postmodern era, whose chief exponent Derrida may not physically have wandered far from the walls of French academy, but his deconstructive approach to philosophical and literary criticism has travelled far into the consciousness of contemporary worldviews with profound effects on the nature of ethical debate.

But as with pluralism, the impacts of subjectivism are positive as well as negative. A recognition that our knowing is in some part subjective in nature has significant implications for epistemology (this will be further addressed in Chapter 4.2). Also, it leads to a realisation that every individual's perception is affected by his or her own interpretive scheme. This is the reason why philosophy became for a period in the 20<sup>th</sup>-century preoccupied with hermeneutics, and it has important implications for the understanding of any individual's personal development of ethical awareness (this will be considered further in Chapter 2.5.1 and informs subsequent discussions in Chapters 5,6 and 7.). A positive aspect to the pervasive influence of subjectivism in today's society is that societal shared values are much less taken for granted. Each individual has to think through their own attitudes, to develop their own beliefs. But there comes a point at which subjectivism breaks down into a form of 'individuation' (Gunton, 1993) in which any meaningful exchange of ideas becomes difficult. This is not the rugged 'individualism' of the Protestant work ethic so admired in American culture, but a very different world where values become privatised and internalised to the point where open discussion becomes

awkward, and is therefore easier avoided. Taken to its logical conclusion, subjectivism validates absolutely anything because no act can ever be evaluated, or judged since people see the world differently, and all viewpoints are valid. So the words of the popular song ‘This is my truth, tell me yours’ (Wire, 1998) capture the mood of our time.

### **1.5.3 The impact of relativism**

Pluralism and subjectivism combine in today’s prevalent ethos of relativism. Relativism tends towards denial of the existence of absolute truth, for everything can be viewed from different angles, and no one perspective has any greater validity than another. For the ethicist, relativism needs to be more vigorously refuted than both pluralism and subjectivism (McEwan, 2001), because in implying that moral judgements are simply relative matters of personal opinion, the notion that there any objective or universal moral standards is implicitly rejected. This militates against any form of criticality, being inherently sceptical of any statement of objective truth. McEwan does however recognise the value of ‘cultural relativism’, which accepts that differences in moral values occur across societies or cultures. This is a valuable insight in a rapidly globalising world, particularly in the field of international business (so if attempting to conduct business deals on a Friday would be met with disapproval in Arabic countries, in Israel the same response would occur on a Saturday). However if cultural differences are relative, they only take ethical awareness so far in considering how to tailor business behaviour to diverse situations. There is a point where materiality arises, and moral judgements need to be made whatever the context. For example, endemic corruption can and does exist in many parts of the world, but the fact that it is there does not justify its existence. Rather, an ethical debate is needed as to the extent to which it should be confronted, accepted, avoided, or ignored in business activities.

‘Individualistic relativism’ according to McEwan (2001, p.81) ‘assumes that ethical values or norms differ among human beings within a society or culture because moral judgments are purely subjective and simply a matter of personal taste for the individual’s conscience’. McEwan criticizes individualistic relativism on the grounds that the notion of moral change becomes meaningless, because change implies development. This development could be progressive or regressive, but either way it has to be measured against some standard to be defined, and transpersonal and transcultural standards

therefore are necessary to define moral development. Relativism may be more relevant to an individual's personal private life, but in the conduct of business social norms are needed for organisations to function, for business positions to be developed, and for business transactions between organisations to occur. Relativism has therefore more credibility as a private than a public perspective. In the public arena relativism stifles ethical analysis, and unchecked may lead to its paralysis.

#### **1.5.4 The breakdown of dialogue**

Taken together, pluralism, subjectivism, and relativism have changed today's climate for ethical discussion. On the one hand these trends have raised questions which may expose entrenched cultural prejudices, but on the other they bring potentially disabling consequences for ethical debate, and a paucity of communication which is eventually likely to result in the breakdown of any form of trust based on mutual understanding. Fukuyama (1995, p.26) defines the value of trust as 'the expectation that arises within a community of regular, honest, and co-operative behaviour, based on commonly shared norms on the part of other members of that community'. He observes the positive economic effects of high trust communities, and notes (p.27) that 'if people who have to work together in an enterprise trust one another because they are all operating together to a common set of ethical norms doing business costs less', and continues that 'widespread distrust in a society imposes a kind of tax on all forms of economic activity'.

Trust significantly reduces transaction costs in doing business. Where it exists there is less need for audit and control, or to incur legal costs in writing and checking extensive contractual arrangements. But trust does not exist in a vacuum, it is built through proven consistency of word and deed, and is based on adherence to norms of behaviour that need to be expressed in order to be defined. Discourse may include what Fukuyama calls 'deep value' questions, such as the nature of God or justice, but also encompasses secular norms like professional standards and codes of behaviour. A prevalence of trust in a community creates social capital, and Fukuyama notes that the most effective organisations are founded on shared ethical values. Putnam (2000) has written authoritatively on the cohesion which arises from a high stock of social capital. Social capital, he affirms both bonds communities together and allows bridges to be built. He argues that America in particular (with which he critically compares other nations) was founded by communities

with strong social capital, which is to-day being gradually spent up and not renewed. His work complements Fukuyama (1995) who observes that acquisition of social capital requires habituation to the moral norms of a community, and, in this context, to the acquisition of virtues like honesty, loyalty, and dependability. Any social group has to adopt common norms before trust can be generalised among its members.

These significant shifts in the contemporary ethical environment as engendered by the values of postmodernism, have both positive and negative impacts. In the current context efforts need to be made to invest in the renewal of norms and values to guide the workplace. But this must be preceded by an investigation seeking to develop language and concepts appropriate to this changing context. If progress can be made in this direction, it then becomes feasible to define and to disseminate 'common norms' in a business context, so creating social capital. Without an exchange of ideas framed in language and concepts which are suited to the current context, the exchange of goods or services for profit will also be inhibited. The first ideas for the development of this thesis arose through observing the awkwardness encountered in seeking to discuss ethical dilemmas with practising managers both in educational and in-company contexts. It was apparent in such discussions that postmodern worldviews have had a pervasive influence and act to gag critical ethical discourse. But there are also other factors acting as barriers to ethical discourse at work, and for the research task to be properly addressed, cognisance must be made of other contemporary influences impacting on the proposed task.

### **1.5.5 The changing influence of institutions**

The trend towards individuation has been accompanied by the decline of many of the institutions which have historically guided the mindset and behaviour of their members. North (1993) defines institutions as 'humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (such as sanctions, taboos, customs, and traditions), and formal rules (constitutions, laws, property rights and codes of conduct). Uphoff (1993) describes this succinctly as complexes of norms and behaviours that persist over time by serving collectively values and purposes. But society changes over time, as does its institutions, and throughout the last century we have witnessed both the decline of many of the traditional institutions that shaped our lives, and the simultaneous growth of a new order of institution.

One of the most ancient and most powerful of institutions which grew from people's efforts at co-operation to obtain safety and prosperity was the city state, which gradually developed into the nation state. From the time of the early Hittite, Persian and Babylonian empires this institution has had a pervasive influence its members' behaviour, often imposed by rigorous law enforcement. The nation state has a relatively recent history, but has proved capable of exerting a subtle but strong influence in shaping the conduct of its citizens, in that distinctive values could be instilled in the individuals which represented its people. This may be deliberate or unintentional, and is neither moral nor immoral in itself, but ethicists recognize Nazi propaganda succeeded in largely making a whole nation complicit in Hitler's murderous oppression of the Jewish people in the 1940's (Bauman, 1989). There are limits to the influence of the state on strong-minded individuals, but when Socrates and Bonhoeffer questioned its integrity they both discovered the extent of its power at the cost of their own life. Historically, virtues such as truth and justice have been linked to a nation's values (for example, the 'American way'), but the role and influence of state government can now be seen to be in long term decline, partly due to deliberate policies to shrink 'big government', and partly due to the relentless growth of private ownership of world assets, and the impacts of globalisation and population shifts. Today we are witnessing a renewed interest in citizenship which has become part of the educational core curriculum, but its effectiveness in the context of wider influences is yet to be proven. If the state as a national institution is in long-term decline, many multinational companies operating across borders are now more powerful economic institutions. For business strategists (Ohmae, 1990; Bartlett & Ghoshal, 1995) this becomes an opportunity for the transnational company to out-manoeuvre national laws, tariffs and taxes and so increase profits. The growth of electronic communications, and ever increasing population mobility may also have contributed to the weakening of the state's influence, as the power of state laws and institutions to provide ethical resources for its members are gradually eroded.

The traditional church as defined by historical institutions going back to and even beyond the reformation, has also suffered remarkable and continuing decline. In Europe the church has historically often been legally linked to the state, but its influence on ethics has been more subtle and in many ways more powerful. Organised religion for many centuries provided clear and well developed moral codes which guided their members' ethical

conduct in many aspects of life, and there was no clearer example than the Ten Commandments once written on the wall of rural churches throughout England. But regular church attendance has now fallen to all time lows in the UK, and it is currently estimated that regular attendants form around 5% of the population, and this fall represents a broad trend throughout Western countries (Hendry, 2004 p.127) Throughout the 20<sup>th</sup> century the role and influence of organised religion in the lives of many has significantly diminished. As Jung observed 'modern man has an ineradicable aversion from inherited opinions and traditional truths' (Jung, 1988 p.201). Religion today often gets a bad name, it is for example blamed as the cause of conflict from Northern Ireland to the Middle East, rather than a means of its resolution. However this is a simplistic association, as such conflicts are in practice tribal and ethnic, rather than religious. Nevertheless such sad events have eroded the influence of organised religion as an authority to guide moral conduct. This is a significant loss, because in contrast to the much of the ethics of moral philosophy, religious ethics is grounded in community, and originates from a relational view of ethics ('love thy neighbour as thyself' [Matt. 22:39]) with tenets clearly stated in axiomatic and accessible language. This relational approach also allows for differences in lifestage and lifestyle, and has historically encouraged community cohesion. However the mutual accountability provided by religious community does not possess the influence it once had, at least in the Western world.

Another declining institution is the family. Developmental psychologists widely agree as to the significance of the family in shaping future conduct and values during childhood and adolescence (Shaffer, 1996), and the desirability where possible of both father and mother figures as role models. The erosion of the family is evidenced in ever increasing pressure on U.K. housing created through high divorce rates and single families. It is in a family environment that children learn best 'family values' of care and consideration, of loyalty and of mutual obligation, which are qualities that subsequently shape adult conduct. Where family life has been less than ideal, traditionally the local community has provided a wider ethical resource during childhood and adolescence. But researchers on social cohesion have charted the irrevocable decline of local community (Baumgartner, 1988) and the adverse effects of the suburbanisation of society. Baumgartner's ethnographic study in America identified the 'moral minimalism (which) dominates the suburbs....life is filled with efforts to deny conflict and people show great distaste for the censure of wrongdoing' (p.127). The population movements that followed

industrialisation have led to long term weakening of local community and the moral fabric that upheld its citizens.

Given that this is an academic treatise, mention should be made of our Higher Education Institutions (HEI's). Universities have historically been an 'alma mater' to their particular community of learning, and to a degree shaped the conduct of those who entered their walls, but this influence was in reality restricted to an elite. Perhaps ironically as higher education has expanded its scope to reach a greater proportion of society, its influence over its members' standards of conduct has tended to decrease. Ethics, which as part of philosophical enquiry survived for so long at the heart of the curriculum, has latterly been partially expunged in the UK HEI's as a core subject. But unlike the state or the church, there never was any significant regulatory power in the academy to control its members' behaviour, and such power as did exist came to an end when an individual's education was complete.

Taken together these varied institutions, for all their faults and their potential conflicts of interests, created a matrix of values on which an individual could call to provide a frame of reference when faced with an ethical dilemma. Their collective influence is now in decline as the fabric of society changes. Conversely however if a person in previous times had access to relatively clear guidelines which showed how he or she should think, they also did not necessarily need to think too much. Conformity to the expectations of the institution both resolved the dilemma, and at the same time diminished personal responsibility. So the decline in the influence of traditional institutions has an upside, as blind loyalty will no longer suffice, and each individual has to carefully consider their personal values and conduct.

Our traditional institutions may be in decline, but there are institutions growing in influence which are significant for many at work, one of which is the professional institution. The ever-increasing productivity through the specialism predicted in Adam Smith's (first published in 1776) sketch of the division of labour in efficient pin manufacturing has proved as effective as he predicted. It has created increasing specialist skills leading to new forms of professionalism, so in the 19<sup>th</sup> century accountants emerged as a separate profession from lawyers, then in the 20<sup>th</sup> century auditors became a separate profession from accountants. As an industrial society emerged so did new institutions

governing their members' behaviour (Durkheim, 1933). Professional institutions have a vital role to play in devising and enforcing Codes of Conduct for their members. In his speech at the annual ceremony conferring chartered status on newly qualified accountants in 2004 (unpublished) the president of ICAEW (the UK's oldest professional body for the accounting profession) commented that the single main reason for the continued existence of the Institute was to guide and shape the ethical standards of the membership, and not to set or enforce technical standards. But the influence of the professional bodies on the behaviour of their members is ultimately no more than a safeguard against grossly immoral conduct, which can by no means a wholly effective deterrent, no matter how carefully worded are their Ethics Codes. Moreover the influence of the professional institution is inevitably limited to its own members, and is exclusive in nature. It is also elitist, as those who are not sufficiently skilled in its disciplines are not admitted to full membership. Many professional institutions as they become established raise the bar of their examination standards, so making it harder for new applicants to join. This may protect the standards and reputation of the institute, but is also ultimately limits influence its ethical stance may exert over non-members.

### **1.5.6 The power of corporatism**

If there is a progressive weakening of the power of traditional institutions to guide ethical values and discussion, there is one institution that constitutes a remarkable exception to this trend which is the modern corporation. According to its harshest critics the power of this particular institution is far from benign. The corporation remains, 'as it was at the time of its origins in the middle of the 19<sup>th</sup> century, a legally designated "person" which according to its critics is also designed to 'valorise self-interest and invalidate moral concern' (Bakan, 2005, p.28). From this view the corporation is now so powerful an institution as to create its own dominant ideology, which is termed by Saul (1997) as 'corporatism'. This corporatism is not at all the 'corporatism' described by Fisher & Lovell (2009), who simply refer to a collective stance to governance and management as found in a central European approach to company structures and employee representation. For Saul, corporatism is altogether more sinister, it is a frame of mind that leads to 'our adoration of self-interest and our denial of the public good' (p.2). There is little accommodation in Saul's thinking for Drucker's notion of the public-spirited corporate manager. Rather he sees corporatism as a childlike state of mind which is a delusional

safe haven from moral consciousness, which is affecting much of society. Saul traces some of the roots of this state to management 'speak' and to management theory, at the very origin of which 'lies the falsely scientific Taylorist model of the mechanistic human' (p.160). He observes that 'corporatism, with its market and technology-led delusions, is profoundly tied to a mechanistic view of the human race' (p.162). Saul sees the corporation as an Orwellian world, where the dominant ideology is reflected in the language of management rhetoric, propaganda, and the dialects of corporatism which become a blockage to intellectual debate, and keep the populace in a semi-conscious state. In this state of mind, the overriding moral requirement is that of loyalty, of obedience to corporatist structures. The roots of this deformed idea of obligation are traced in part to the time of the birth of the corporatist movement when religious leaders and established hierarchical interests sought to accommodate industrialisation. Their solution, Saul suggests, (p.164) was to combine and restructure the old concept of the faithful servant of God and the dutiful subject of social authority in order to create the obligated subject of corporatist structures. The Hobbesian notion found in the *Leviathan* (originally published in 1651) that the populace would run amok unless held in awe of some sort of authority is privatised and applied to the corporation rather than to the state. Both Saul, and Orwell (1949) sixty years before him, observed the dangers of a corporatist ideology, and it is unsettling to observe that this form of institution's star has risen as the influence of our other historic institutions has waned.

Saul may be exaggerating his case, he ignores the sustained efforts of an increasing number of corporations to develop credible Corporate Social Responsibility programmes benefitting external stakeholders, and ethical awareness training programmes for their staff. He also discounts the role of education in creating and encouraging critical thinking, but his argument is persuasive and relentless. He goes on to claim (p.167) that 'our governments are eagerly restructuring schooling as a route into the managerial economy, so that the influence of our educational institutions is being brought to bear to prepare the young to accept the structures of corporatism through early specialization and through narrow goal-oriented education'. For Saul the very essence of corporatism is to 'mind your own business', that is to avoid any sense of neighbourliness and to always avoid being a good Samaritan. In seeking a resolution of this difficulty Saul is not arguing for a renewal of other historic institutions but rather for a stronger sense of individual

awareness, and this thesis will seek to provide a framework of concepts to facilitate such a personal moral awareness.

## 1.6 Ethics at work

The clearly defined purpose of an organisation limits and diminishes the nature and extent of mutual benefits for its members that exist in other social structures such as a family, a club, or group of friends. A distinct context exists at work where people are likely to talk and act in a manner not necessarily consistent with other areas of their lives. The reasons for this need to be identified, in order to better inform and to frame the research question, and a number of factors are in play which act to restrict ethical thinking and acting at work. Rest (1986) devised a systematic model of ethical decision making as involving of :

1. Recognising a moral issue
2. Making a moral judgement
3. Establishing moral intent
4. Engaging in moral behaviour

A significant challenge to ethics at work exists at the very first stage of this model, on which later stages depend to be subsequently enacted. Amongst the pressures of the workplace this initial recognition may not occur. Jones (1991) considered that the relative importance of an ethical issue affects how seriously it is taken, that is the magnitude of its 'moral intensity'. Jones identified factors such as temporal immediacy and proximity as moderating this moral intensity. Other authors (Bauman, 1989,1993; R. ten Bois, 1997) have also referred back to Weber's (1947) work on bureaucracy and identified the tendency of organisational processes and systems to lead employees to deny moral status to work issues. Ethical conduct in a bureaucracy becomes defined as what conforms to rules, and the very existence of the organisation creates a distancing from consequences for actions. Well known literature on behaviour at work provides such evidence, for example Zimbardo's (1971) infamous Stanford Prison experiment illustrates how people's behaviour can change to meet what they believe is expected of them. Grover subsequently (1993) demonstrated that role conflict at work can be a cause for lies and failure to work to professional standards. Zimbardo (2008) has more recently written of the impact of his experiment in proving how we can undergo significant character transformation when caught in the crucible of social situations, and the workplace is such a social situation.

### 1.6.1 Moral muteness

This is a term coined by Bird & Waters (1994, p.91) to describe the phenomenon of dumbness among managers when it comes to articulating and discussing the moral aspects of business decisions. Their research, based on interviews with managers about how they experience ethical questions in their work reveals that managers seldom discuss with their colleagues the ethical problems they routinely encounter (Waters & Bird, 1986). They find that morality is a live topic for individual managers, but it is close to a 'non topic' among groups of managers (Waters & Bird, 1987). Other observers have noted the reluctance of managers to use moral terms at work. Although managers are aware of moral issues, discussion of these issues in ethical terms is ordinarily neglected (Solomon & Hanson, 1985). Despite this, managers when making value choices, privately invoke moral standards which they in turn defend in terms of business interests (McCoy, 1985). Bird and Waters identified the cause of this 'muteness' as a perspective that moral talk is seen as creating negative effects. These include a threat to harmony (moral talk is seen as confrontational and inviting recrimination) and a threat to efficiency (moral talk is seen as distracting, simplistic, inflexible and inexact). The person who engages in moral talk may also be threatening his/her own image of power and effectiveness, as it is regarded as too esoteric, idealistic, and lacking in rigour and force. But the short term preservation of harmony, efficiency and self image also produces long term costly consequences, such as the creation of 'moral amnesia', inappropriately narrow conceptions of morality which over time leads to neglect of moral abuse and the decline of the authority of moral standards. For Bird and Waters there is therefore a need to develop 'articulate champions' who can verbalise and debate moral convictions and discuss moral issues. Moral conversation, they suggest, needs to be built into the fabric of organisational life. They include ideas for initiatives as to how this may be achieved, but do not comment on the form which such conversation may take, other than to make an important observation that the attempt to overcome the avoidance of moral talk by introducing managers to formal philosophical language not rooted in social experience is likely to fail. This thesis seeks to provide the means to develop such articulate champions.

### 1.6.2 Enterprise values

The corporation, whether in the form of a limited company, Government agency, or 'Not for Profit' organisation is a particular form of legal and social structure. It is made up of people brought together to fulfil a distinct purpose and achieve specific goals, which are for the most part economically driven, and all related in one form or another to wealth creation. To do so, organisations need to resist a creeping inertia and bureaucracy and remain purpose driven, which is essentially to remain entrepreneurial in their culture and core values. Since the 1980's the values of an 'Enterprise Society' have been widely promulgated. The decade saw the emergence of a new emphasis on the spirit of Enterprise. This was when Thatcher and Regan rolled back regulatory constraints on business, and turned over state assets into private enterprise. In the U.K. this led to the privatisation of the state airline, and subsequently the provision of gas, electricity and water supply. Simultaneously widespread share ownership was encouraged. Also at that time aggressive entrepreneurs were able to raise capital in the markets and then move to break up diversified corporations which were underperforming relative to the values of their underlying assets. This was the time of 'bids and break ups' when entrepreneurs such as Lord Hanson flourished through acquiring underperforming companies on both sides of the Atlantic. One defence against such unwarranted attention was for corporations to themselves become more entrepreneurial, breaking up monolithic structure and allowing managers to act as entrepreneurs while still working for the firm, hence the beginning of the 'intrapreneur' (Pinchot, 1984). The fault lines in managerial capitalism have already been discussed, and the inevitable happened. In this atmosphere the pursuit of gain became the pursuit of the good, as became the motto of Wall Street's (1987) where the motto of the leading character Gordon Gheko where 'greed is good'. This motto implicitly condones conduct that may do absolutely anything without moral restraint relevant to the achievement of its goal, because the good is gain itself, not in the means to achieve it. Retrospectively, it is perhaps not surprising that by the early 1990's the U.K. witnessed a wave of business scandals arising from business behaviour that that had been shaped in the 1980's. In the early 1990's Barlow Clowes, Polly Peck, Guinness were all examples of companies where fraud or serious misconduct arose from reprehensible business behaviour. In America the problems took longer to emerge, but in due course they did, and the corporate scandals that came to light nearly a decade later had even more severe

impacts. At Enron managers lined their own pockets, and the equity stakes granted to senior managers to encourage entrepreneurial behaviour did not at all in practice encourage them to act on behalf of wider external stockholders. On the contrary, managers conducted all sorts of ruses to push share price as high as possible, and then prior to the company's collapse exited their own share ownership positions.

This impetus for greater entrepreneurship championed by Drucker (1984), Kanter (1991) and Kirby (2003) has been carried into the new millennium, though now the need for entrepreneurship is driven by the growth of the Asian tiger economies and the shift of manufacturing to low cost locations globally, and its resulting disruptive impacts in developed economies. Here the nature of employment has irrevocably changed and the need for renewed enterprise become urgent. Personal risk taking and the need to develop new knowledge and manage a portfolio of diverse activities have become essential skills for economic personal survival. It would be facile to assume that an entrepreneurial climate is necessarily a synonym for amoral business behaviour, there are too many instances of exceptional entrepreneurship from business history which suggest otherwise. An example is the Quakers in the U.K., a religious group marginalised for their beliefs who in time became successful entrepreneurs known as trustworthy through their adherence to honest dealings. Both Rowntree (now assimilated within Nestlé) and Cadbury (now acquired by Kraft) had such origins. Marginalisation may therefore create entrepreneurial tendencies (Collins, 1964) without necessarily encouraging unethical behaviour. One widely accepted explanation of the mindset of the entrepreneur is Rotter's (1966) proposition that entrepreneurs have a high internal locus of control, that is they are people who believe that achievement of a goal is dependent upon their own behaviour or individual characteristics. Empirical evidence tends to support this, though it is not entirely conclusive as to whether most company managers have similar traits (Cromie et al., 1992). What the possession of a high locus of control does suggest is that this type of personality is willing to accept responsibility for their actions, and this may extend to moral responsibility.

Neither the excesses of the era of 1980's entrepreneurship, nor entrepreneurship theory itself, can be used to support a logic that enterprise and ethics of necessity do not mix, this would be to oversimplify the argument. Rather, the trends which originated in the 1980's illustrate that the growth of enterprise where accompanied by an unchallenged assumption

of overwhelming self-interest as a motivational force does little to foster ethical behaviour. It is unbridled self-interest in enterprise which in due course leads to malpractice, loss of trust and failure. An unbalanced emphasis on enterprise without an accompanying regard for ethical awareness stores up problems for future business conduct. We have to discover ways to resolve this dilemma, and to encourage entrepreneurial behaviour which remains ethically aware. The emphasis on an enterprise economy is still with us, but the difference is that following the banking crisis there is now a few signs of a rejection of a pure 'greed is good' mentality, with the increasing influence of C.S.O's and a growing role of Social Enterprise. Barclays Bank is now repositioning itself accordingly (Mattera, 2014), though it has much malpractice to live down, and the threat of further fines from the Financial Conduct Authority for failure to ringfence client assets over an 8 year period (Titcomb, 2014). We have now some recognition that we need an ethical agenda for business but with the decline of many institutions, the question arises as to the source from which this will arise. Universities are now doing their part in renewing an interest in ethics by providing an intellectual lead and by re-instituting ethics courses into their curricula, now recently resurrected in management schools in the form of the relatively young subject of Business Ethics (Bean, 2010).

## **1.7 Difficulties in the discourse**

The various dimensions of the problems of Business Ethics which have been identified above combine to render the complexities of its discourse a 'wicked' problem (Rittel & Webber, 1984). Wicked problems are a unique product of time and place, so applicable to ethical dilemmas in the workplace. The term has become widely adopted in dealing with multi-faceted issues (Brown et al., 2010). In the context of ethics the connotations attached to being 'wicked' are misleading. The term refers to comparisons with many headed mythical beasts of legend, if one head of a hydra is cut off another appears. So it is with a wicked problem, having the characteristics of complexity means that there are many interrelated factors which defy one straightforward approach to resolving the issue. De Witt & Meyer (2010) are of the view that issues of complexity is most effectively examined through the use of a dialectical approach, agreeing with Martin (2007) that effective decision making can accommodate conflicting and even opposing perspectives. This view understands the integration of opposing ideas to be an integral part of effective

strategic thinking, and as useful to humanity intellectually as an opposable thumb has been to us physically. This understanding of integrative thinking has an application for Business Ethics because a pluralistic approach to tackling ethical challenges goes some way to dealing with complexity. A pluralistic use of normative ethical theory is commonplace in contemporary business ethics, and regarded a simply good practice (De George, 2006 p.51). There is still however a shortcoming with an approach to the subject that primarily draws on classical European moral philosophy, because it relies on concepts and frameworks that are not easily accessible to contemporary mindsets. The underlying sense of philosophies such as utilitarianism or communitarianism have a universal appeal reflected in other non-Western value systems (such as Asian Confucianism and African Ubuntu), but this is easily obscured by their language and terminology.

The view on difficulties in the discourse expressed here is based on personal experience of the outcomes of conversations with business practitioners and attempts to deliver academic courses using a range of such texts, and encountering unexpected difficulties engaging student interest and involvement. Typically postgraduate professional students new to ethics are not familiar with its discourse, and also deeply entrenched within the subjectivism and relativism outlined above. For students grounded in social sciences, the demands of mastering the basics of moral philosophy is daunting. Also, and without necessarily either practitioners or students being consciously aware of the fact, management and business studies are disciplines operating within the field of social sciences and deriving an epistemology which is as reliant on empirical evidence as careful logic and reasoning.

### **1.7.1 Philosophy's dominance, idealism and sterility**

If the concepts typically applied to questions of business ethics are derived from moral philosophy, many of these concepts were developed in the enlightenment period where there was a strong belief in the rise and progress of reason. Through bitter experiences of a century of total warfare humanity now knows better. This is not to decry the genuine plurality of ideas between, for example, Descartes, and Hobbes, or between Hume and Kant, but with the benefit of painful experience we cannot now be so confident of the powers of reason alone to safeguard moral behaviour. There is also a straightforward issue of reading and assimilating concepts developed in an age less 'time poor', when if writing

styles were more flamboyant and verbose, the reader also took time to absorb the text. Furthermore enlightenment authors, and none matched Kant in this respect, are at times now difficult reading due to their penchant for developing an obscure and impenetrable personal technical jargon.

A major issue, which is still being fully explored in contemporary Business Ethics, is that within the younger disciplines of sociology and psychology there is new knowledge available to guide our understanding of moral development. Moral philosophy is not as yet making great progress in accommodating knowledge gained through new sciences. If it is acknowledged, attempting to set about creating any form of symbiosis is still at a developmental stage. Contemporary research reviewed in Chapter 2 does make attempts to accommodate this new knowledge, but to date there is an undeveloped alliance between disciplines, even though the social sciences do have a real interest in moral behaviour. The difficulty is that these approaches are essentially descriptive in character, and descriptive ethics cannot by definition be the basis for normative enquiry. This is where there is a fundamental clash of paradigms with moral philosophy. The differing paradigms driving philosophical and evidence based enquiry represents a formidable challenge, but cannot be shirked in a search for a more holistic approach to the study of ethics.

## **1.8 Shifts in the debate**

There is however growing awareness in the academic community of the myopia that may be created by remaining within subject boundaries in the study of ethics. When Trevino (1999) surveyed the recent terrain she noted that there had not been great progress in what she terms 'theoretical hybridization' which she defined as any form of deliberate attempt to move beyond the boundaries of specific subject disciplines in the study of ethics towards theories commingling disciplines, and in over a decade there has been no great advancement.

### **1.8.1 Growth of transdisciplinary enquiry**

Very recently there has emerged a growth of interest in transdisciplinary enquiry as a means of tackling wicked problems (Brown et al., 2010). This approach extends beyond multidisciplinary enquiry to seeking for synergies between different disciplines, hence the

renaming of multidisciplinary enquiry. The approach faces many challenges, as there exists a 'long list' of reasons offered by subject specialists as to why analytical rigour is lost by those seeking to move beyond an established paradigm framing specific academic disciplines. Moreover the transdisciplinary researcher 'does not have the luxury of identifying with a group of peers, but functions as an independent scholar pursuing their own path' (Brown, 2010, p.286). If this is a demanding path, giants have already passed this way. Habermas and Ricouer are two philosophers informing discussion throughout this thesis. Both are unfashionably grand theorists, and both have included among their intellectual pursuits the study of ethics, and both adopted an approach to their scholarship which transcended disciplinary boundaries. The long shadows they cast are relevant to this project and specific aspects of their work will be relevant to analysis in subsequent chapters. Habermas (1987) does not accept the end of modernism but instead recasts the use of reason in a social setting, and his understanding of the principles of effective discourse as enabling reasoned dialogue has relevance to business ethics. He advocates the use of argumentative reason in inter-subjective communication and argues against postmodernism's experimental view of interpretation and in particular Derrida's notion of *différance* which he sees to result in meaning infinitely deferred and therefore ineffective in communication. Ricouer (1988) builds on earlier 20<sup>th</sup> century views of hermeneutics and his views of self-knowledge are valuable in understanding the personal journey each subject takes to building their unique worldview. His concept of the subject defends the person as an autonomous conscious personality developed over time and having a narrative history against postmodernists' attack on the consciousness of the individual as having an autonomous self.

Brown (2010, p.289) has set out suggested principles of trans-disciplinary enquiry addressed to wicked problems:

- *Complexity*
- *Realism*
- *Partiality*
- *Pluralism*
- *Provisional*
- *Ethical*
- *Critical deliberation*

All of these principles apply to ethical issues at work and the development of this thesis will attempt to follow such principles of transdisciplinary enquiry in following chapters.

### **1.8.2 Market shifts and ethical consumerism**

It must be recognised that the current interest in Business Ethics is not wholly driven by academia. There are other fundamental shifts in the wider social environment within which HEI's conduct their teaching and research which are driving a renewed interest in ethics among organisational stakeholders, and so provoking new approaches to enquiry and debate. Neither HEI's, nor business itself can tame societal trends or the emergence of what has been termed 'The Unmanageable Consumer' (Gabriel & Lang, 2006). The growing influence of the 'ethical consumer' is now well known to the marketing profession, and companies as diverse as Marks and Spencer, Cadbury, and the Co-op are increasingly positioning products and services in a similar fashion to meet a growing demand. (Barnett, 2011). The Co-op has been quick to admit its mistakes over the appointment of Paul Flowers as Chariman, but claims it will never lose its ethics (Booker, 2014). Decades after Anita Roddick at the Bodyshop developed an innovative 'value offer' based on a distinctive ethical stance, and preserves its integrity (Davidson, 2014). This shift in consumer demand derived from changing values has affected sectors as diverse as banking, clothing, food and tourism. Some of these offers may be cynical attempts to exploit a premium market sector, but consumers who choose to spend more on 'ethical' products and services represent a growing awareness in society of the power of business to do both good and harm, and companies may increasingly have little choice other than to position their value offer according to this emerging trend (Harrison et al., 2005). Closely linked to the rise of the ethical consumer is a societal awareness of an urgent need for a sustainable approach to business conduct, which is similarly stimulating ethical debate and driving changes in business models and marketing practices (Tadajewski & Brownlie, 2008).

### **1.9 Structure of the thesis**

This chapter has analysed a range of factors which render ethical debate problematic at present, particularly in a work context. In the following chapters the thesis will develop and test a proposed solution to this problem.

Chapter 2 surveys the various schools of literature informing and shaping ethical analysis, then focuses on the uses and limitations of the concept of Cognitive Moral Development. Chapter 3 more closely critiques selected UK authored textbooks employing framework analytical models, then proposes an innovative transdisciplinary framework model. In chapter 4 the research journey and methodology are explored, and in Chapter 5 primary research findings from seminars and case studies in the field findings recorded. Chapter 6 discusses these findings, identifies emerging themes, and presents the developed framework. Chapter 7 examines how this framework facilitates ethical debate at work, then reviews and critiques the contributions made by the thesis to research in this field.

## Chapter 2: Literature review

This review appraises the diverse bodies of literature which inform ethical thinking and debate. Given that ethics is the oldest of academic disciplines, and the observation and analysis of human conduct is the most universal of themes, potentially relevant sources are both wide-ranging and divergent. This review focuses primarily on writing which illuminates the goal of developing an adaptive and insightful management model of ethical analysis for use in the seminar and the field. Relevant bodies of literature can be classified as:

<i>FIELD</i>	<i>CLASSIFICATION</i>	<i>Paragraph</i>
<b>Specialist Business Ethics publications</b>	Journal articles	2.1
	Business Ethics books	2.2
<b>Other Ethical resources</b>	Historical writings	2.3
	Contemporary philosophy	2.3.2
	Managerial practice	2.4.1
	Diverse literary sources	2.4.2
<b>Other disciplines</b>	Hermeneutics	2.5.1
	Social sciences	2.5.2
<b>Multidisciplinary research</b>	Interdisciplinary research	2.6
	Applications of CMD to Business Ethics	2.6.1
	Adaptation of CMD in ethical analysis	2.6.2

**Table 2.1: Mapping Ethical resources**

## 2.1 Surveying the terrain

The nature and extent of writings on ethics are disparate, so any form of organisation into a useful taxonomy of the relevant literature leaves awkward gaps and overlaps, making classification an unwieldy task. This chapter examines some key themes in academic literature to which a business professional interested in ethics may refer, beginning with recent relevant journal articles, and influential textbooks. It then recognises the main contours of further relevant bodies of literature of which typically a business professional may be aware, and which may illuminate their ethical thinking. This includes influential historic writings, contemporary philosophy, and general literature including good managerial practice. Next, the influence of academic disciplines beyond the field of moral philosophy is reviewed. The development and the use of Kohlberg's model of Cognitive Moral Development is given a particular focus, because this is a model derived from developmental psychology which has attracted widespread interest among ethicists, and will subsequently provide the start point for the development of a framework for ethical analysis in Chapter 3.

Journals provide the means to identify major themes in the developing discourse. Philosophy continues to significantly influence Business Ethics, and to provide a normative perspective for the subject (Jones & Felps, 2013). Rossouw (2008) observes that philosophical integrity (he takes an Aristotelian approach) prevents Business Ethics from becoming a discourse at risk of simply supporting both exploitative practice and consumerism. Relevant examples of conceptual papers include Wozniak (2011) who argues convincingly that Kierkegaard's understanding of the 'subject' increases ethical understanding and sharpens critical thinking. Dion (2012) considers how Ricoeur's view of narrative history facilitates a critical analysis of the banks' moral discourse on money laundering. Some applications of philosophy can stretch credibility, such as Kleist's (2013) attempts to use the later Sartre's account of freedom to explain managers shared accountability. Other views actually become in-credible, such as Jones (2010) attempts to apply Derrida to Business Ethics. Both De George (2008) and Fieldman (1998) argue far more convincingly that deconstruction leads to a loss of moral culture. These approaches inform rather than frame ethical thinking, and such philosophically diverse views can only be accommodated within a pluralistic approach. The most enduring of these is Donaldson

& Dunfee's (1999) integrative social contracts theory (ISCT), which as Dempsey (2011) recounts, is essentially both normative and pluralistic in scope. However Frederick (2000) makes clear that the thought experiment that is at the heart of ISCT is inconsistent with the pragmatic nature of problem-solving in business. Also a common limitation to these authors is that their conceptual approach lacks field research, and a tension within the subject exists because empirically based studies tend to be descriptive rather than normative (Rehbein, Logsdon & Van Beuren, 2013). Where philosophically based empirical studies are undertaken, they use common instruments (Reidenbach & Robin, 1990; Forsyth, 1992) to determine overall ethical orientation (such as individual preference with respect to idealism or relativism). In the articles of this vein the philosophers are still not significantly incorporating insights from psychology or sociology into their thinking, and for a more integrative approach it is necessary to look at scholarship arising from other disciplines. Others, notably Kohlberg (1984), Trevino (1987) and Dienhart (2000) have advanced the field in this respect, and their ideas and constructs are considered towards the end of the chapter. Having identified the key themes and tensions in the current discourse, it is appropriate here to consider the wider bodies of literature to which the pragmatic manager may more readily turn.

## **2.2 Business Ethics books**

The publication of Business ethics textbooks has blossomed into a growth industry since 2000 (Mele, 2009; Flynn, 2012). The origins of this growth mirror a reaction to discoveries of corporate malpractice following the cultural shifts of the 1980's, for by the end of the decade some of the inherent problems of amoral business behaviour had become all too apparent. Burrough & Helyar (1990) reported the effects of rapacious business behaviour fed by the freeing up of capital markets, for the 80's saw the emergence of the kings of 'bids and breakups'. This was the period of asset strippers buying conglomerates and subsequently selling off operating companies with the aim of maximising cash benefits to themselves, regardless of impacts to other stakeholders. Burrough & Helyar identified the 'Barbarians at the Gate' who were destroying long established enterprise infrastructures simply for short-term gain. Their work marked a turning point for interest in Business Ethics, but was descriptive rather than analytical in content, being written from a perspective challenging short-termism. It was with changed attitudes to business conduct in mind that Nash (1990) also asked the question 'Why

Business Ethics now?’ She eloquently delineated how unrestrained free market capitalism was rapidly eroding trust in America, and was not alone in predicting that this trend would inevitably lead to longer term economic as well as social decline (Fukyama, 1995). As a remedy, Nash proposed the re-establishment of a ‘covenantal ethic’, echoing attitudes which had characterised the communities that had migrated to America from the Pilgrim Fathers to the early 20<sup>th</sup> century. Her argument developed an alternative expression of stakeholder recognition. It was, and still is, convincing in asserting that an erosion of trust is in the longer term unsustainable for the business community. In her subsequent (1995) *Forward* to the second edition, Nash reinforced her argument in favour of an ethical approach to business by identifying that moral problems arise in ‘early’ capitalism as much as in ‘late’ capitalism. She observed that the fall of Soviet Communism at the end of the 80’s and the subsequent re-emergence of unregulated free market economies in Eastern Europe had brought in its wake further moral challenges comparable to those existing in a deregulated America.

Nash both addressed the question of ‘Why ethics now’, and also provided a credible answer to the issue of ‘What’ form of ethic will work for a business community. However the following years provide a somewhat ignominious subsequent record demonstrating that matters have scarcely improved when it comes to the realities of self-centred business conduct on both sides of the Atlantic. In the U.S.A. the erosion of integrity that accompanied a sea change in attitudes in the 1980’s took longer to emerge than the U.K., but the unprecedented corporate scandals of the early new millennium, most notably Enron and Worldcom, took corporate malpractice to a fraudulent level not seen since the South Sea Bubble of the 17<sup>th</sup> century. Since then we have more recently seen the corporate greed of the banking sector tip Western economies into steep and long-term recession, and a Sovereign Debt crisis. So with regard to the question of ‘Ethics *at work*’, that is making a real difference to business practice, there appears little effective progress. As of now, the critical issue is neither a question of ‘why’ do ethics, nor of ‘what form’ of ethic to follow, but rather it is a question of ‘how to?’ make ethics a practical discipline. How can moral conversations be created and sustained which facilitate open and searching analysis of business behaviour? Despite the plethora of Codes of Conduct and Statements of Values that now pervade our larger organisations, business history over the last decade continues to demonstrate clearly that efforts to revitalise ‘Business Ethics’ have had only limited effects. These efforts have relied extensively on the tenets of classical moral

discourse, and are still not cutting through to reach the postmodern mindset of today's managers and business professionals. Nash's work which was aimed at practising managers was widely read and indicative of increasing levels of interest in the subject. The way was thus being opened up for subsequent American and European authors to develop similar publications targeted at a broader audience relying on ethical discussion rather than simple assertions as to concepts of right and wrong, and a growing body of specialist literature emerged in the 1990's, although Europe tended to lag behind the U.S.A.. Influential American authors include Freeman (1991), Goodpastor (1991), Solomon (1993), and Bowie (1999) and subsequently Boatright (2003). In the wake of the American literature a range of British and European textbooks appeared including Drummond & Bain (1994), Sorrell and Hendry (1994), Chryssides & Kaler (1996). Due to the need for focus on the current situation, these are not now reviewed in detail, but in summary that they have each contributed to an emerging consensus as to the need for a broadly pluralistic approach to ethical analysis. However the subject has not to date developed a commonly structure or methodology as found in other areas of business studies such as marketing or strategy. Different texts take widely differing approaches to conducting a pluralistic analysis, and contradictions of interpretation are not uncommon. Certain texts have remained primarily issues based, with brief reference to supporting theory (Kitson & Campbell, 1996; Harrison, 2005), others are primarily more concepts based (Chryssides & Kaler, 1999). The diversity in the structuring of the discourse is potentially confusing for the reader, even though authors have a similar intent. However the majority of current books aimed at practising managers currently do in common approach the study of Business Ethics as a situational ethics, and therefore a subject area which constitutes a specific context for particular applications of moral philosophy. There is however little agreement on how a framework for analysis should be constructed. Although most texts agree on the main normative theories which are most applicable to business conduct, they vary widely as to how far the practitioner should go in applying a range of theories. Perhaps this is because beyond a few widely accepted influential consequentialist and non-consequentialist theories there are so many potential variations and distinctions of approach. Also, inevitably pluralistic models must simplify the perspectives which they seek to draw upon, and the models which authors produce vary in complexity and coverage. For example, Fisher & Lovell (2009, p.101) acknowledge that their own summary model is a "work of simplification...only a broad view which does not

capture the subtleties of the writers included in it because to do so would make it impossible to constrain them...within the figure". These publications are influential in shaping the Business Ethics curriculum for the U.K., so in Chapter 3 three British pluralistic summary models providing conceptual frameworks are critiqued in more detail as a preliminary to the process of building an innovative framework model.

## **2.3 Thinking about ethics**

The current publications which aim to provide frameworks for analysis for the practising manager are largely informed by historic writings and the moral philosophers of the Enlightenment, who provided the theoretical underpinnings from which pluralistic approaches derive, so a distinguished history of ideas informs the contemporary use of pluralistic models. A brief outline of some of the main contours of influential schools of thought is given here because each approach continues to have its exponents. The following are examples of the supporting concepts which provide depth and nuancing to a contemporary pluralistic models.

### **2.3.1 Historical influences**

While it may be an exaggeration to claim that all of history is footnotes to Plato, it is usually the case in moral philosophy that 'he was there before' (Vanhooser, 1998 p.17). Plato's Republic set out his ideal of the just ruler who rejects grasping power in favour of wisdom, and in so doing initiated a discourse on the nature of justice which was subsequently considerably refined in Aristotle's Nichomean ethics. From Aristotle can be traced our concerns today with compensatory and retributive justice, and significantly for Business Ethics, of distributive justice (Rawls, 1972). Aristotle eschewed the general in favour of the particular, and his notion of the virtuous individual has again gained wide appeal in the postmodern era. MacIntyre (1998) has brought virtue theory to contemporary notice, and Solomon (1993) has related it to the conduct of business, generating subsequent applications (e.g. Wright, 2010). Its appeal in focussing on the person rather than the problem appeals to contemporary subjectivism, but this is also its limitation, as virtue theory does not provide the framework for objective evaluation of situations, activities and dilemmas provided by other theories.

Historically the enlightenment period saw the development of new directions in ethics, the growth of monistic approaches, and more self-assertive attitudes following the reformation and renaissance. At a time when inherited privilege was challenged as never before Locke (1690) championed property rights, and subsequently Paine (1791) penned the 'Rights of Man'. Over time the influence of a 'rights' approach to ethics has since become pervasive. Paine's ideas were reflected in the American constitution, and such were the impacts that rights theory was eventually enshrined in the U.N. Declaration of Human Rights (1947). Since 2003 it has shaped much of our European legislation. In a business context arguably Ralph Nader as the leading advocate of consumer rights (1965) was as influential as any human rights campaigners of the 20<sup>th</sup> century. The concept has continued to drive societal change and is one explanation for the growth of demands for stakeholder empowerment (Nader, 1984). But like any other monistic theory, rights theory is vulnerable to distortion and manipulation. Von Hayek (1961), and more recently Sternberg (2000), push the boundaries of free market libertarianism to the point where it is not wholly reconcilable to stakeholder capitalism, and an assertion of rights excluding other ethical ideas can deteriorate into disguised self-interest.

In contrast to other forms of situational ethics, it is necessary to recognize legitimate self-interest in business, as Adam Smith (1776) made clear as his explanation of the effects of the invisible hand of the free market. Smith's *Wealth of Nations* was the original capitalist manifesto, although Smith depended on motivation afforded by egoism, he was not without social conscience. He advocated an ethical egoism similar to that which took hold in the U.S.A. with Benjamin Franklin's homilies in the widely circulated *Poor Richard's Almanac (1706-1790)*. Legitimate self-interest creates entrepreneurs and builds careers, but if not balanced by other perspectives is liable to degenerate into an unethical egoism. With hindsight this was the culture that prevailed in the 1980's, and its growth is traceable to an exclusively egoist worldview expressed by Rand (2007) (reviewed below at 2.3.2 as contemporary philosophy) and enthusiastically espoused by her disciples Milton Friedman and Alan Greenspan. Arguably there is though nothing new under the sun, for along ago as the Machiavelli's mediaeval work 'The Prince' (originally published in 1532) consisted an egoistic view of management and leadership incorporating an amoral approach to the use of power. Also given the transactional nature of business conduct, for any commercial organisation, defining self-interest for the organisation as a whole is almost identical to stating its purpose and goals. For business

this is an appropriate place to start the task of sense making as it is in harmony with the fundamental goals of the company. The deontological ethic of Kant (reviewed below) has a relevance to the role of management, but it just does not have the same immediate appeal for a manager interested in his own character, personal development, and career as much as acting as the agent of the corporation.

Kantian deontology was an ethical theory developed in the enlightenment which lacked recognition of self-interest. In reaction to Hume's scepticism Kant argued for an *a priori* form of knowledge, which derives from our situations and context but is developed into transcendental knowledge through synthesising logical analysis with empirical observation. With regard to ethics he is able therefore to start from 'the fact that we are surrounded by duties' (Warnock 2002, p.115), situations to which logic can be applied. Kant creates an ethical system by relying the ability to reason clearly with ethics: man is a reasoning animal, so the question must always be 'what would a reasonable person do'? For this approach are derived Kant's maxims of duty which provide specific applications of this principle, which shaped much subsequent ethical and legal thought. Bowie and Werhane (2005) write on managerial ethics continuing this tradition and argue that the notion of duty still has resonance for the manager, whose role is that of an agent of the owners in managerial capitalism. This is a secular restatement of the concept of stewardship, and in theory is a powerful ethical framework for managerial ethics. However in practice their text is censorious, and a sustained essay in telling senior managers why much of what goes on in corporate America book fails to meet reasonable test of duty. The text near its end eventually becomes more positive in tone, returning to a Kantian understanding that 'mental representations, or cognitive frames set up parameters through which all experience, or sets of experience, are organised or filtered' (p.119). They then advocate a 'systems approach' to ethical thinking which commences with recognising all stakeholder interests as having intrinsic worth. Through the use of moral imagination, a systemic perspective is then able to recognize the various dimensions of an issue as it affects all stakeholder groups. This is a useful notion, it is arguably even essential to the use of stakeholder theory as Freeman originally intended it, and it is a shame that this is placed so late in the text because they develop a plausible argument that 'intrinsic worth' is an invaluable part of ethical thinking, and it would have much greater impact if it was recognised as an initial step in ethical analysis.

Another influential theory which was never vulnerable to confusion with self-interest was the utilitarianism of Jeremy Bentham and J.S. Mill (1879), sustained into the 20<sup>th</sup> century by G.E. Moore (1903). As a theory concerned with the 'greater good' it appears to have more applications in public sector than private sector contexts. Galbraith's (1958) subsequent argument against the 'Affluent Society' driven by consumerism is essentially a utilitarian position. Galbraith's concern with American trends towards private wealth and public poverty together with widening income disparities appear today to be justified. Utilitarianism, also anticipated the concern with community more recently expressed in Etzioni's (1993) concept of communitarianism which remains a healthy counterbalance to the excesses of individualism found in much contemporary thought. It easily ignores the rights of the individual or a minority, but rights theory is now so prevalent this seems a small danger in the current climate

To summarise, a brief scan of influential ethical theories has identified a range of ethical theories developed over earlier centuries which continue to provide valuable insights for ethical analysis, but each of these theories of themselves do not provide a wholly reliable objective perspective. The value of pluralism lies in accepting the differing perspectives afforded by each theory as possessing validity without exclusivity.

### **2.3.2 Contemporary philosophy**

This survey has observed that contemporary philosophy continues to provide a rich and varied resource for ethical analysis and reflection, and constitutes a pervasive influence both capturing and in turn affecting the worldview of society at any particular time. This thesis particularly recognises the influence of two major 20<sup>th</sup> century continental philosophers who have worked within the Anglo-American tradition. Ricoeur's (1992) view of the 'capable person' informs discussion in Chapter 6 (see 6.4.5). Ricoeur's original interest in the phenomenological tradition, subsequently developed into philosophical anthropology. His view of the development of the self as a 'capable person' never descended into the self-absorption of existentialists such as Sartre (1943), rather he saw the self as socially situated which illuminated his whole view of the nature of ethics and self-understanding and is relevant to the social aspects of the workplace. Reference is subsequently made to the hermeneutical implications of his work at paragraphs 2.5.1 and 5.3.1.

Jurgen Habermas sits at the end of the enlightenment project, and has refused to accept the end of modernity, still believing in the power of reason, though he recasts its use in a social setting. Habermas has lived out his own commitment to discourse ethics through active participation in public life. He is a critical theorist of the Frankfurt School who accepts the influence of interpretive subjectivity in communication but holds that rationalism remains possible. In rejecting the end of the enlightenment Habermas (1990) has argued for a recasting of modernism's reliance on reasoning, but locates the tests for validity and truthfulness in the sphere of public discourse, rather than within the individual. His conditions for effective discourse are relevant to Business Ethics where such discourse is likely to occur within the organisation's premises and structures, and therefore where other factors relating to the use of power may affect the dynamics of a conversation. Habermas' refusal to accept the end of modernity reflects his idealism, and it is not therefore surprising that his rules for effective discourse may represent an impossible ideal in organisational contexts. However they are still valuable as a clear statement of guidelines as to how fair and open discourse should be conducted, which will become relevant to issues under consideration at paragraph 5.4.1, 6.4 and 7.3.1.

Other approaches to ethical analysis relevant to Business Ethics can also be found in contemporary general philosophical ethics texts. In the U.K. two of our best known moral philosophers, Warnock (2001) and Blackburn (2001) have both written introductions to the subject which take a similar approach and provide general ground rules for ethical analysis. Both authors deal with issues well beyond the scope of Business Ethics (such as birth and death), but are also of relevance in being readable to the layman (MacIntyre's (1998) history of ethics does not compare well in this respect). Both texts present cogent arguments against relativism, and also argue against an over-emphasis on the use of rights theory as its currency is easily debased (Warnock). Warnock also makes some specific points of specific relevance to Business Ethics, as she writes that ethics needs to engender practical understanding, and that those concerned with any aspect of public morality 'have a duty to be able to explain why they have come to the decisions they have' (p.24). For any public limited company it follows from Warnock's argument that a degree of public accountability is to be expected. Blackburn paints a wider canvas, and makes a different relevant point that within society we are all sensitive to the 'ethical climate' (p.7) whether we realise it or not. His argument has relevance in that companies do not exist in a

vacuum which insulates them from the society in which they operate. He also comments on the risk of potential misuse of power by those who have it, noting that it is the rich who most vociferously defend the free market. Both writers rely on the fact that we are all in the same boat, or in other words our social mutual dependence is the fulcrum for their ethics. Internationally, Singer (2002) is another contemporary philosopher reaching a wider public. He has also examined general ethics, but it is his analysis of the implications of globalisation which is more specific to business, as it asks questions about the impact of commercial activity on the environment, our atmosphere, and on communities across the globe. He also relies on a form of communitarianism to encourage social responsibility. These texts each adopt an approach to ethics which either directly or implicitly argues that corporations are not immune from adopting socially responsible practices.

But not all 20<sup>th</sup>-century philosophers have been as socially aware, and egoism has taken on a new potency as an influential mindset affecting many entrepreneurs, particularly in new technologies. It was noted earlier in the chapter that Rand (2007) has been its most strident voice. Rand's egoism has also influenced political life in America arguably to the point where consensus politics is breaking down. Rand's claim of 'objectivism' however appears to be inappropriate. She believed in applying rigorous logic but because it is located within the self, this is vulnerable to being immersed in subjectivism. The emergence of a philosophy emphasizing the self ultimately reflects the 'turn to the subject' which is the dominant feature of 20<sup>th</sup>-century ideas, again traceable to Descartes' dictum 'I think therefore I am'. His break with mediaeval thought was arguably the very opposite of a Copernican revolution displacing our world at the centre of all, as for Descartes the world now revolved around the subject. This over time has opened a pathway leading to the subjectivism which influenced the post-structuralists (such as Foucault, 1977) and found its voice ultimately in Derrida's deconstructionism. For Derrida (1978 & 1981) all meaning is located within the individual, which is a perspective potentially disastrous to the enterprise of ethical discussion and cannot be ignored by ethicists.

The diversity of strands of contemporary thinking are complex and difficult to unravel, and are therefore inevitably challenging to accurately summarise for Business Ethics texts intended for readership by business practitioners. Most do not even attempt it, though

Crane & Matten do briefly acknowledge postmodern ethics in referring to Baumann's (1993) conception of postmodern ethics as regaining the values of emotions, itself a legacy of Hume's (1740) moral sentiments, and more recently Moore's intuitionism (1903) and Ayer's emotivism (1936, 1956). This omission from much of the generalist Business Ethics literature surveyed here points to a gap needing to be addressed, but it is a difficult task. Postmodernism is so intensely personal that postmodern ethics may even seem to be an oxymoron. However, positive elements in this morass of ideas emerge. Bauman embraces the postmodern in the sense that if human reasoning is not truly objective but subjective and therefore not wholly reliable, then we need another non-rationalistic approach to gauge morality. His response is to ask the reader to trust 'gut feelings' which reflect an accumulation of life experiences, recorded in our psyche. Another positive element to contemporary thinking is the acknowledged need for each person to continue to work out their own understanding. This was the subjectivity originally espoused by Kierkegaard (1846), prior to its subsequent nihilistic distortions by Sartre. So for contemporary philosophers closure in a search for understanding is a myth, and continuing restless reinterpretation part of the human condition (Lytoard 1984). Any framework for ethical thinking will therefore be more effective if it supports personal learning and development in understanding. In this sense an effective analytical framework needs to facilitate personal hermeneutics.

## **2.4 Business oriented literature**

Other bodies of literatures exist which are often more likely to be read by many practicing managers than either specialist Business Ethics texts or moral philosophy, which for this reason are now surveyed for their relevance.

### **2.4.1 Managerial practice**

Within the corpus of general management literature there are writers whose work includes an ethical component, which have become 'classics' of their genre. Two outstanding examples are Covey (1992), and Blanchard & Peale (1988). These authors have published two of the best selling management books of the last century, and both directly address the development of the ethical manager. Blanchard's (1982) single best-known book (which sold 20 million copies) was entitled 'The One minute Manager'. This points to the

issue that managers are always time poor. This needs to be recognised in the development of any model to structure critical thinking. Blanchard & Peale's 'Power of Ethical management' is brief but replete with aphorisms, and, with a nod to notions of justice and fairness, concentrating primarily on outlining the qualities of an ethical manager (such as patience and persistence). Covey's '7 Habits of Highly Effective People' (which has sold 10 million copies) adopts a similar approach but is more carefully researched, and he deliberately places his work in the tradition of excellence literature. He places a consistent emphasis on principled actions encapsulated into habits, and builds a memorable model summarising the text's key ideas, which Blanchard omits. Covey then traces the development a 'personality ethic' over the last fifty years, which replaced a character ethic but in so doing also supplanted what he sees as the "foundations of success, things like integrity, humility, fidelity, temperance, courage, justices, patience" (p.18). Such qualities now give way to concerns about social image and quick fixes for business. He observes that this is a great loss, and in it sees the failure to engrain personal qualities that make for real effectiveness. The continuing growth of the celebrity culture appears to confirm his observations. Both texts are populist in their appeal and can be viewed as simplistic, but are included in this review because they reach a wide audience and make for useful reading for a manager concerned with building personal character and integrity, that is their stated goal and as such it is met. However these books do not make any progress in enabling or facilitating the discussion of ethical dilemmas at work. Even if they were to change the mindset of the individuals who had read them we would still be left with 'mute swans' (Bird & Waters, 1994) lacking communicative ethical skills. However these authors directly encourage moral behaviour by managers, and if they are simplistic, their impact should not be underestimated. Indeed, it is their very simplicity which makes them so readable.

The widening interest in business behaviour has led to the inclusion of ethical considerations of business conduct in business and management texts aimed at specific disciplines. For example, in the area of marketing ethics Murphy & Laczniak (2006) have succeed in producing a marketing ethics reader which begins with a routine summary of ethical theory. Within the subject of Corporate Strategy the single best selling European strategy text (Johnson, Scholes & Whittington, 2011) in its earlier editions included no reference to ethical management, but by 6<sup>th</sup> edition perfunctory references to an ethical stance were included in a section on Corporate Governance. This has remained little

changed until the latest 11<sup>th</sup> edition. Lynch's (2008) token reference to ethical management is no better, but in contrast in an earlier Strategy text Finlay (2000) provides a useful construct for ethical analysis based on traditional normative theory, including a process model. Overall coverage of ethical analysis within books aimed at managerial specialisms is very variable in depth of analysis, as the examination of situational ethics as placed within the differing professional skills of business disciplines is a relatively new area. Such approaches appeared in the mid 1990's following the emergence of renewed ethical concerns (traced in Chapter 1 of this thesis). Further illustrations are here usefully drawn from the field of public relations as an example, because the specialism has emerged contemporaneously with the need to communicate with an organisation's stakeholders. Seib & Fitzpatrick (1995) addressed a series of issues of concern preceded by a brief introduction to the main theories. No model was devised, but an emphasis placed on truth telling in accordance with the concerns of the profession. Ten years later, the complexity of ethical issues facing the discipline was multiplied in Fitzpatrick & Bronsteins's (2006) text, though at the cost of the inclusion of the main contours of ethical theory. This is a multi-authored text, so such an inclusion would be challenging, but the individual chapters are very much concerned with ethical issues more than principles. Subsequently Oliver (2007) has a chapter on the ethical imperative but this relies on a professional code rather than reference to normative theory. However in Tench & Yeomans (2006) a similar chapter summarises key theories and acknowledge the need for a pluralistic approach to ethical analysis, although its perspective remains relativistic.

#### **2.4.2 Diverse literary sources**

If 'Business Ethics' is a young academic specialism, general ethics has a long history. Criticism of institutional misuse of power is almost as old as the growth of the institutions themselves. Many educated people know something of the Greek philosophers' concerns with ethics. Socrates', as portrayed by Plato in 'The last days of Socrates' opposed the complacency and misuse of power by the 5<sup>th</sup>-century B.C. Athenian authorities ruling the city state, and to this day we benefit from Socratic questioning as a way of provoking ethical awareness. If it is recognised that many forms of literature can provide an ethical resource (Bevington, 2008) provoking critical reflection, the relevance of great classical literature must be acknowledged. Shifting to the renaissance period, Shakespeare's Macbeth provides an example of how classical literature can address issues of use and

misuse of power at the level of individual. There are also historic writings which are more specifically geared to business conduct, and mirror the development of the corporation. The growth in Victorian times of industrialization and free market capitalism, and with it the exploitation of the poor, drew the attention of some of our greatest Victorian literary figures (Shelley's *Frankenstein* heralded the Industrial Revolution in 1818, Kingsley's *Water Babies* publicised its worst aspects in 1863). Dickens' outrage at Victorian exploitation of the poor in an industrializing society found its most penetrating voice in '*Hard Times*' published in 1854, the impact of which created public debate which led to legislative changes and social reform in the U.K.. In a real sense, therefore, any writing that provokes moral awareness and drives forward ethical debate contributes to the public discourse, though to-day this is more likely to be communicated through the genre of the popular film. Examples include *Wall Street* (1987), *The Insider* (1999), and *Erin Brockovich* (2000). Bakan's film and book '*The Corporation*' (2005) is also notable as a non-fictional work which constitutes a sustained diatribe against the vehicle of the limited company, though more invective in tone than containing specific moral arguments. Public interest in unethical business conduct remains a reason for the commercial success of plays such as '*Enron*' (Prebble, 2009) dramatising the behaviours of Ken Lay and his employees at the failed corporation. This literature cumulatively raises public awareness of the role of the corporation, and its latent power to create harms or benefits for the society on which it depends for business.

Over the decades the growth of the corporation as the dominant vehicle for business conduct has provoked important and influential commentaries on the ethical implications of capitalism, ranging from supporters of free market theory and individual choice (Von Hayek, 1961), whistle-blowers on its manipulative powers (Packard, 1957) to alternative perspectives such as Schumacher's (1973) views on entrepreneurship and sustainability. Forthright criticism of contemporary global capitalism (Naomi Klein, 2001) remains alive and well. For these texts the moral stance adopted assumes an ethic which is more implicit than it is explicitly argued, but each of these authors create their own clear demarcations as to what is considered right or wrong. What is lacking however in them is a conscious attempt to structure ethical debate.

## 2.5 The influence of other disciplines

There are other major traditions which inform critical ethical thinking, both old (hermeneutics) and young (the social sciences). Each has afforded insights into ethical thinking potentially relevant to business conduct. Given that Business Ethics is by definition multidisciplinary, combining moral philosophy with business and management studies, it is not a great conceptual leap to recognise that other disciplines also have an application to management studies.

### 2.5.1 Hermeneutics

Hermeneutics became a mainstream interest of philosophy in the mid 20<sup>th</sup> century, alongside the growth of existentialist worldviews. It may seem to be straining credibility to expect many business professionals to be much interested in the subject, but that would miss the point of the pervasive influence of powerful ideas. It was Gadamer (1960) who first recognized the situatedness of the reader in responding to a text. Gadamer drew on Wilhelm Dilthey's (1907) conception of the hermeneutical circle existing between the reader and the text. However he rejected Dilthey's belief that correctly interpretation involved recovering the original intention of the author who wrote it. He also rejected as unachievable any goal of objectivity, and instead suggested that meaning is created through intersubjective communication. Gadamer argued that people have a 'historically effected consciousness' and are inevitably embedded in the particular history and culture that shaped them. Thus interpreting a text involves a fusion of horizons where the reader discovers the ways that the text articulates with their own background and informs their personal worldview. His work influenced both Habermas and Ricouer. For Habermas (1984) the kind of reasoning that constitutes cogent arguments in ethical discourse depend on the life histories, traditions, and particular values of those whose good is at issue. His refusal to give up the modernist project means these influences need to be recognized, but do not negate the value of effective dialogue.

Ricouer approaches hermeneutics as a variation on the theme of self-understanding. For Ricouer a historically effected consciousness exists because "there is no self understanding that is not *mediated* by signs, symbols, and texts; in the final analysis self understanding coincides with the interpretation given to these mediating terms" (1992,

p.15). This does not however lead to the isolated existentialism of Sartre, since for a good life, one must have associates with and for whom one acts. Furthermore, societal institutions, particularly political institutions, set the context for action and significantly affect its efficacy. For a good life, we aim to have institutions that meet our sense of justice in the obligations they impose and the privileges and opportunities they grant (1992, p.18). Institutions shape our actions, and over time actions create a story. Self understanding also stems from appropriating a narrative identity “The narrative constructs the identity of the character, what can be called his or her narrative identity, in constructing that of the story told. It is the identity of the story that makes the identity of the character” (1992, p.147–48).

Vanhoozer (1998) subsequently draws upon Ricoeur’s understanding of intersubjectivity applying it to written texts as a fixed form of dialogue. He sees the hermeneutical circle as moving between the horizon of the text and the reader, but also further combines this with the insights of the ordinary language philosophers (Austin, 1979). Both written or spoken utterances are locutionary acts have both illocutionary force (authorial intent as to meaning) and perlocutionary effects (effects on the listener/reader as to significance), to which is added the insight that for effective communication *between* persons there is a requirement to respect authorial intent. This does not mean that the ‘significance’ of a locutionary act to the reader/listener is limited in scope by the illocutionary force, but that this must be respected for a dialogue to take place. Vanhoozer’s concern is with a contemporary inclination to withdraw into a personal private world of moral values locked within the self and therefore not open to challenge and examination, which he terms the ‘hermetic’. He is referring to the detrimental effect of the values of the postmodern mindset where all meaning is located within the self, and therefore remains isolated from the challenge of engagement with another. For Vanhoozer postmodernism therefore risks developing a ‘communications breakdown’ which can only inhibit ethical discussion within the organisation. Vanhoozer’s hermeneutics therefore includes an ethical component, in respecting authorial intent. In doing so he creates a balanced response to Ricoeur’s rejection of Derrida’s view of authorial intent without losing the location of significance as in the reader/listener rather than the author. This understanding of ‘meaning’ and ‘significance’ (Hirsch, 1976) is crucial to the task of ethical discourse.

Vanhoozer describes his perspective as theological hermeneutics, and hermeneutics retains links with interpretation of belief. If belief systems today lack the pervasive influence of previous times in the Western world, it is still true that around 60% of world's population remains religious in some shape or form (McEwan, 2001p.54), and it would therefore be foolish to ignore its influence upon many in shaping their values. Throughout the world religious traditions capture and disseminate societal norms and traditions, and religious wisdom and interpretation is sometimes too easily dismissed as archaic, or misinterpreted as simplistic or autocratic, which is to conflate the role of oppressive religious institutions with actual belief systems. This view has grown up in the aftermath of the enlightenment, which justifiably rejected the oppressive and tyrannical rule of the church over all matters moral and sometimes also civil. However the historic tyranny of the Catholic church as an institution need not, nor should be confused with the value and use of the church's texts, and a distinction needs to be redrawn. Religious texts from the Ancient near East (ANE) have been at least as influential in the West as the Greek philosophers, but take a different format. The Scriptures as a whole are a form of wisdom literature which are replete with observations as to how those with economic power ought to treat the weak, the poor and the elderly (Leviticus 25:4-17; Deuteronomy 23:16). Merchants sometimes also come in for a hard time in this literature (Hosea 12, Revelation 18). The very age and length of time taken to accumulate A.N.E. religious texts implies that they are repositories for a society's accumulated moral wisdom. Unlike any other literature they have been compiled over many centuries, and stretch back into man's early history, and so should not be lightly dismissed as an ethical resource. A cursory glance at this field may give the impression that the texts can be criticized as prescriptive in tone (Lynch 2006), but a more careful reading reveals that the truth is far more nuanced and even the Book of the Covenant (Exodus) develops moral stances as much on an emergent as a prescriptive basis. Normative ethics is delineated by many means in these writings. Much of the books which comprise the Scripture are storied, and instruct ethically through moral tales, more often than not of people's wrongdoing (a much more engaging approach to ethical teaching than the reading of Kant). Furthermore these texts are broad enough in scope and content to allow for holistic (rather than monistic) approaches to ethics, incorporating for example measured balance of self-interest and communitarianism: 'Love your neighbour as yourself' (Matthew 19:19). The

scriptures both anticipate rights theory (Ps.9:4,140:12) and crucially, contains a pithy and memorable version of the Golden Rule, resonating with Kant's second maxim:

‘Therefore whatever you want men to do to you, do also to them’(Matthew7:12)

So within the overall compass of longstanding religious texts it is readily possible to find statements which reflect a range of ethical perspectives which parallel observations found in subsequent writers of moral philosophy. The plurality of voices in this early literature is itself the subject of considerable academic research, but conservative scholars (Goldingay, 1987) maintain there is an underlying unity of content and tone, and so this is more accurately described as holistic rather than pluralistic. ANE religious texts often take the form of story (whether history or parable), and call for careful reflection in interpretation, so encouraging personal ethical awareness. Finally, these texts are distinctive and still relevant, in that the notion of ‘stewardship’, common across the Abrahamic Faiths (as demonstrated in the Inter Faith Declaration of 1994 agreed between representatives of Christian, Muslim and Jewish faiths) is significant in business ethics to-day in the context of managerial capitalism, and derives from a creational view of personal responsibility (i.e. accountability to a creator). Neither should the role of other religious literature as reflecting society's mores be underestimated. Crane & Matten include a version of the Golden Rule as found in different forms in twelve other faiths globally. Nisbert (1974) also argued positively for the influence of such belief systems because at best they are an ethical resource available to everyone without regard to nationality, race, sex or locality, and initiatives in the application of religious texts globally to the work place continues (Lin et al 2013; Gundolf & Filser, 2013).

If the discipline of theological interpretation works within a paradigm that allows for the use of the logic and reasoning of analytical philosophy, nevertheless it cannot be wholly accommodated within a rationalist framework. In the texts reviewed earlier in this chapter it is therefore dealt with differently. It is included in a separate chapter by McEwan, and simply ignored by Fisher & Lovell despite being such a key ethical resource for the greater part of the world's population. These texts are the poorer for this approach, contemporary theology, particularly arising from the American academy, is producing creative and original relevant work, for example Bruggeman's (1999) development of the role of Covenant in creating trust in society illuminates Nash's advocacy of a ‘Covenantal

ethic'. However having acknowledged the influence of religious values upon many, this theme will not be expanded in the thesis other than to recognize how the proposed framework may be adapted to include such values in the light of an individual's belief system.

### **2.5.2 Social Sciences**

Sociology as a distinct discipline was greatly influenced by Weber's (1930) critical appraisal of the role of distinct theologies in shaping values and conduct at work. He identified what he termed as the 'Protestant work ethic' as a driver of economic activity which 'stood at the cradle of the modern economic man' (p.117). His use of the term refers to values and ingrained culture as it affects attitudes to work as part of defining personal identity, rather than to ethics as here defined. Sociology maintains an interest in this field which is firmly rooted in descriptive ethics, seeking to capture accurate observation of workplace behaviours. Empirical approaches to workplace behaviour have become widespread following Robinson & Bennett's (1995) influential study of workplace deviance. Bennett & Robinson (2003) subsequently surveyed the growing diversity of deviance research mapping out avenues of enquiry which have been pursued by sociologists and psychologists. As an example, Ferris (2012) studied the effects of workplace deviance manifested as threatening behaviour as a threat to the self-esteem of those affected.

These avenues of empirical research tend to fall into two broad types either addressing personal or workplace variables. Typically these studies measure attitudes to work, people and property are highly informative, but because they seek to measure rather than appraise workplace behaviour they are of limited value in normative ethical analysis as they do not bridge the 'is-ought' gap. They do however create links between sociology and psychological studies. A notable example of this has been Linda Trevino's work (1987, 2003, 2007), who captured early in her career the insights of sociology and psychology and encapsulated them both within a person-interactionist model (1987) relating to the process of making ethical judgements which has informed her approach to ethics subsequently (2003, 2007) and into which she has progressively incorporated normative discussion. Trevino recognizes that no one influencing factor is wholly deterministic in shaping behaviour at work, but a range of personal and situational factors

moderate behaviour in a corporate environment. She regards one factor as particularly significant, this being personal Cognitive Moral Development (CMD). CMD was originally developed by Kohlberg (1969). Kohlberg's concept of personal moral development is a significant model often adapted for the consideration of Business Ethics, though its origins lie elsewhere in his work as a developmental psychologist. His understanding of developmental psychology was derived initially from Piaget but progressed further to examine moral development. In summary Kohlberg formed the view that moral development is as distinctly identifiable as psychological or physical development, and follows a specific linear sequence of levels of ethical awareness, moving from ego-centred reasoning (Level 1) through stages of reasoning based on social awareness (level 2) and arriving at a final level of principle-centred reasoning in some mature adults (Level 3). These levels cognitive moral development (CMD) are summarized to create the perspectives outlined at Figure 2.1.



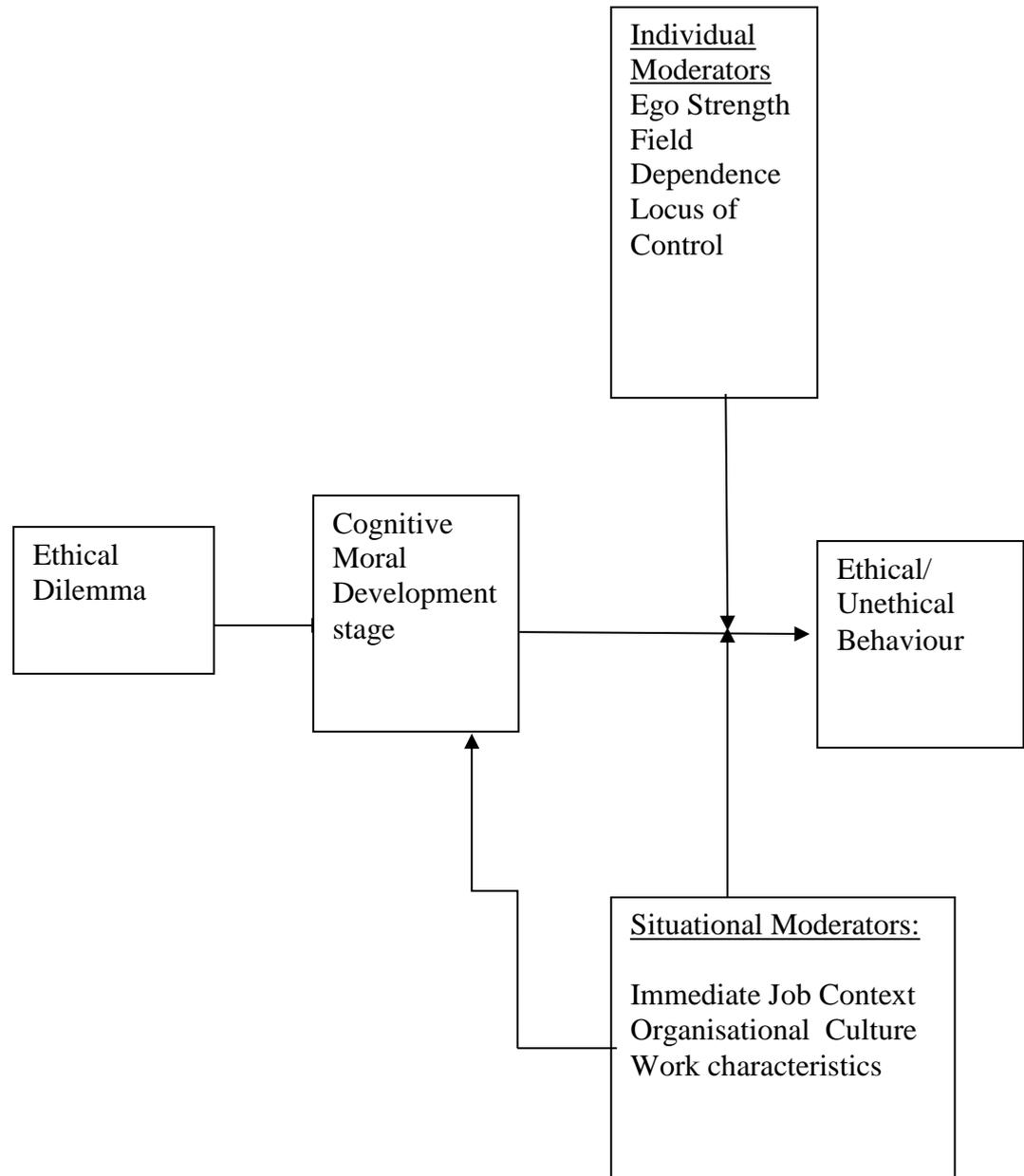
**Figure 2:1 Levels of CMD - adapted from Kohlberg (1984)**

Kohlberg's view is that Stage 6 is associated with mature adult behaviour, and not by any means a stage reached by everyone. It is worth noting that later stages do not replace earlier forms of cognitive processes, but add more sophisticated thinking to them. Kohlberg merged the insights of developmental psychology with normative ethics in his construct of 'principles-centred reasoning'. Trevino accepts this model uncritically, and applies it specifically to a work context as affecting individual behaviour at work. She

also acknowledges the relevance of Rotter's (1966) identification of *locus of control*, that an individual's perception over how much control he/she exerts over life events will affect the extent to which situational factors affect personal decision making. Such personal traits and other factors (e.g. ego strength) moderate situational influences at work.

## 2.6 Interdisciplinary initiatives

Interdisciplinary approaches to the subject increasingly inform developments in the Business Ethics curriculum. In reviewing contributions to the subject from a sociological, psychological, or a theological perspective, the field takes on a multidisciplinary nature, though encountering new challenges. Such studies are varied, and a succinct summary is not easily made. Weaver & Trevino (1994) proposed three different conceptions of the potential relationship between normative and empirical business ethics. The first they term 'parallelism', which explicitly rejects attempts to link the two perspectives, suggesting rather that a self-conscious separation should be maintained. This conception acknowledges the deeply entrenched differences, and argues that the barriers between them are impenetrable. Their second conception, 'symbiosis', suggests that a more collaborative relationship is possible in which scholars from the two perspectives communicate with each other, acknowledging the potential relevance of each others work for their own. The most extreme and difficult to achieve form of integration (referred to as 'theoretical hybridization') would seek to create a new kind of theory that commingles the two disciplines. Trevino commented that this was likely to take place in the near future, and sought to contribute to this symbiosis in seeking to disseminate social sciences insights to 'an audience that will include many philosopher colleagues' (1999, p.330). Trevino's own interactionist model applied Kohlberg's CMD as a primary variable, though without fully recognising the interdisciplinary nature of his writing, for Kohlberg's conceptual framework which he used to both frame and reflect on his empirical studies was itself a full theoretical hybridisation combining psychology and moral philosophy. Her interactionist model further progressed transdisciplinary studies by also incorporating elements of sociology (as 'situational influences') to explain ethical decision-making, and is included at Figure 2.2 as a valuable background to original model building that will be developed in Chapter 3.6.

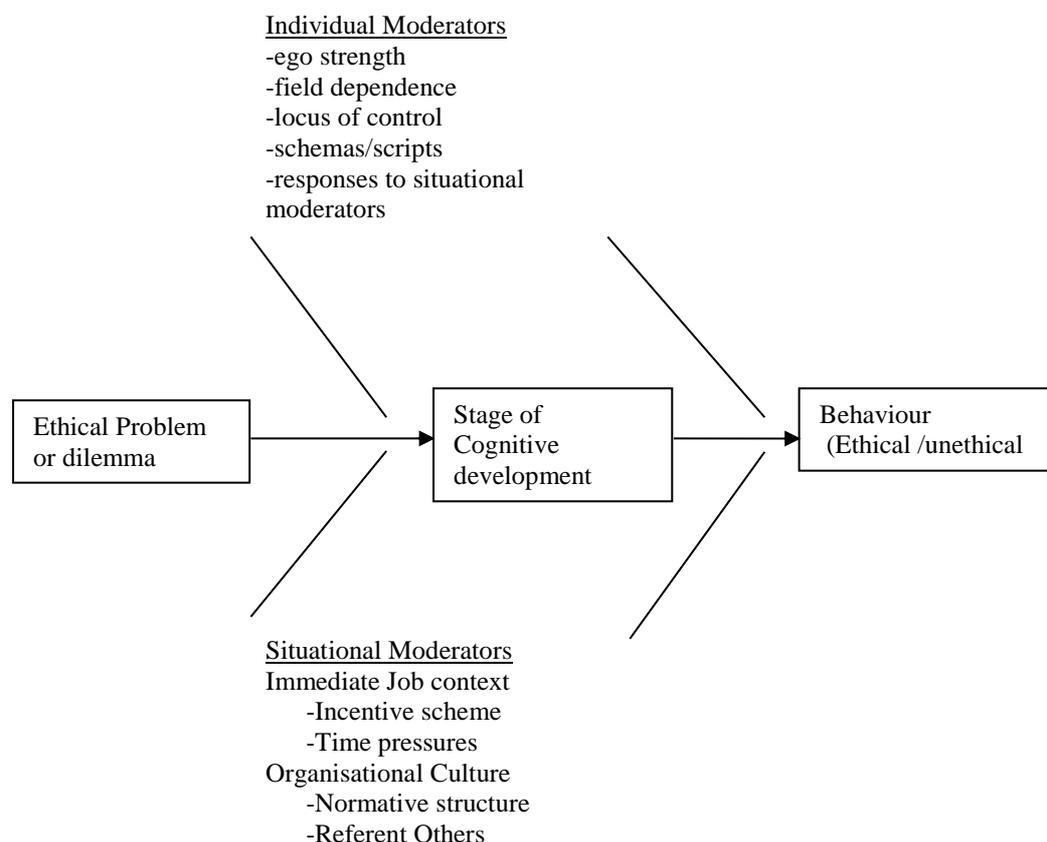


**Figure 2.2: Trevino's interactionist (1986) model for ethical decision making**

Trevino's model made a significant contribution to management literature on business ethics, though it does not directly act to frame the moral reasoning process (it illuminates the process, but still falls within the sphere of descriptive ethics). Trevino's approach does not directly employ any normative theory, but rather adopts Kohlberg's CMD model as the primary variable in decision-making. However Kohlberg built into the design of CMD an acceptance of the application of idealistic normative theory as mature adult rational thinking. Trevino has therefore incorporated idealistic values into her model despite her preference for approaches based on the social sciences. Nevertheless the value and

relevance of Trevino's interactionist approach as an explanatory model has been widely acknowledged (Hjorth et al, 2003). Though devised more than two decades ago, her approach has not significantly changed as she has continued to apply her ideas to the arena of Business Ethics (Trevino & Weaver, 2003; Trevino & Nelson, 2007). The interactionist model privileges CMD as a primary variable, which is a curious construct, and can be critiqued as partially erroneous because if CMD is accepted it is as much an individual moderator as ego strength or locus of control, it should therefore be included alongside them.

Dienhart (2000, p.88) implicitly recognises this in slightly adapting Trevino's model by advancing personal and situational moderators to rank alongside CMD in shaping ethical behaviour, also adding 'schemas' as a personal variable. His adapted model is at Figure 2.3.



**Figure 2.3: Dienhart's adapted interactionist model**

In addition to recasting CMD, Dienhart has made another adaptation to Trevino's model in including 'schemas' and scripts as a personal moderator (p.88). This development is derived from Gioia (1992), whose reflection on the importance of a personal 'schema' is relevant to the development of this thesis. Gioia had been the product recall manager at Ford at the time when management decisions were made not to alter design and production or issue a product recall of the Ford Pinto although the company knew that the location of the fuel tank rendered the vehicle dangerously vulnerable to catching fire in the event of a rear collision. After the scandal had erupted Gioia subsequently reflected on the reasons why the moral aspects of the management decisions made had not even occurred to him or others at the company at the time, even though before he had entered Ford he had been known as a critic of the conduct of large corporations. Gioia concluded that the most significant of a range of reasons for both his own and other managers moral failings in their business decision making had been the lack of a 'schema', that is a mental model with which to frame and address ethical questions relevant to the exigencies and pressures of the workplace and the production line. Werhane (1999) emphasises the role of our personal schemas in shaping the moral imagination which forms the 'camera' through which we see life events.

We learn from Kant our minds do not mirror experience or reality.

Rather our minds project and reconstitute experience (1999 p.50)

The intent of this research is to design and to test such a model schema, and by implication so to provide to managers the tools to enable ethical issues to be addressed both from a personal perspective and throughout an organisation overall. Dienhart recognises Gioia's reflections and adapts Trevino's model to recognise his ideas, by including 'schema' as a personal moderator.

Dienhaert's adaptations refine Trevino's work and will inform development of a Process model in Chapter 3 (see 3.6), but it is Trevino's original interactionist model which has durable appeal and is still used in the delivery of ethics courses (Tomlinson, 2009). It has subsequently been amended in various processual models attempting a more nuanced understanding of moral decision-making (Miao, 2006; McDevitt et al., 2006; Pimentel et al., 2010). These authors postulate further variables (such as gender, organisational status, family obligations, professional codes) and apply personal and situational variables at

each step of decision-making rather than to ethical awareness overall, but do not substantially revise her original approach, which continues to serve as a holistic model for a psychological understanding of ethical awareness. But models which inform the process of understanding ethical awareness do not directly answer the research question as to how best to structure pluralistic ethical analysis within a cognitive framework.

### **2.6.1 Cognitive Moral Development and Business Ethics**

Kohlberg's original work broke new ground in its multidisciplinary approach to ethical reasoning processes. His melding of philosophy and developmental psychology provided him with unique insights. A subsequent application of CMD to the workplace has been to examine the moral reasoning process of individuals from diverse professional and managerial specialisms. These studies have been conducted widely, many using Rest's (1992) 'defining issues' test. Rest (1992) developed his test using a Likert scale to capture responses to five moral dilemmas, which has subsequently been applied in a wide range of contexts. Goolsby and Hunt for example (1992) researched CMD levels of marketers, and following a similar approach Pennino (2002) looked at managers. Teal and Carroll's (1999) application of CMD to entrepreneurs generated another avenue of enquiry for entrepreneurship research (Rex & Sprunt, 2006; Bitros & Karayiannis, 2008). Other recent uncritical use of CMD in empirical work from Roberts & Wseieleski (2012) applies CMD in a computer-based task environment. All of these approaches rely on the validity of CMD as a construct.

Researchers have subsequently taken different directions in looking at the question of whether Kohlberg's model is directly applicable to the workplace either in its original, or in an adapted form. Victor & Cullen (1988) for example adapted the concept of CMD in testing Kohlberg's stages at the level of the whole enterprise to ascertain whether firms mature in their moral outlook at different stages from their birth to their growth and development as sustainable business entities. Their findings were that the notion of CMD does indeed hold broadly true at the level of the whole firm, which has implications for a consideration of the overall moral climate within a firm which will be addressed later in the thesis as part of field-testing. Victor & Cullen's research found that most firms developed morally to a Level 4 stage. Snell however (2000) regards attempts to translate the model from an individual to an organisational form of analysis as potentially

misguided because they are ‘anthropomorphic, reifying the company’ (p.276). He thinks that a holistic view of the impacts of Kohlberg’s work needs to acknowledge that the mindset of individuals cannot be taken to equate to that of the organisation. For Snell, it is individuals, not organisations, who engage in moral reasoning, and it would be more appropriate to adapt CMD as a profile showing the relative strengths of various moral stages, which would then be a useful measure of ‘organizational moral ethos’. His view is that individual agents, who may come and go, tend to adapt to an organisational ethos which may vary between pre-conventional, conventional and post-conventional depending on variables such as circumstances, people and pressures. Fraedrich & Ferrell (1994) warn against an uncritical use of CMD as a measure of ethical orientation, and its accuracy as a conceptual model is far from universally accepted (see paragraph 2.6.2 below) but CMD as a concept continues to generate original research. Beyond its application to individuals others have adopted a creative use of CMD as concerned with the organization overall as much as personal psychology. Logsdon & Yuthas (1997) for example subsequently linked an organisational level of CMD to different stakeholder orientations, and Cook and Munro (2008) adapted CMD in an SME context. Ntayi, Ngoboka & Kakooza’s (2013) investigated moral schemas and corruption in public procurement. They view CMD levels as also comprising ‘schemas’ (p.149). Schemas are taken to be conceptual cognitive structures and processes which enable human beings to acquire and store perceptual and conceptual information about the world and make interpretations of events through abstraction (Rock, 1997). Effectively CMD levels thus correspond respectively to a personal interest schema, maintaining norms schema, and a post-conventional schema. In this approach Kohlberg’s levels of moral reasoning serve as perspectives from which to approach business ethics questions, even if to do so takes his ideas well away from their original context. The varied use of CMD demonstrates effectively that Kohlberg’s ideas are of interest beyond his own original sphere of study as limited to American adolescent males, and demonstrate creative avenues of enquiry consonant with Kohlberg’s claims that his findings concerning CMD were generalizable. These applications of CMD rely on its appeal as grounded in realities for human thought processes, though they do not depend on its scrupulous accuracy as a psychological model. Of these the most original is the work done by Dienhart.

## 2.6.2 Recasting the CMD framework

Dienhart was appointed as Professor of Business Ethics at Seattle University not emanating from a background of moral philosophy, but from psychology. His work is as much concerned with the role of institutions as ethical analysis, but it is his approach to teaching and learning ethics which is particularly innovative. In addition to developing Trevino's interactionist model, he also, in common with other authors, develops a pluralistic framework for review, but he takes a distinctive new approach in deriving his framework directly from Kohlberg's CMD model. Thus (Deinhart, 2000 p.95) classifies his version of a pluralistic approach as:

- Stage 1 - Self-Interest
- Stage 2 - Personal Relationships, and Group Interests
- Stage 3 - 'Intrinsic Value' (Comprising property rights and fairness)

This is a small but significant departure from the conventional methods of classifying normative theories. Dienhart has in effect constructed an analytical framework based on Kohlberg's stages of development. This remains true to the original concepts of CMD, but it is also ground breaking in its innovative approach. It is using 'development stages' in an innovative way to define different moral perspectives, and so to classify moral theories within a psychological framework. This was always implicit in Kohlberg's synthesis of philosophy and psychology, but it is Dienhart who has explicitly developed a model which proceeds to organise and place normative theories within the perspectives afforded by psychological insights. Dienhart does not draw attention to the innovation inherent in this approach, perhaps because his main concern is with a different goal, which is to create an intersection between law, ethics and economics (this is another attempted innovation in Dienhart's framework, although it is an extra layer of complexity and not relevant to what is being considered here). Moreover in seeking to synthesize three disciplines the model becomes somewhat cluttered through being over laden in its ambition. This is not particularly helpful to the task of ethical analysis which requires care in itself, without the added consideration of legal and economic issues which Dienhart wishes to include. Also, it obscures the elegance of what he has achieved in re-framing of ethical theory, which is itself a striking innovation.

Dienhart's work is significant because in drawing together insights from two different disciplines he succeeds in devising a transdisciplinary framework, and thus he has opened the door to the achievement of theoretical hybridization. The opportunity is thus created for further research to determine whether further symbiosis is possible based on this new approach to devising a framework. Dienhart has therefore made a breakthrough in this small step of adopting Kohlberg's model and using it to classify ethical theories. In doing so a developmental framework has been used to organize normative theory in a way which is likely to make more immediate sense to someone unfamiliar with the subject matter, because it is grounded in observed human behaviour rather than an idealistic approach. This creates a potentially powerful way to rapidly but succinctly and accurately introduce management and business practitioners to ethical analysis by means of a model which can readily be grasped and applied to actual situations, decisions, and activities. Dienhart (2000) has adopted a Kohlbergian framework unquestioningly, but the use he has made of it is original. Each of Kohlberg's three 'levels' is used to accommodate relevant normative theory, which is re-ordered into a psychological framework. 'Perspective' is thus privileged over ethical theory, with the effect that a way of thinking becomes more important than the logic applied in the process of rationalisation. This affords new insights, for here psychology is framing philosophy. For example, it was noted earlier in the chapter that rights theory has a currency which is easily devalued because the concept of rights can be readily manipulated to become an agenda for self-interest thinly masked in the guise of a noble concept. However by privileging perspective over logic, such a ploy is unmasked. Self-interest remains what it is, regardless of the logic applied within any specific argument. Using Dienhart's taxonomy, self-interest remains identified as the underlying perspective, even if wrapped in a disguise of rights theory, or indeed any other normative theory such as justice, or group interests. This has significant potential value when examining the context of business ethics.

The potential use of Dienhart's adaptation of CMD has not been widely recognised, he is known rather for his approach to institutional ethics (Gold and Dienhart, 2007). His methodology for adopting a pluralistic approach incorporating CMD into ethical analysis compares favourably with UK based books recently published. Crane & Matten (2010) do include a summary of CMD theory as a descriptive ethic, but make no further use of it as analytical rather than a descriptive framework. Similar though less detailed approaches

are to be found in McEwan, and in Fisher & Lovell. Both Mellahi, Morrell & Wood (2010) and Campbell & Kitson (2008) however ignore CMD entirely in favour of summaries focused entirely on traditional normative theory. These authors are specifically seeking to develop concise texts accessible to practising managers so some abbreviation of material is unavoidable, but they are by default stating that normative theory exclusively must be the guiding chief principle for ethical enquiry. Their omission of psychological or sociological perspectives speaks volumes as to the continuing primary influence of philosophy on Business Ethics.

American Business Ethics authors acknowledging a role for CMD in Business Ethics still proliferate in greater numbers than Europe, this is not however universal. Among texts originating from USA, Wicks, Freeman, Werhane & Martin (2010) are each prominent authors in the field but their joint text continues to ignore psychological perspective in a recent publication seeking to take a managerial approach to the subject. Beauchamp, Bowie, & Arnold (2009) have compiled a comprehensive work from diverse scholars threading together principles and applications. This is a valuable general 'reader' but again CMD is conspicuous by its absence. Overall however a richer picture emerges in American edited texts, and a more nuanced approach is adopted by several edited 'readers' collating influential contributions from American scholarship. Bowie's reader (2002) has a similar scope to Beauchamp but does include an essay (Velasquez) that acknowledges moral reasoning in an organisational context needs to attempt to bridge the 'is ought' gap. Velasquez' view is that sheer institutional descriptions of managers roles and activities are simultaneously both normative and descriptive containing implicit norms that guide activities and relationships, and that we should therefore not necessarily expect an appeal to highly abstract moral rules to effectively inform and guide conduct. In Frederick (2002) Trevino's chapter is much more specific as to the usefulness of CMD, and surveys the progress made in interdisciplinary enquiry between descriptive and normative ethics. Her view is that if difficult to achieve, the goal remains desirable. Ferrell, Fraedrich, & Ferrell (2008) take a forward step in the use of CMD in recognising that the personal values of the manager are more effectively considered ahead of the shared or stated values of the organisation. They consider that CMD is a valid construct for considering managers' moral maturity. The same authors have also taken this approach in a wider focus in Thorne McAlister, Ferrell, & Ferrell (2008). A widely disseminated text in the same vein from Lawrence, Weber, & Post (2005) adopts a similar

approach. Similar to their British counterparts, these texts are each inevitably reductionist in their representations, but they nevertheless provide sufficient material to grasp the key dimensions of relevant perspectives. None have taken the conceptual leap that Dienhart has made.

### **2.6.3 Applications and critiques of CMD**

The differing approaches to the use of CMD as representing a psychological understanding of ethical awareness are complex and varied. Uses of CMD in Business Ethics is an emerging theme arising from the literature review, as it illuminates the path towards developing an effective interdisciplinary approach to the subject. Summarizing the main contours of the above discussion, representative examples of these uses can be broadly classified as follows:

<b>Adoption of CMD to research moral maturity of people at work:</b>		
<b>Author</b>	<b>Date</b>	<b>Focus</b>
Rest	1992	Creation of 'Defining issues' (DI) test to measure CMD for the individual at work
Goolsby & Hunt	1992	'DI' Test applied to Marketers
Teal & Carroll	1999	'DI' Test applied to entrepreneurs
Pennino	2002	DI Test applied to Managers
Rex & Sprunt	2006	DI Test applied to entrepreneurs
Bitros	2008	DI Test applied to entrepreneurs as defined by nationality
Roberts & Wseielecki	2012	DI test applied to IT staff
<b>Adaptation of CMD in conceptual models of ethics in the workplace:</b>		
Trevino	1986	Person-Interactionist model
Victor & Cullen	1988	CMD applied to the whole organisation
Logdson & Yuthas	1997	Understanding different stakeholder orientations
Dienhart	2000	Revised person-interactionist model
McDevitt et al.	2006	Integrationist model (process and content)
Pimentel	2010	Alternative Integrationist model
<b>Inclusion in textbook for teaching and learning for business and management:</b>		
Deinhart	2000	Informs a conceptual framework for normative theory
Fraedrcih & Ferrel	2008	Theory is privileged over normative theories in understanding moral behaviour
Crane & Matten	2010	Included as explanatory theory of personal influences for ethics at work

**Table 2.2: Mapping applications of CMD theory**

Dienhart's adaptation of CMD as a conceptual framework is more progressive than other authors because it transforms its use from its original purpose. It becomes something more than a conceptual framework for empirical research, instead providing an organising framework for critical analysis and reflection. This is a significant conceptual shift which is not affected by the fact that CMD has long been widely criticized. Some of the main criticisms of CMD include:

- **An 'Invariant sequence' of linear development is disputed**

Kohlberg claimed that the 'stages of development' he identified were as inevitable as adolescence follows childhood, but this has been questioned by those who perceive CMD as an artefact created by Kohlberg's attempt at schema building (Kell, 1981 and Flavell, 1982). In their view he has effectively imposed his own categories on his research experience to make it more manageable, and in so doing has generated his own non-generalizable monistic moral theory.

- **Gender differences are not addressed**

Gilligan (1982), a Ph.D. student of Kohlberg at Harvard at the time when feminism was gaining a voice, refuted Kohlberg's assumption that rational thinking which privileges justice (as evidenced by his use of the concept at the 'post conventional' level) should be considered as a more mature moral reasoning. She observed that it is misconceived to view relational thinking as morally less developed, and that such a perspective reflects a male gender bias in understanding moral cognitive processes. In Gilligan's understanding, a feminine mindset naturally privileges the intent to preserve harmonious relationships, but is no less mature, and Kohlberg's model fails to do justice to this fact. Her criticisms were heeded by Kohlberg, who later modified the expression of his ideas to incorporate an ethic of care at the post conventional stage, but these changes failed to appease his feminist critics (today feminism does not speak with a unified voice, and over twenty five years later it appears naïve to simply label Gilligan's criticism as 'feminist' as feminism itself takes many forms). It is true that Kohlberg's research focussed primarily on adolescent males and therefore took no account of any potential gender difference, but subsequent research findings (O'Fallon & Butterfield, 2005) have in any case questioned the significance of gender difference in the workplace, finding little difference between male and female ethics at work, even if observable differences may exist in other spheres of life.

- **The model is individualistic, doesn't recognize community**

Snarey (1985) argued that Kohlberg ignores the impact of communal values on the individual, which can significantly affect a person's values and cognitive processes. These shared values create strong normative influences in societies around the world. Kohlberg's research design ignored such influences, even though in his findings his understanding of 'conventional thinking' took account of social values in shaping conventional individual thought processes.

- **CMD doesn't extend to moral regression**

Crane and Matten (2010) observe that an individual's behaviour can change over time, and the integrity of a person's moral actions can decline from previous standards. Kohlberg's model has no answer to this potential negative aspect of human behaviour, other than the inference that in the workplace a miscreant may have never sufficiently matured for the position or role they may have misused.

- **CMD interjects personal values**

Kohlberg is vulnerable to the criticism that he has made implicit value judgements which shape his understanding of what constitutes view of morally mature thinking. His own ethical stance was influenced by Kant, but other writers (Derry 1987, Fraedrich et al. 1994) do not accept that concepts of duty and justice necessarily inform a more morally mature and developed process of moral thinking than a relational approach to moral thinking.

- **CMD lacks context dependency**

Weber (1990) followed a research methodology similar to Kohlberg's own work but applied to the workplace, and concluded that the majority of managers perceive 'right and wrong' according to what is expected of them by others, rather than by following an internal moral compass. Moreover, he found that there are cognitive inconsistencies between work and other social situations when making ethical decisions. Fraedrich et al. (1994) made a similar observation, and opined that CMD should be used in conjunction with other measures and theories as there are potentially many moderating variables that could influence ethical decisions in business situations. While people perform a specific role at work therefore, in which they often take their cues from the words and actions of peers and superiors (Trevino & Nelson, 2007), it is not necessarily a valid inference to extend their behaviour in that role to other contexts.

The cumulative impact of the varied critiques of CMD damage its overall credibility. Kohlberg's original concept of CMD must therefore to be viewed with caution as a reliable universal view of the human psyche's moral development. But even if the validity of the original conclusions of his work has been eroded by its critics, the model remains as relevant and useful to ethics because it is grounded in observed human behaviour. The attacks on his methods and assumptions have acted to partially deconstruct CMD, but its enduring appeal is such that is no accident that his 'stages' model has been widely adopted as the basis for further empirical research.

Progress in transdisciplinary approaches to Business Ethics models has been achieved with applications of CMD, although this model was based on questionable premises. Dienhart has however demonstrated that Kohlberg's ideas have traction, not only as a model generating empirical research, but also as an enabling framework for pluralistic ethical analysis. CMD can provide a construct which incorporates and organises the diverse moral perspectives found in the various schools of literature outlined in this review. Possible ethical resources for the manager are diverse, but Dienhart's original use of CMD creates the possibility of an integrative adaptive framework for thinking and talking about ethics. The proposition of this thesis is that a transdisciplinary conceptual framework can be developed which is adaptable to personal experience and understanding, and to diverse organisational contexts. Chapter 3 will further investigate the development of such a framework.

## **2.7 Conclusion**

This chapter maps key bodies of literature informing contemporary Business Ethics. It critically examines contemporary relevant articles and publications aiming to facilitate ethical awareness and analysis, and traces some of the influential ideas they seek to incorporate. It then widens to survey other possible ethical resources for managers, before specifically appraising applications of Cognitive Moral Development, which is understood to be a basis for innovative approaches to structuring ethical analysis.

What emerges from the literature review is that a pluralistic approach to ethics can successfully utilize the diverse approaches that can legitimately be taken to the subject. Also, an integrative framework is needed to frame personal ethical thinking and

interpersonal discourse, and CMD emerges as a candidate for the development of a personally adaptive model for instructional use, and in the field. This is developed in the following chapter.

## Chapter 3: Conceptual frameworks and relevant theories

The literature review concluded that Dienhart (2000) has taken an innovative approach to devising an integrative framework which creates a transdisciplinary summary model, derived from forging together psychological research and moral philosophy. The potential to develop this approach further is explored in this chapter. The review also observed that Trevino (1986), Finlay (2000) and Crane & Matten (2010) have also incorporated their analytical frameworks into process models for ethical analysis, and in so doing have contextualized the use of a framework within a model ready for application to situations and decisions. Once a framework is devised this approach will be followed at the end of the chapter.

### 3.1 Developing an analytical framework

To meet the objectives of this research, a framework for analysis needs to be comprehensive in representing differing forms of ethical theory, and to act as a gateway providing accessible pathways to the more specialist literatures representing these diverse theoretical approaches. As an enabling framework a methodology should therefore be as *elegant* as possible. To achieve this, a framework facilitating teaching and learning and improvements in practice needs to be at the same time both simple and powerful, so it should ideally possess the qualities of being:

- *Quickly and easily understood*

A feature of our Information Age is that there is often just too much detailed data to be assimilated in the timeframes available to working people. To be effective therefore an enabling framework needs to be able to convey in summary form the main perspectives from which applied moral reasoning can derive its insights.

- *Memorable*

In 'real world' business and managerial situations, extensive referencing back to conceptual models is impractical and probably undesirable. To be of value in a working situation a framework needs to spring readily to mind as relevant and useful.

- *Quickly and easily applied*

The most effective analytical tools and frameworks enable the user to move quickly from a critical examination of the situation under review towards identifying different options as courses of action.

These qualities however should not eclipse the accuracy of the framework in reflecting the main import of influential ethical theories, and in providing a pathway to more nuanced and critical reflection as time, personal interest, and opportunity affords.

### **3.1.1 An accessible construct**

In addition to the above features, as a vehicle to generate useful insights for ethical decisions any framework needs the following attributes to be accessible for real world use:

- *Reliable*

In summarising and making accessible influential ethical concepts to the non-specialist, simplification of complex theories is inevitable but unavoidable, and the goal needs to be maintained of representing in summary form different perspectives as fairly and accurately as possible.

- *Robust*

General analytical models of the type often found in strategic management methodologies can prove to be less than entirely in practical use. A well-known example of this is the BCG Matrix, commonly referred to as the 'Boston Box' (Henderson, 1973) which has been so successful as an analytical tool that some of its terminology (e.g. 'Stars', and 'Cash cows') has passed in to the vernacular of common use. The model has enduring appeal in summarising and making visible important strategic issues in any business or product portfolio, but when used in practice it can sometimes break down. This may happen because there are numerous assumptions built into the model (for example that market growth rate indicates a particular position in a lifecycle, or that high market share equates to higher profitability) which may not be true in any given situation. The attractiveness of the Boston Box as an analytical tool can therefore disguise inaccurate perceptions of a business situation. While this is to a degree an inherent risk in any summary model, simplification need not necessarily lead to distortion, and in ethical analysis this needs to be avoided to preserve integrity.

- *Rigorous*

Any analytical model is only as useful as the insights it provides. To do this it needs to go beyond a simple summary of what is already known about a situation, and to provoke new perspectives and fresh approaches and answers to situations and dilemmas.

To make a contribution to the development of a revised approach to business ethics these qualities will need to be found in any new analytical framework.

### **3.1.2 Adaptable modelling**

There are no constraints on subsequent users of a model once it has been created, it can and will be adapted in ways beyond the author's control for specific situations, but as far as possible a desirable quality of a robust model is that it can be tailored to any specific context with minimum alteration and without losing its fundamental purpose. The better designed any model is, the more it can be applied without re-adjustment or manipulation to differing situations. The goal is to develop a framework for ethical analysis which can subsequently be applied in very different and unpredictable situations. Possible different applications of such a framework model may relate to diverse business domains, to organisational contexts and to organisational roles in the following ways:

- *Business Domain*

Within the commercial sector companies vary in size from micro-business to large corporations, the great majority of companies throughout the world being Small and Medium sized enterprises (SME's). Whatever the size and scope of operations, due to the impacts of globalisation even the most modest of companies may well face new ethical challenges if it trades beyond the limits of national borders. Moreover ethical dilemmas are not confined to commercial contexts, they are as likely to arise in the public and voluntary sectors (Not for Profit or 'NFP' organisations). There are often more severe financial constraints and greater demands for public accountability in such contexts, and for NFP's non-financially oriented goals may exacerbate moral dilemmas.

- *Organisational contexts*

Ethical concerns and issues which arise at work are as diverse as business organisations themselves. The specific challenges for industrial companies relating to the conduct of business may typically entail greater environmental challenges than for

Information Technology (IT) software companies, whereas for companies with extensive IT based operations concerns are more likely to be with issues such as data privacy and data integrity.

- *Organisational roles*

The nature of moral dilemmas needing ethical evaluation will also vary according to organisational roles. Typically dilemmas differ according to factors such as the nature of the task and position held, and to staff seniority. Professional disciplines, which are often closely related to particular organisational roles, are such that specialist skills are often required for tasks such as accounting or engineering or company secretarial work. Ethical dilemmas occur which are specific to professional roles, and while professional codes of ethics are a useful guide and control, they are no substitute for informed ethical analysis and debate in the workplace.

SWOT analysis is a pervasive general strategic framework model with such adaptable qualities, normally applied in its simple cruciform shape as:

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<b>OPPORTUNITIES</b>	<b>THREATS</b>

**Figure 3.1: SWOT analysis - the basic cruciform model**

This model, more often than not in this most basic format, has launched a thousand reviews of strategic and business positioning within organisations, and has proved remarkably robust and adaptable in many contexts (see Table 3.1 for examples of subject applications in business field). It has even been used as a basic format for the critical review of new book publications. The Five Forces model and SWOT are by no means the only well-known and widely regarded effective management tool, other examples include

Ansoff's Growth Vectors (otherwise termed the Product/Market matrix) and the McKinsey 7-S framework for strategy analysis). These models have great appeal as they offer apparently straightforward ways of structuring difficult problems. Due to their appeal they are so potentially profitable that they have become valuable intellectual property to the firms who developed them, and who therefore protect their use at least while the model remains under copyright protection. SWOT analysis in its basic cruciform version is too generic to be subject to such a claim, although Wehrich (1982, Wehrich & Koontz, 1992) did successfully copyright an adaptation of SWOT (the TOWS matrix), which has now lapsed. There are particular qualities that make the best known and most widely applied business screens such as SWOT so practical in use:

#### *Elegance*

SWOT is both simple enough for its intention and method to be quickly grasped and applied. Its terms are easily understood, and its classifications are clearly distinguished and its very simplicity is part of its appeal as a practical analytical technique.

#### *Balance*

SWOT analysis frames internal and external perspectives, and places an equal emphasis on each aspect, thus in strategic terms encouraging an overall balanced view to be taken between strategic 'stretch' (leveraging the use of resources to maximum benefit) and strategic 'fit' (remaining adjusted to the changing external environment).

#### *Flexibility*

SWOT analysis has been used in very diverse contexts, for example within the marketing function it can be applied at a level of a product or product mix, a product range. For business planning purposes, it can be applied at each level of a Department, for a Strategic Business Unit (S.B.U), or at a corporate level in looking across a portfolio of business activities.

These attributes explain the appeal of a well-designed analytical screen, and why their benefits outweigh any pitfalls of a potentially superficial analysis. Business Ethics would greatly benefit from having its own widely accepted version of an analytical screen to facilitate and structure ethical decision-making. Since the early 1980's Corporate Strategy has developed from a newly emergent subject into a vital and much better understood business discipline providing a unique perspective on business activity, which is now the goal for Business Ethics. The task is similar to the development of a SWOT analysis which is itself a summarizing tool for a much wider range of techniques of strategic

analysis. For example, a review to determine the threats and opportunities facing an organisation would apply a number of more detailed methodologies to examine the Competitive Forces surrounding an industry, the internal dynamics of an industry (a Structure-Conduct-Performance model) competitive groupings within an industry (Strategic Group Analysis), and the profiles of close competitors. Similarly, to determine an organisations strengths and weaknesses a number of different perspectives may be brought to bear in any review through the use of a techniques such as Financial Analysis, Value Chain Analysis or by appraising an organisation's Core Competencies.

### **3.1.3 Features of an effective analytical framework**

In devising a summary model for ethical analysis of business activity, a comparison can be drawn between approaches taken in business ethics and the general study of Corporate Strategy (Johnson et al, 2011) Given increasing stakeholder activism, ethics, like strategy, is a complex but vital consideration for the organisation, as the development of an ethical stance is now an integral element of strategy-making. The 'classic' strategy texts most commonly used to study the subject in the U.K. such as Lynch (2008) are replete with eclectic mixes of management models and summary analytical techniques which are intended to help objectify and facilitate effective managerial decision making. While this approach inevitably leads to a degree of simplification its very popularity indicates it has a high perceived 'user value', and it has gained significant ground in the last two decades, during which Strategic Management has become a recognised discipline. Consulting firms vie to create credible summary models, often referred to as Business Screens, which, if well designed, have the potential as a platform for insightful strategic analysis as well as providing lucrative consultancy business for their authors (examples being the McKinsey Matrix, and the Shell Directional Policy matrix). A similar screen for ethical analysis is needed, but one has as yet not found widespread acceptance. The models that comprise various business screens, at best, have a number of advantages in helping to analyse situations, and these advantages including:

#### *A summary analysis*

Business screens in their construction force a prioritisation of issues, in that by design, all critical aspects of a situation may have to be summarised, prioritised, and subsequently fitted into a holistic diagrammatic model.

*Structuring of thinking*

Managers and business professionals may be trained or have developed skills in a specific functional role. An effective business screen can cut across organisational specialisms, and in provoking systematic organisation wide analysis may also provide new insights.

*Comprehensive thinking*

Business screens seek to frame strategic issues and encourage holistic understanding of business situations. This contrasts with the operational perspective that can fill the minds of managers and business practitioners when dealing with day-to-day issues in their organisation.

*Encourage new perspectives*

The task of constructing a business screen becomes a platform from which to stand back from familiarity with issues that accompanies the daily problems encountered at work, and therefore encourages a more dispassionate and wider perspective to be adopted. As a result, entrenched organisational issues can be viewed from a new angle.

*Robust and adaptable application*

An effective screen can not only work to prompt to new insights within a firm, but also between competitors and business sectors.

*Communications tool*

Internal communications between managers can be facilitated by the circulation of draft versions of screens, with invitations for comment. The screen itself becomes a prompt for reflection and dialogue, and its construction and use can become an agenda for organisational planning and development or for staff ethics awareness training.

*Useful reporting aid*

This may be internal within the organisation. Documents containing strategic reviews are frequently commercially sensitive and therefore confidential and restricted in circulation. It may also be external, where reports are requested or available to third parties such as Banks or other Finance providers. Increasingly across all sectors organisations are being called upon to explain and justify their ethical stance.

There are however pitfalls in the use of these models. One significant risk in their use is that an impression could arise that summary models of themselves provide dependable answers to guide to sound decision-making. This is not the case, they are ultimately no more than analytical techniques which cannot replace or substitute good judgement, and it would be misleading to create the impression that a model is anything more than a guide

to good decisions. Models can provide a new perspective on familiar situations, rather like the different lenses that can be fitted to a camera, but the ‘camera’ itself can take no better views than the person behind the camera. So it is with management tools. That being said, the worth of the most robust tools is indisputable, a well-known example being Porter’s ‘Five Forces model of Industry analysis, now adopted in diverse leading strategy related texts (see examples at Table 3.3 below).

<b>Model</b>	<b>Subject</b>	<b>Author</b>	<b>Date</b>
<b>5 Forces analysis</b>	<b>Strategy and Strategists</b>	<b>Cunningham &amp; Harney</b>	<b>2012</b>
	<b>Global Strategic Management</b>	<b>Lasserre</b>	<b>2013</b>
	<b>Contemporary Strategic Analysis</b>	<b>Grant</b>	<b>2014</b>
<b>SWOT analysis</b>	<b>Organisational Change</b>	<b>Senior &amp; Swailes</b>	<b>2008</b>
	<b>Corporate Strategy</b>	<b>Johnson et al.</b>	<b>2011</b>
	<b>Global marketing</b>	<b>Hollensen</b>	<b>2014</b>

**Table 3.1 Adoption of pervasive strategy models**

A final attribute required of an effective analytical tool for ethical evaluation is that it needs to be capable of encompassing the views of different stakeholders, to meet the challenges of creating an effective ethical discourse with them which have been recognized for twenty years (Stark, 1993). Taken together these attributes may seem to make excessive demands of any model, but if it is accepted that at least some ethical principles (such as ‘human rights’) are universal, then the task of their application to human conduct in any specific situation should also be universally possible. There are always more things than are dreamt of in our philosophy, perspectives change and develop with time and experience, with learning and reflection. An effective tool for ethical analysis needs therefore to be able to accommodate a reshaping and reframing of concepts as experience develops and understanding improves. There is also a requirement for a framework to enable effective communications. These competing requirements are resolved in the proposed framework developed below at paragraph 3.4.1.

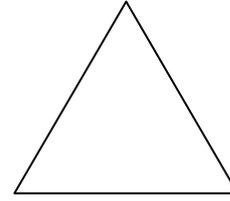
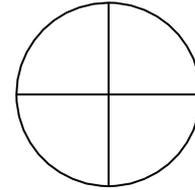
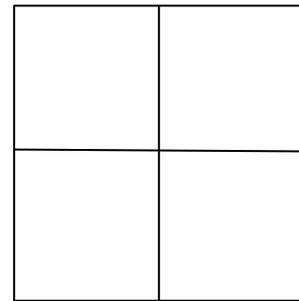
### 3.2 Competing Business Ethics analytical frameworks

The review now looks in greater detail at the summary models for applying ethical theory constructed in widely circulated Business Ethics textbooks published since 2000 (though publishers do not release precise numbers sold). Two prominent British publications are McEwan (2001), and subsequently Fisher & Lovell (2010). These authors demonstrate the current state of development of Business Ethics as both a specialism which is increasingly becoming part of the core syllabus of business and management degrees, and as a professional discipline aimed at influencing the behaviour of practising managers. The scope of both books is similar, in providing a framework of ethical theories and a series of contexts for their application, and also in addressing the issue of organisational values and their impact on managerial decisions. However the similarity disguises fundamental differences in approach between the authors. The attempt by both authors to summarise relevant influential ethical theories within a practical analytical model (Fisher & Lovell's (2009) 'map of ethical theories' is directly comparable to McEwan's (2003) 'moral compass') is laudable, as they both seek to make accessible to the reader the diverse approaches to the consideration of ethical dilemmas. Such an approach has the advantage of introducing the reader to a range of theories and explaining their basic premises. In providing a framework to map key theories, an analytical tool is also created which enables theory to be applied to situations where an ethical dimension needs to be considered in decision-making. Both models employ a similar basic model to map a range of diverse theories, using as co-ordinates a form of 'means/ends analysis' and also distinguishing between theories focussing on individual and on group behaviour. However it would be disconcerting to the reader comparing the models to find that there are basic differences of interpretation between the texts in addressing how some of the key theories are mapped. For example, for McEwan 'Virtue' theory is more concerned with ends than means, and Communitarianism more concerned with group than individual behaviour, however Fisher & Lovell's classification of both sets of theories is flatly contradictory. Moreover McEwan views ethical egoism as deontological (which is classified as teleological by Fisher and Lovell) and even places 'Social Contract' theory as more concerned with means than ends, which is difficult to reconcile with Hume's original development of the concept. These inconsistencies indicate that despite a long history of the development of philosophical ideas, Business Ethics books aimed at practising

mangers do not reach a broad consensus as to an appropriate form of classification of theory, or a common methodological approach such as has emerged in other disciplines including Corporate Strategy.

In the last four years another textbook has emerged as most widely adopted for teaching and learning of Business Ethics courses in U.K. HEI's. Crane & Matten's (2010) well organized book introduces key ethical theories followed by a stakeholder approach to their application. Crane & Matten, in common with the above authors, summarise traditional key ethical theories, though they avoid the use of an enabling framework, merely broadly classifying theories using generally accepted categories of consequentialist and non-consequentialist theories. They propose drawing on a combination of relevant theories to conduct ethical analysis. This approach is both pragmatic and pluralistic, each theory providing a 'lens' through to which to view a dilemma. They confine any systemisation of the selection and application of theories to a generalised discussion whereby a combination of theories provides a 'prism'. This approach has the advantage of not being over prescriptive in development of method, but also for the person new to ethical analysis it ensures that a comprehensive analysis is conducted. This is a successful approach, but at times it inevitably oversimplifies nuanced theories. For example, Virtue Ethics is labelled as a contemporary ethical theory! No doubt Aristotle would have been delighted at the contemporary resonances of his original work, but here their classification is grossly inaccurate. Rather, the authors needed to at least briefly clarify the reasons why this approach to ethics has enjoyed a resurgence of interest in the current climate.

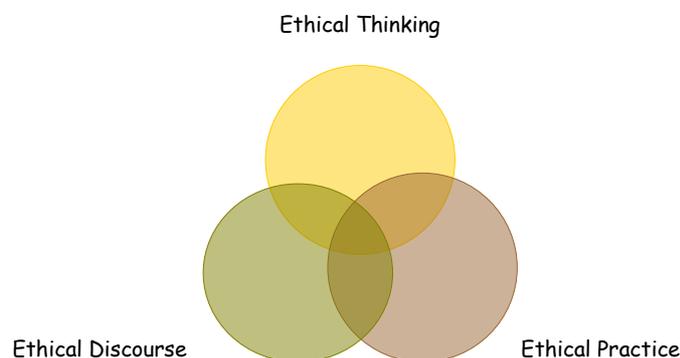
The value of the attempts by recent books to reach a broad audience is recognised, but their use of overarching frameworks based primarily on moral philosophy suffers from a common weakness of being grounded in a rational post-enlightenment paradigm. This shapes their construction of the whole approach to the subject (i.e. means/ends analysis). While these books have built upon well-known ethical theories to attempt to devise adaptable frameworks for thinking ethically, they do not do justice to the reality of a postmodern world in which perspectives are based on personal hermeneutical horizons as much as shared positivist paradigms. A common pluralistic framework model in general use would be of real value for practical applications, but is yet to be established. The framework models of these authors can be visually represented as follows:

**Crane & Matten's prism:****McEwan's moral compass:****Fisher & Lovell's Grid:****Figure 3.2: Three competing frameworks**

This representation is useful to memorize and summarize each framework and to comparatively evaluate them (subsequently developed at 5.2).

### 3.3 The ethical manager

Each competing framework attempts to structure ethical thinking as part of the development of the ethical manager. With the focus of ethical conduct placed upon the individual, an overall perspective of the ethical manager can be represented as follows:

**Figure 3.3: The ethical manager**

Here the manager is placed at the central intersection of the three component factors perspectives. This representation is comparable to Adair's (1990) leadership model, which located the effective leader/manager at the confluence of direction, team building and creativity, and allows for flexibility in enabling a contingent approach. A similar contingent approach is needed for a competent ethical manager. This allows an emphasis to be placed on the character of the manager, while allowing for flexibility as to the predominant perspective guiding actions at any one time. From thinking springs discourse and actions, which remain interconnected, each aspect affecting the others within the whole skillset of the competent manager. The chapter now develops a proposed framework for ethical thinking and discourse, which is then incorporated into a process model for ethical practice to facilitate the work of the ethical manager.

### **3.4 CMD revisited**

It was noted in Chapter 2 (see 2.6.2) that in recasting Kohlberg's model of Cognitive Moral Development (CMD) Dienhart, perhaps almost unwittingly, has devised an original approach to creating a transdisciplinary framework for applying normative theory to ethical analysis. He adopts Kohlberg's 'Stages' uncritically, and in so doing ignores some of the telling criticisms which have been levelled at CMD. Dienhart's approach to the use of a CMD framework can however be further refined to allow for personal constructs for individuals to frame ethical evaluation.

#### **3.4.1 Reconstructing Kohlberg's model**

Following the dissemination of Kohlberg's theory of CMD, extensive applied research (summarised in Goolsby and Hunt, 1992) investigated its applicability to people in professional and managerial positions, which confirmed that CMD (despite its inherent fault lines) sheds light on different forms of moral reasoning at work. Kohlberg's approach reflects the observations of a developmental psychologist, and as such CMD is therefore more concerned with identifying the cognitive perspective which is adopted by the subject than the actual logic employed. This is where a significant departure occurs from studies of ethics which rely exclusively on logic and reasoning to gain critical insights. If the criticisms of CMD are accepted (see 2.6.3), Kohlberg's model is reduced

to a state somewhat 'deconstructed' by its detractors. However, we are still left with three distinct perspectives from which moral reasoning develops, derived from his empirical observations. His identification of these differing perspectives is of value because each perspective defines a specific vantage point from which ethical dilemmas at work can be viewed. Each of these perspectives is potentially useful for analysis in Business Ethics, even though Kohlberg's concept of invariate linear moral development is discarded, and no one 'Level' is therefore accepted as of greater moral worth than another.

- Level One

It is a useful start point of ethical analysis to accept that in a workplace context self-interest is a legitimate consideration. It answers the question as to why people would wish to develop a career, acquire new knowledge and skills, or take up a new position, other than to advance their personal interests. Adam Smith identified the main motivation for business activity as self-interest, but this is as much a relevant perspective for people working in caring professions as to entrepreneurs or to people employed in management roles. Despite the claims of the Committee on Standards in Public Life (Nolan, 1995) as to a need for 'selflessness' at least in public service, to deny legitimate self-interest is to deny a universal motivational influence for people at work. However, ethical questions may arise where this self-interest is exercised either in a short term horizon (which could be labelled as pure selfishness rather than enlightened egoism) or becomes an exclusive perspective ignoring complementary viewpoints recognisable in Kohlberg's summary model as Levels 2 and 3.

- Level Two

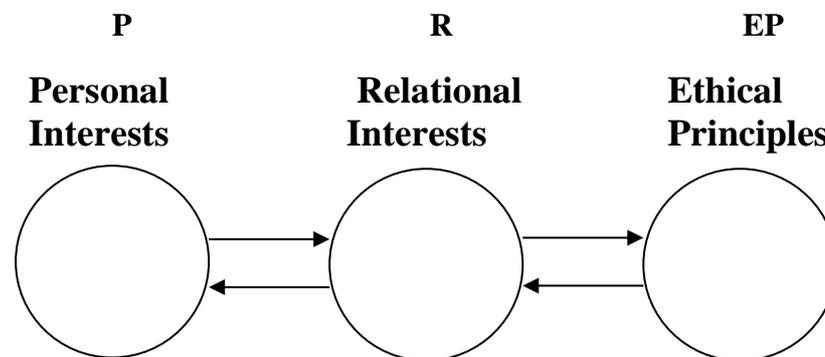
This level recognizes people's need to conform to the expectations of others. Trevino and Weaver (2004, p.118) observe that '(most) individuals aren't autonomous decision-makers who follow an internal moral compass. They look up and around to see what their superiors and their peers are doing and saying, and they use these cues as a guide to action'. These influences in the workplace are pervasive, and as likely to be beneficial as to be harmful in shaping moral conduct. Difficulties may however arise if this is the only perspective adopted in decision-making, without regard to any other ethical principle, as alone it forms

an incomplete moral compass as it does not allow for the individual's personal views.

- Level Three

Without the development of personal autonomous decision making skills, an individual is likely to lack a sufficient moral identity to define his or her own values and beliefs. This is where the classic enlightenment moral theories are of real value, because they encourage the individual to consider what is right or wrong in principle regardless of the particular influences that arise in any one given situation.

Putting these three perspectives together provides an insightful series of vantage points from which to evaluate any particular ethical dilemma, as is seen in the following diagram:



**Figure 3.4: Three moral perspectives for ethical thinking**

This now provides a basis as a framework for comprehensive analysis, achieved by viewing ethical dilemmas through all three 'lenses'. If an activity, situation, or decision is scrutinised from each of these perspectives, this will ensure that a plurality of viewpoints is taken into account. An ethical evaluation which views a particular situation from all of these perspectives is more likely to be reliable in its findings, and indeed can be seen as an application of the principle of triangulation, i.e. a final perspective reached is more accurate because the situation has been viewed from three different vantage points.

The arrowed lines are inserted because thorough scrutiny of a situation may move from one perspective to another as an iterative process, and no one perspective necessarily takes priority or provides greater clarity than another. Each perspective needs to be

examined in a comprehensive analysis, because each perspective will yield different insights, even though a degree of conflict between perspectives is likely. The perspectives also provide viewpoints from which to apply specific ethical theory more carefully. Within this framework the 'lenses' also can be used to organise and broadly classify some of the widely recognised influential ethical theories. As an example, these can be briefly summarised (re-applying Crane & Matten's (2010 p.92-123) classification due to its current popularity) as follows:

## **PERSPECTIVE**

## **TYPICAL QUESTIONS TO ASK**

### **Personal Interests:**

Ethical Egoism	This question of self-interest can be examined either from the perspective of the individual or the whole organisation
Virtue ethics	Virtue ethics can be classified as part of personal interests, because its main focus is on the character and behaviour of the actor rather than with the situation being addressed.
Postmodern ethics	This perspective is intensely personal because it asks questions such as 'Does this feel right? What does 'gut feeling' tell me what to do in this situation?

### **Relational Interests:**

Utilitarianism	All possible foreseen consequences are evaluated from a perspective which asks whether they will be for the greater good of the greatest number. The likelihood of consequences and their potential significance should also be considered.
Discourse Ethics	Discussion and debate ensures a balanced and well informed understanding is reached by all stakeholders, and a resolution acceptable to all concerned is reached.
Feminist Ethics	This asks how harmonious relationships can be maintained in any given situation, and harm to any stakeholder avoided.

### **Ethical Principles**

Duty	What obligations exist in this situation? What if everyone acted the same way as me? (Maxim 1) Am I treating
------	--------------------------------------------------------------------------------------------------------------

	people with respect, and not simply as a means to an end? (Maxim 2) What if my actions were made public? (Maxim 3)?
Rights	Whose rights need to be considered? Whose rights are most 'inaliable' as basic human rights? Can they be ranked in order of significance?
Justice	Are all parties being fairly treated? Does everyone have a fair chance? Is there an equitable difference between 'winners' and 'losers'?

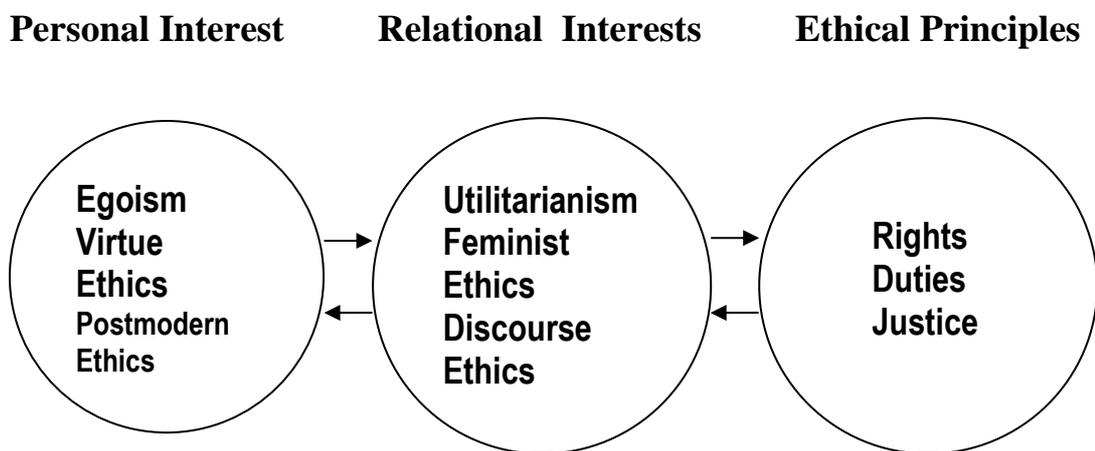
**Table 3.2: A typology of moral theories**

Sweeping generalisations have to be made in classifying ethical theories in this manner. However if a classification of ethical theories is necessarily reductionist, it can still be effective in enabling the essential insights of a specific theory to be used to analyse a business dilemma thoroughly. Theoretically it is possible to help ensure a balanced approach is taken by providing weightings to the relative merits of each perspective in any given situation. Each could be specifically weighted to provide greater significance for each theory as is deemed appropriate. This can be formatted as in Table 3.3. The quantification of ethical evaluation has to be treated with caution, as it can never replace the role of judgement, and in many contexts it could lead to a spurious accuracy in assessing the merits of differing perspectives. Jeremy Bentham proved this, spending much of his life working on a 'calculus' attempting to quantify the pleasures and pains likely to arise from possible actions. This work now has little practical value in contemporary ethics, although it arguably did create a precedent for the later development of techniques for the quantification of harms and benefits now used in Cost Benefit Analysis. Also, numeric calculations also have an enduring appeal to managers who lean towards highly structured approaches to decision making (Piercy, 2000).

PERSONAL INTERESTS	SCORE	WEIGHTING	TOTAL
Egoism			
Virtue Ethics			
Post modern ethics			
RELATIONAL ETHICS			
Utilitarianism			
Discourse			
Feminist			
ETHICAL PRINCIPLES			
Duty			
Rights			
Justice			

**Table 3.3: Scoring of relative values**

So within the proposed PREP framework detailed consideration of a perspective such as relational interests can be examined through the more rigorous application of a number of specific ethical theories. This is visually represented as:



**Figure 3.5: PREP as a conceptual framework**

What is now constructed is a framework that reflects differing ethical perspectives which derives from Kohlberg's understanding of moral development, but which also creates a map of ethical theories providing supporting methods for reasoning and argument within each particular perspective from which an issue is being considered. There are potential benefits to this framework model that apply as for any other business screen, but there are also benefits specific to ethical analysis in particular. This model is a *pluralistic*, which provides a structured methodology to apply diverse ethical theories. Moreover the enabling structure is based on recent and vigorously debated developmental psychological theory derived from empirical research. What therefore emerges is a framework which is transdisciplinary in nature, and potentially able to simultaneously capture the insights of two radically different disciplines, both with valuable and relevant knowledge for a better understanding of the practice of ethical analysis.

The 'labelling' of perspectives cannot be truly precise, as for example it could be more correct to refer to utilitarianism as teleological and more concerned with ends than means, but it has been included as relational above as its logic relies on the effects of moral decisions on groups of people rather than individuals. Precision is sacrificed for the sake of practicality. It could also be argued that the summary labelling of each of these theories is so reductionist that each theory is in danger of losing elements of the perspective it provides. Discourse ethics, for example, has more content to it than its relational aspects, in that it is also as much concerned with communicating the self-interest of the different parties involved in a discourse. Also, as advocated by Habermas discourse ethics has an idealistic element which could infer that it is an ethic of principle. It is included here as relational because discourse ethics can only occur in a social space and relies on conflict resolution through reaching agreed norms, which therefore implies the existence of positive social relations.

Similar observations concerning a lack of precision could be made of any summary model, including SWOT analysis, but such an argument misses their real benefit in acting as an overarching framework incorporating summary views gleaned from more detailed analysis. In providing outlines for more detailed work, summary models help ensure that no significant aspect of an issue is simply overlooked in a morass of details. For Business Ethics the task is more challenging than simply replicating the development of a 'SWOT' analysis, because the development of ethical awareness incorporates changing values as

personal perspective develops (indeed that was part of the very point of Kohlberg's original research). A model needs to be devised therefore which, while providing robust and generally understood framework, can also allow for the incorporation of new ethical concerns for the individual, and also for the comparison of diverse views and perspective of different parties. It may be optimistic to aspire to emulate the success of SWOT analysis in structuring strategic decision-making, but that is the aspiration for the proposed PREP framework. It is hoped the PREP framework can be effective through its:

#### *Elegance*

The model reflects three perspectives which are relatively straightforward to grasp and apply as the model is grounded in observed human behaviour. It therefore resonates with each of our personal worldviews. It asks simple questions to which anyone can relate, as it is based in its essential structure on real human behaviour, which is a quality sometimes severely lacking in idealistic approaches to ethics. It can be quickly grasped and applied to analyse any moral issue because the model is holistic in seeking to encapsulate the whole spectrum of moral awareness. At heart straightforward questions are being asked:

- What's in it for me?
- How will colleagues, friends, and family react?
- What's the 'right thing' to do?

#### *Balance*

The model invites a dilemma to be analysed from three different perspectives. Each makes sense in its own right, but together they form the basis of a more complete view of ways to view the ethical dimensions of a situation. Moreover each perspective can be thought through more rigorously and carefully through the application of relevant ethical theory which provides a depth of analysis within a balanced overall context.

#### *Flexibility*

The model can be applied to divers situations, activities and decisions. It can also be applied at the level of an individual facing a personal challenge, or at an organisational level.

### **3.5 Applying a transdisciplinary approach**

The model that has been built is thus merging knowledge and understanding from different academic disciplines, with different perceptions and different vocabularies to communicate their insights. The study of moral philosophy entails (to adopt an

Aristotelian perspective at this point) not merely the discussion of virtues but their acquisition. For Aristotle these include ‘intellectual’ virtues as well as ‘moral’ virtues, and Aristotle included in his conception of virtues qualities such as ‘courage’, and ‘loyalty’ in the context of his own day and age. Exactly which virtues matter most in any given situation may be a variable dependent upon numerous different factors specific to time and place, but the fact does not change that from an ethical perspective virtues always contrast with vices, and to progress in one and to avoid the other involves making moral choices based on personal values, effectively to make ‘value judgements’. Virtue theory provides a distinct perspective which informs the making of such moral judgements, which are inherent in and integral to the study of ethics. The rigour with which such judgements are made may be critiqued, different frameworks may be employed in evaluating situations in order to reach an informed choice, and it may not be possible to reach a consensus between people considering such judgements, but at the end of the day there is no escaping from, or apology to be made for, the study of making moral choices. That is no more and no less than what normative ethics is. The very term ‘normative’ recognises that this approach to ethics is concerned with what ‘should be’, rather than what ‘currently exists’. For the ethicist, identifying and accurately recording ‘what is’ constitutes no significant form of enquiry, at best it is merely a starting point.

In stark contrast however, within the field of social sciences, accurate and honest capturing of what ‘is’ forms a significant part of the acquisition of knowledge. Weber (1864-1920) pioneered the development of sociological research which seeks to avoid as far as possible being ‘value laden’ and therefore aims to more accurately capturing sociological phenomena. Throughout this field there is much more hesitancy over the validity of making any such judgements. For the social scientist a value judgement is better avoided, as it is likely to result in negative impacts on the integrity of sociological enquiry. This is because it tends to privilege the person assuming to make moral judgements, and also to bias attempts at objective enquiry. This is not to argue that the social sciences are naïve in their understanding of the role of the observer in sense making (the concept of ‘mimesis’ recognizes this). Clearly, however the underlying epistemology is radically different from classical moral philosophy. In the social sciences, scrupulous research methodologies may be used to observe the behaviour of individuals or groups of people, but great reluctance then occurs as to drawing any form of moral conclusions. Where social scientists have become interested in Business Ethics, they have in

accordance with the demands of their discipline rigorously adhered to what is widely termed as 'descriptive ethics', seeking to accurately observe and record what their enquiry reveals. The term 'descriptive ethics' is in common usage in this field, though strictly inaccurate, because for the social scientist mere 'description' without associated theory building and testing has a lowly place (Dey, 1993). Robinson & Bennett's (1995) study of workplace deviance is well known example of such an approach, their observations leading to a categorisation of different forms of deviant behaviour.

From a position of orthodoxy within these different disciplines, the contrasting worldviews are so stark as to be in conflict and there appears little scope for any cross-fertilization of ideas. For the social scientist, the moral enquiry of the philosopher may not even constitute valid knowledge, whereas for the philosopher mere observed behaviour can never do much to inform moral enquiry, as what 'is' does not necessarily relate in any way to what 'should be' which forms the very basis of normative enquiry. Ethicists have within the last twenty years begun to address the question of this gulf between contrasting approaches. Trevino & Weaver (1994) identified that managers are often trained in one of the root social science disciplines (of psychology or sociology) and will therefore tend to think along scientific lines of enquiry (e.g. which influences encourage people to behave badly? What effect will an ethics programme have?) rather than thinking philosophically. For Business Ethics to have impact and relevance in the workplace it is therefore an urgent task to marry philosophical discourse with learning derived from the social sciences to create a form of fusion between the actual and the ideal, and the proposed PREP framework achieves this.

### **3.5.1 Drawing a cognitive map**

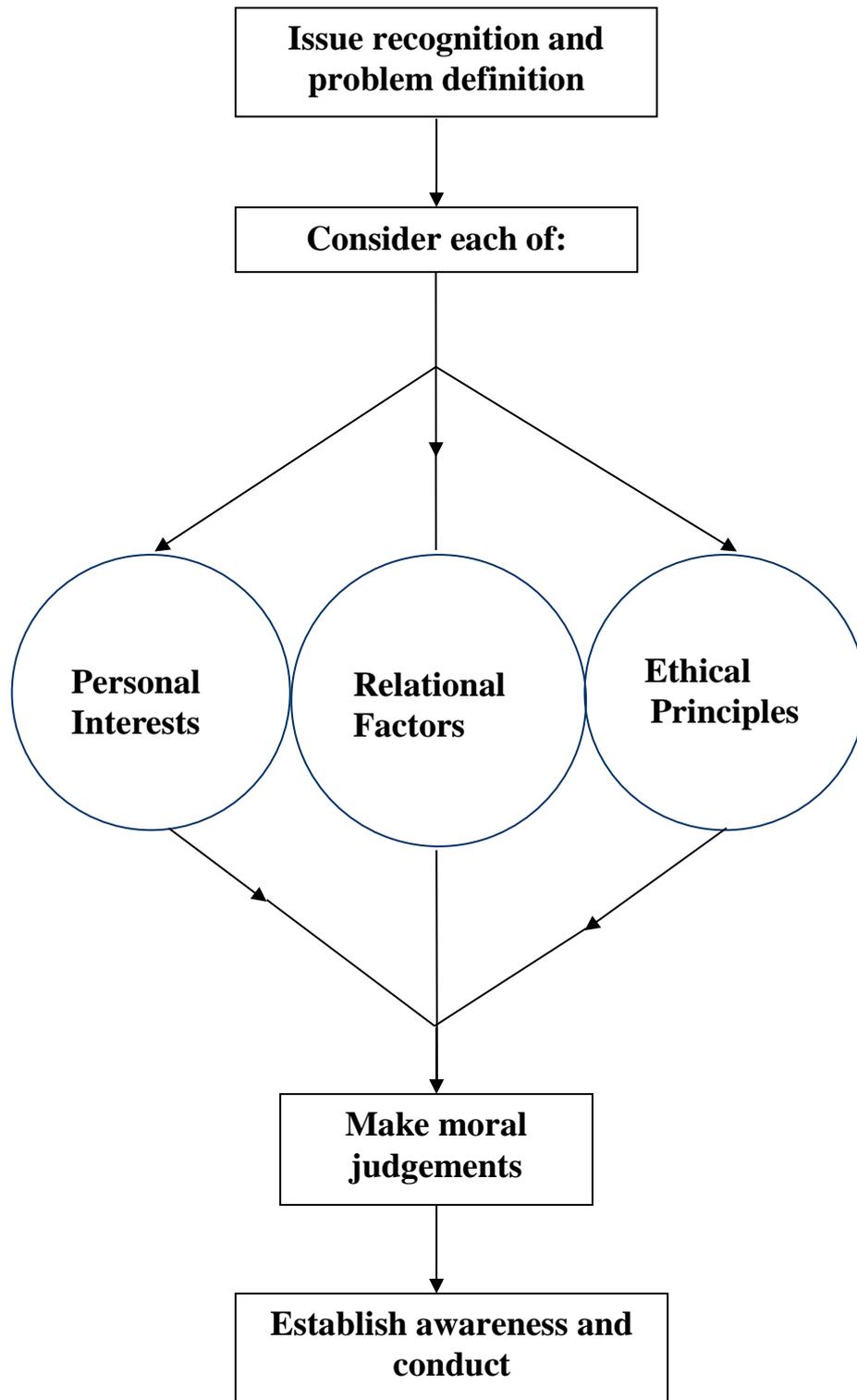
The proposed PREP framework is an application of mental mapping. Senge (1992, p.8) from an organisational behaviour and systems perspective, describes mental models as "deeply ingrained assumptions, generalisations or even pictures or images that influence how we understand the world". The creation of mental models serves as a simplified representation of understanding, and lodges ideas in our consciousness at a level of awareness where they are an intellectual resource potentially useful for cognitive processes. Consequently, they can be drawn upon as a framework for a more complete understanding of the development and refinement of our comprehension of knowledge

and understanding. Where visual representation of ideas and concepts is part of the built model, it is more accurately termed a mental map, using spatial awareness to clarify ideas and explore their relationships. Mental maps may simplify reality, but they also structure complex realities, make ideas explicit, and shareable and therefore can help in the task of critical reflection, and also in communication

The PREP model could be more specifically termed a cognitive map. Cognitive maps can be understood as a form of representation, which allows us to obtain, picture, analyze and compare mental models (Spicer, 1998). Cognitive mapping is itself normally applied as a generic term (IMMA, 2012)) which encompasses both mind mapping and concept mapping. Mind mapping organizes ideas around one central concept and is often used to help memorization as much as organization (Buzan, 1993), whereas concept mapping describes and classifies ideas and the relationships that exist between them (Novak, 1993). Concept maps help assimilate and organize prior knowledge, so making it relevant to new situations. Although to a degree a memorization aid, The PREP framework is more concerned with the task of a conceptual mapping. Its potential usefulness however does not stop there, because it is a map that can be re-drawn as more of the 'terrain' of ethical theory is explored and new theoretical concepts discovered and assimilated. Cognitive mapping is based on personal construct theory (Kelly, 1995), and helps the individual structure issues and problems encountered (Eden, 1998). The framework needs then to be effective as both a conceptual map and as an adaptive cognitive framework to be successful (this purpose is significant to the development of the thesis and at Appendix I the idea of mental mapping is explored using the Gough Map for illustrative purposes). The PREP framework used as a mental map can be understood as a schema as adopted by Gioia (1992).

### **3.6 A process model for ethical practice**

The PREP framework still needs to be contextualised to become an effective evaluative process. This is achieved through the construction of a process model as follows:



**Fig. 3.6: Process model for ethical decision-making**

In this model *'Problem definition'* is essentially the same as for any decision making model, but it also further requires a 'moral framing', that is a recognition of the ethical aspects of a business situation or activity under review. Arrows between elements of the PREP framework are now removed because they are placed contiguously, but the analysis remains an iterative process.

No model ever can or should remove the conflicting arguments derived from different perspectives, but the identification and evaluation sometimes contradictory arguments is the process which actually makes for thorough ethical analysis. A model is not an attempt to replace the use of judgement, but it can help to ensure a thorough analysis is conducted through providing a schematic to systemise thinking. A comparative ethical evaluation of an activity, situation, or decision needs to take into account each of the perspective identified in the PREP framework to ensure that balanced consideration is given to the different aspects of a problem. If any perspective is omitted the reasoning process is likely to be incomplete or flawed. However which perspective matters most in any particular context will always be a variable requiring judgements to be made. The process model developed here retains a degree of simplicity and practicality, while reflecting and building upon the best efforts the various authors reviewed in the literature. It contextualizes the PREP cognitive framework as part of the decision making process.

### **3.7 Conclusion**

This chapter builds upon the findings of the literature review to create the PREP framework, which is then incorporated into a process model. Using the PREP framework as a basis, a proposed cognitive mapping of ethical theories is also developed. The framework and process model taken together are subsidiary models informing the development of the Ethical Manager (See Figure 3.3) as they provide the means for ethical thinking, ethical discourse and ethical practice.

The proposition is also stated that the PREP framework model will prove a practical vehicle for facilitating ethical discourse at work and enabling personal critical ethical reflection. Simon (1983) recognised the concept of 'bounded rationality' which limits our reasoning powers at any one time, and as a heuristic aid the model allows both for efficient learning and an application of concepts and principles to real situations. The

theory now needs to be tested for reliability and validity through conducting primary research in the seminar room and in diverse situations in the field.

## Chapter 4: Methodology

This chapter determines the approach best suited to address the research question. It identifies an appropriate epistemology for the task, and identifies appropriate procedures. It then examines relevant methodological challenges issues, and finally explains how the research project can improve praxis. Willig (2001, p.2) views research activity as comparable to a journey of discovery with elements of uncertainty and unpredictability, and advises against approaching the research task in a formulaic way which restricts the subsequent application of an appropriate mix of research methodologies. The analogy of the notion of an 'adventure' is useful, as it implies a journey into unexplored territory involving discovery, as well as an element of creativity and innovation in the development of new knowledge, which in practice applies as much to the synthesis of current knowledge as to original primary research. In outline, on this journey, the PREP framework is tested empirically by applying two different approaches to case study analysis in the seminar room and the field. First, in the seminar room the proposed framework is comparatively evaluated against three competing models over a five-year period with ten cohorts of Masters students through applying the framework to a series of dilemmas which organisations and individuals have faced using information in the public domain, and subsequently through conducting an ethical analysis of a situation which each student elects to research (which may or may not be related to their personal experience). Masters students originate from diverse countries and ethnicities and also represent widely diverse ages, and professional and industrial backgrounds. The research is qualitative in nature, though a quantitative technique is used to capture model preferences among participants. In this research the 'unit of analysis' (Yin, 2014 p.24) is each person encountering ethical dilemmas, and findings for each person are summarized and analysed to determine their favoured framework.

Applications of the developed framework are then explored in the field in 'real world' (Robson, 2011) contexts through nine interviews conducted with practitioners investigating the relevance of the framework to dilemmas they face at work. There is a significant difference between the seminar room and organisational contexts, where each situation is distinct and many more variables affect people embedded in work situations. Here each interview represents a different case study. Interviewees in the field are

screened to draw a sample representing varying organisational contexts, levels of seniority and gender. This phase of the research investigates whether the framework has external validity as a holistic model meaningful in real-life situations. A case study methodology is applied because it tests whether a theoretical proposition is generalizable and meaningful to real life events and contexts (Yin, 2014). Willig's 'journey' metaphor implicitly recognizes that there is a need for rigour and careful research design at the outset as an integral part of the overall task of the acquisition of new knowledge, which are issues explored below.

## **4.1 Facilitating ethical discourse**

The applied research in this project first considers ethical discourse among post experience professional Masters students. De George (2004, p.13) has voiced the aspirations held in common by university teachers of Business Ethics:

First I try to teach my students how to think through a moral issue for themselves. Second I try to teach them how they can defend their moral decisions to others. Third I try to sensitize them to some of the issues they will face in the business world.

These three goals express the desired outcomes of almost any course in business ethics, and identify the skills that ethics courses aim to foster among participants. Furthermore each of these goals can be extended beyond the walls of the academy to apply to managers and business practitioners, whether or not they have an interest in an academia. But the means of achieving these outcomes need to be thoroughly 'road tested' before they will be credible to business practitioners with little interest in the academy or rigour as an end in itself. De George states that 'most students do not know how to analyse a moral issue systematically, and do not have the vocabulary to articulate what they feel. He claims 'moral theory helps to provide this' (De George, 2004, p.14). This is the great value of classical normative moral theory, and the reason why it remains able to make a unique contribution to ethical debate, but moral theory often employs an alien and strange vocabulary to many students and business practitioners, and needs to be re-contextualized to maintain its usefulness to-day. It is in addressing this issue of a 'shared vocabulary' that the scope of this research aims to take a new direction in seeking to discover new ways to

articulate evaluation of decisions. To do this however, it also relies on inherited wisdom of previous writers and thinkers, some of whom are admittedly complex and difficult to fairly represent in summary form. In a sense it is not only the shortcomings of specialist vocabularies and antiquated language that is an issue, but also the limitations of language in itself which needs to be fully recognised. This is not a new concern. Locke's (1975, originally published 1690) *Essay Concerning Human Understanding* addressed this, where he identified two common misunderstandings (*Essay II xxix*):

*The assumption that a common set of words ensures a shared set of meanings* (for example if two people talk of 'integrity' it does not necessarily follow that they will refer to the same sets of values behind the use of the same term)

*The assumption that words have meanings, which are fixed demonstrably by things, which are named.* ('Integrity' may also entail different moral qualities at different times and in different contexts, for example it may mean 'honesty', or 'loyalty', or 'courage').

Locke's views on language anticipated early in the enlightenment period the contemporary de-constructionism of Derrida, but there the similarity ends. In sharp contrast to a postmodern perspective, for Locke these difficulties were not a reason to abandon the pursuit of shared meaning in favour of a nihilistic abandonment of the enterprise, but rather the motivation for the pursuit of unequivocal understandings of terms which facilitate clear views of right and wrong. This has a practical application for contemporary organisations, in that the ills of 'moral muteness' at work (Bird and Waters, 1994) can only be addressed if the means exist to facilitate discourse. Moral language provides the building blocks, and moral concepts provide the constructs, for such discourse to develop.

#### **4.1.1 Creating a common understanding**

Locke was concerned with the use of language because it is our primary and richest means of communication. On Locke's (1975) account of communication (*Essay III. i-ii*) names should, whether by common convention or by special agreement, call to the hearer's mind the same ideas that are in the speaker's mind. He was addressing a very different world from today, and at his time there was an overriding concern to develop terms and taxonomies that would best serve scientific development. His scepticism over the

potentially spurious accuracy of language still holds true, but Locke would not have concurred with a postmodern view that meaning is entirely vested within the boundaries of the individual's perception and so abandon the project to create mutual understanding between people. However Locke's account of the process of communication is deficient in omitting an important element of the process because it places the source of meaning in the intention of the sender of the message; it is in effect a transmissive model of communication. Such models are still popular today, but are increasingly regarded as reductionist in recognizing only part of the whole communications process. Radford (2005 p.152) states that 'against the dominant Lockean view of communication, the causal relationship between the means of transmitting the message and the person being affected by such means does not constitute the communications process'. For Radford communication does not even consist of the transmission of ideas from one mind to another but rather in the 'mutual creation of meaning in the flow of a genuine conversation' (p.155). This understanding of communication moves forward from a Lockean view without falling into the trap of postmodern subjectivity. Radford draws upon Eco's work on semiotics, who drew attention to the realisation that at best words are just 'signs' and the meanings of signs is constructed upon 'everything that in the grounds of a previously established social convention can be taken as standing for something else' (Eco, 1976 p.16). For Eco, once words are constructed into a text, meaning is created in the understanding of the person addressed who will interpret the text according to their own 'social treasury' (Eco, 1992 p.67) which includes the cultural conventions that the language used has previously produced. In the context of organisations and the cultures which they develop, this needs to be recognised in any agenda to enable ethical discourse.

According to theories of linguistic determination, the particular language we speak shapes the way we think about the world, we need the appropriate language and terminology to even frame relevant questions. The 'Sapir Whorf' hypothesis (Blackburn, 1994), named after the anthropological linguists who developed the argument, states that the language which a people speak determines their perceptions. This is significant in that it infers that within organisations the moral language which signifies moral concepts is a necessary pre-requisite for ethical discourse.

## 4.2 The research journey: the approach taken

This research falls into the classification of interdisciplinary research within the field of Business Ethics, and seeks to extend transdisciplinary enquiry. The goal of learning through the use of perspectives gained from contrasting disciplines is increasingly recognised as able to generate fresh insights and new knowledge (Brown, Harris & Russell, 2010), however it also raises challenges with regard to the development and implementation of an appropriate methodological approach to the research task. This is because there are sharp divisions between the relevant academic disciplines under consideration both as to the nature of knowledge, and as to how that knowledge may be acquired and developed through appropriate research methodologies.

The challenge of adopting an underlying epistemology suited to the task matters, because before a relevant methodology can be adopted for the research activity, the researcher must determine exactly what knowledge is, and what makes it valid. Effective research can only be credible if it is conducted on the basis of an epistemology which is both coherent and relevant to the particular forms of enquiry to be undertaken. Of necessity the researcher's epistemological commitments (Willig, 2001) shape and constrain the selection of a methodology, i.e. 'a general approach to studying research topics' (Silverman, 1993 p.1). Only when the epistemological position is clarified can an appropriate methodology of enquiry be justified and the specific methods (specific research techniques) applied to conduct credible primary research activity.

### 4.2.1 Critical realism

To establish a stance for this project to espouse a particular theory of knowledge, some observations need to be made which then become the premises which from which subsequent arguments can be developed:

- Mankind today remains very much a social animal. The conduct of business is also an inherently social activity, and so requires a degree of shared values for transactions to be conducted successfully.
- There is a continuing process of discourse which takes place in order to establish, confirm, and refine these shared values, as societies and circumstances change and develop.

- Nevertheless, within a broader social context, people as individuals inhabit their own particular ‘world’ of inner thoughts and attitudes, and are continually challenged to revisit and refine their own personal moral stances by the situations and decisions they face.

An epistemology which can incorporate these observations is critical realism (Bhaskar, 1991), in being able to read the external world accurately while providing for unique personal worldviews. What this means is that a critical realist perspective recognises external objective realities, and simultaneously acknowledges that our individual understanding of external events derives from personal accounts of that objective reality, and so acknowledges the subjectivity of each of our personal viewpoints. In walking a narrow path between a naïve realism (and its more sophisticated positivist relation) on the one hand, and a de-constructionist post-modernism on the other, there is a delicate balance to be struck. Critical realism understands that situations and activities exist in an external world in which ‘real’ business decisions have to be made, but also that the mindset with which each of us faces external reality is unique and subjective. To further illustrate finding this ‘path’, Wright (1993 p.61) deploys a metaphor of ‘snakes in the grass’ of which the positivist may be blithely unaware, however the postmodernist ... ‘stopping to look at the snakes, is swallowed up by them and proceeds no further’. Critical realism provides an epistemological basis for the account of ethical enquiry of this thesis, and has also been applied in diverse fields from scientific research (Bhaskar, 1986) to nursing (Flicke, 2002) and hermeneutics (Vanhoozer, 2002). Tom Wright (1992, p.35) puts this point succinctly:

I propose a form of critical realism. This is a way of describing the process of "knowing" that acknowledges the reality of the thing known, as something other than the knower (hence "realism"), while fully acknowledging that the only access we have to this reality lies along the spiralling path of appropriate dialogue or conversation between the knower and the thing known (hence "critical").

A ‘dialectical’ critical realism has been developed by Bhaskar. (1993; 1994). The key features of this epistemology relevant for ethics are:

- The distinction between the *real* domain of causally efficacious structures and mechanisms which generate the events that occur in the domain of the *actual*, a subset of which are observed and recorded to become *empirical*.

- The distinction between the *transitive* domain of human activity generating knowledge and the *intransitive* domain of the objects of that knowledge.
- The acceptance of the fallibility of knowledge, *epistemic relativity*, which does not, however, preclude us from *rationally judging* one theory to be better than another.

This understanding of the nature of knowledge allows for an external existence of the real and the actual while accepting the role of personal worldviews in framing an understanding of the intransitive domain. It also recognizes an element of relativity in personal worldviews while valuing the role of rational judgments. In conclusion, Critical Realism's view of morality has two underlying key principles:

- **Moral realism**, that is, that there are moral truths in the intransitive domain independent of the subjective views of individuals or traditions, which are ultimately grounded in the inherent characteristics of human nature.
- **Ethical naturalism**, which implies that we can, through the processes of research discover what these moral truths are. This involves moving from 'facts' about the way things actually are to 'values', that is how they should be. This is achievable through the use of an explanatory critique, and requires a refutation of Hume's law that one cannot derive what ought to be from what actually is.

### 4.3 Procedures for the research task

The methodology for the project's research includes both inductive and deductive approaches. In the early stages the research programme was primarily 'inductive' in the sense that no premise was initially developed, but rather the task is approached without a specific preconceived theory to be tested. Subsequent to the literature review a proposed conceptual framework has been devised which can be legitimately described as a new 'theory'. Following theory formulation and testing within seminars, analysis of data collected at the conclusion of a series of seminar deliveries is used to create the developed framework. In addition to the PREP conceptual framework, a proposed Process model contextualizing the framework was created in Chapter 3. Field-testing will subsequently inform the validity of the proposed Process model.

Given the epistemological perspective adopted, the value of statistical analysis in the research of ethical concepts is inevitably limited. Early trials attempts in this research

project proved it was impossible to accurately frame ethics questions sufficiently reliably to generate sufficient data useful for statistical analysis with regard to personal ethical orientation. Ethical terminology requires too much interpretive effort to accurately capture nuanced meanings in brief recorded statements, and this limits the value and usefulness of numeric analysis. Fisher & Lovell (2009) noted the difficulty of quantitative analysis in ethical enquiry, which can lead to a spurious accuracy of findings. Statistical analysis however can be used to a limited degree in collating recorded seminar based evaluations of ethical perspective and analytical framework, and is there applied.

The combined phases of the research can be summarized as set out in Table 4.1

<b>Research phase</b>	<b>Purpose</b>
Literature review	Appraise current frameworks
Theory Building	Propose PREP framework and process model
Comparative Seminar trials	Test proposed framework in a comparison against existing framework models
Field Interviews	Test framework adaptivity in organisational contexts, and contextualize as part of ethical decision making processes
Critical Reflection	Revise PREP framework and process model as developed models
Evaluation of findings	Consider generalizability

**Table 4.1 Overview of research phases**

The research programme is set out in more detail below.

### 4.3.1 Secondary research

A critical review of the literature constituted secondary research for this thesis. This identified models and concepts to be selected for comparative evaluation in the seminar, and also informed the development of the proposed PREP model. This work is also informed by previous inductive qualitative enquiry through student feedback from earlier delivery of ethics modules using differing approaches to the subject. This created prior knowledge informing the development of an interdisciplinary approach to the subject. Inductive enquiry could be regarded as less focussed than deductive research, but this is a journey of discovery and so was appropriate at an early stage of the research. The prior work done before a clear proposition was developed is best described as ‘analytical induction’ (Saunders & Thornhill, 2012 p.228) in that development of a credible model to be subsequently tested and refined in primary research was an iterative process. Theory building of the PREP framework was initially derived from the development of a mediating position between the findings of previous writers and researchers. Development subsequently becomes an on-going process throughout the research activity, as the proposed framework is refined through critical reflection of data collected. Once an initial theory is devised, a proposition is formulated as to its usability in practice. It has been observed that the requirements of an effective proposition in any field (Wright, 1992) are that it should:

- Fit the known data (initial evidence informing the problem under review must fit to the theory without being manipulated or distorted)
- Be a simple and coherent statement
- Say something new which can explain or help inform other problems
- Can be confirmed as valid, or can be disproven and therefore refined

The development of a proposition can then be empirically tested and verified or disproved depending on whether the theory fits the data. The first task was to construct a framework theory creating new subject knowledge. The proposition subsequent to the initial phase of the research is essentially straightforward, which is that the PREP framework can serve as a useful practical tool for ethical analysis of diverse business situations, decisions and activities in the workplace.

### 4.3.2 Primary research

This phase of research consists of two cycles seeking to discover and prove the practicality and usefulness of a framework to enable ethical discourse. These cycles consist of:

- The developmental trialling of a proposed diagnostic framework, critically evaluated alongside competing framework models.
- Subsequent trial applications of the proposed framework for ethical analysis with working practitioners embedded in diverse organisational contexts.

- **Phase 1: The seminar room**

Once a proposed analytical framework is developed, it is trialled in postgraduate various post-experience ethics seminars, primarily with MBA professional students. Trials occurred over 10 Semesters (5 academic years in total). The proposed framework is used in the analysis of ethical dilemmas, and also comparatively evaluated against other contemporary frameworks. In this situation the tutor as a facilitator is both a participant observer and a learning set-advisor who facilitates the progress in learning of the group. This is a form of action learning, described by Gill & Johnson (2010) as learning by doing along with ‘others who are learning—to–learn by doing’. Here, as far as is possible, no preconception is allowed to bias findings as to the relative merits of the practical usefulness or relevance of any particular ethical perspective or framework used in the seminar room for ethical analysis. MBA professional students are introduced to models and frameworks, asked to apply them to business situations, activities, and decisions, and then to reflect on the relative merits of different approaches. This phase of the research constitutes deductive research in the sense that a proposition is set up which can subsequently be disproved by specific student feedback. There is a risk of manipulation by the tutor to achieve desired results, and the tutor does have referent power a degree of expert prior knowledge. MBA students are however by definition post experience and therefore relatively resistant to manipulation of opinions. The use of a ‘quasi’ laboratory conditions facilitates some degree of insulation from unmanageable and uncontrollable variables found in the workplace. This has the benefits of:

- Experimentation without ‘damage’ in real world situations
- Experimentation without contamination, as some variables are excluded which relate to the particular pressures and exigencies of any organisational environment.

A limitation of this approach is that it avoids the complexities of the real world, but this is subsequently fully addressed in the second phase. To capture ideas and opinions expressed in the seminar situation the following instruments are used:

- Questionnaires ranking competing analytical frameworks (appendix E)
- Questionnaires measuring self-efficacy (Appendix F)
- In class discussions and exercises
- personal reflections in submitted work

Testing the proposed framework once it is developed will be achieved through the use of:

- Applying frameworks to live situations, to published case studies
- Applying frameworks to personal experience, and in personal research
- Reflection on the values of different ethical theories, both teleological (concerned with 'ends') and de-ontological (more concerned with 'means').
- Reflection on the usefulness of a range of conceptual frameworks

To ensure probity in this process individual copies of questionnaires are offered as available to each MBA professional students for their retention, and summary results of analysis are also available.

- **Phase 2: field research.**

This phase of the applied research is conducted through practitioner interviews. This research constitutes action enquiry research in that it includes consultancy work on ethical issues in organisations. In a 'live' context comparative testing of competing frameworks not possible or appropriate as clients are seeking to resolve ethical conflicts within time and resource constraints, with an attendant focus on the task rather than evaluation of the framework itself. Interviewees will be selected as cases which can legitimately test threats to validity of the framework, that is not based solely on available opportunity, but rather consist of a 'quasi-experimental approach' (Robson, 2011, p.372). Different organisational contexts allow for a structured sample selection to include large and small organisations, and both commercial and 'not for profit' sectors, and participants will be drawn from a range of professional backgrounds. The approach employed for the case study research phase is understood as naturalistic enquiry. Naturalism is a term used in this context to refer to a requirement for the research process to remain true to the nature of the phenomenon being investigated (Bryman & Bell, 2011), and to a style of research seeking

to minimize the intrusion of artificial methods of data collection. An appropriate ontology for this ethical enquiry is challenging to precisely define, as it lies between the polarities represented by 'objectivism' and 'constructivism'. Objectivism recognises the existence of social realities independent of social actors, while constructivism asserts that the meaning of social phenomena are continually being accomplished by social actors (Bryman & Bell, 2011). Ethics needs to recognise both these polarities, at best regarding them as a resolvable paradox rather than a dilemma between opposing worldviews. This is the reason why 'critical realism' is has been adopted as an appropriate epistemology.

In the field, semi-structured interviews are to be conducted based on preparatory aide memoire. This focuses the direction of enquiry and avoids a wholly unstructured narrative developing during the interview. Structured questions are designed however only as a 'prompt' to trigger responses and evince discussion with the interview. The intent is that interviews be guided towards a narrowing down to a problem-centred focus after an initial discussion of the workplace context, and so towards the examination of the dimensions of particular ethical dilemmas faced either by the organisation or the individual. To ensure integrity in sensitive situations, a record of the interview is to be offered as available to the interviewee. Given the sensitivity of the material, confidential conversations are not always however recorded (this is dependent upon the express wishes of the interviewee). As field trials are conducted in diverse organisational settings, this should enable a final refining of the process model to develop a robust model comparable to a 'grounded' theory. The term 'grounded theory' could be misleading, because while the theory to be developed is in part based on the findings of experimentation, it is also informed by previous authors' attempts to construct an overarching framework. But in the sense that the theory is subsequently refined by primary research, it is grounded in real world applications. Data captured from field interviews is examined and analysed through thematic analysis, seeking to identify any specific factors influencing either individual or organisational ethical decision-making, which could materially affect the decision-making process. Spoken discourse is more fluid and has a different dynamic from a text, within which the discourse is fixed by writing. Spoken discourse can be carefully analysed by different approaches to discourse analysis, which in their recording and coding techniques are able to identify and analyse subtle features of a spoken discourse, and even include non-verbal elements (such as conversation pauses, and use of body language). But such

approaches to discourse analysis have a different focus from the aim of this thesis to test the validity and practical usefulness of a cognitive framework for ethical analysis and discourse in any of its various forms, so are discarded in favour of a thematic analysis( see Appendix A).

## **4.4 Enquiry design: facing the challenges**

The PREP framework The research project faces two current issues at the forefront of developments of Business Ethics as a subject within the management studies curriculum.

### **4.4.1 Conducting transdisciplinary enquiry**

For the purist, wishing to stay within the safe confines of agreed good practice for their specific disciplinary boundary, there is a possible conflict of research paradigms in this project. This conflict is best regarded as a resolvable paradox allowing for valid differing insights using different methodologies. Perspectives which are confined within subject boundaries can also confine hermeneutical horizons, and it is widely recognised that a significant trigger of new knowledge derives from creating the incongruous, i.e. from the placing together of unlikely bed fellows (Drucker, 1984). Increasingly this phenomenon is recognised in management thinking, such as the application of chaos theory to organisations (Stacey, 2000). As it is better understood that complexity is a feature of business systems (De Wit & Meyer, 2010), interest in moving beyond disciplinary confinement to ‘imaginative transdisciplinary’ enquiry is growing (Lawrence, 2010). Quinn described this as more than twenty five years ago as ‘interactive learning’ (Quinn, 1985). In placing together elements of philosophy and the social sciences the oldest and youngest of academic disciplines are put incongruously alongside each other. Potentially this is a rewarding enterprise, as both forms of enquiry have developed valid relevant research methods to inform their discipline. The challenge then becomes how to actually create a synthesis between contrasting disciplines, and so to develop an approach to ethical enquiry which blends descriptive and normative approaches to ethics. In seeking to add to the enterprise of building a transdisciplinary approach to business ethics, the project attempts to ensure that sound reasoning is combined with the accurate observation needed to form a reliable methodology. Before this task is progressed further, it will hep to look at

some long running conflicts within philosophy itself as to the nature of the processes of reasoning.

#### **4.4.2 Achieving reflective equilibrium**

The development of 'reflective equilibrium' as a balanced approach to ethical enquiry represents a move towards a more flexible approach to thinking, as opposed to a rigid application of one form of logical method, as it allows for a recursive approach to reasoning which develops from more than one starting point. A greater flexibility in contemporary thinking is also reflected more widely in a move away from classical monistic systems of philosophy in ethical analysis.

The very word 'academy' derives from the first Greek schools of Plato and Aristotle, moral philosophy is quite literally the oldest of academic traditions. Nevertheless, as Russell (1912) observed, two thousand years of rigorous enquiry have not at all resolved some of the basic problems of philosophy, rather they have in fact served to multiply alternative approaches to valid moral reasoning. Much of the most valuable and insightful literature on Business Ethics over the last two decades has grown as a study of situational ethics undertaken primarily by members of University Faculties engaged in teaching and research of the subject, which is often led by academics employed within the Philosophy Departments of HEI's (Bowie, 2005, and De George, 2006). But this situation has led to an approach to ethical analysis that contains inherent difficulties due to its abstruseness. Goodpastor (2002, p.117), who describes himself as a wayward philosopher who has strayed into Harvard Business School recognises the scale of this problem, when he states that in that in seeking to connect ethical theory with management education 'there is an enormous intellectual and cultural gap'. This is because managers are essentially concerned with addressing real world problems, and implementing changes to effect business efficiencies, whereas the task of the philosophers seeks to reflect on assumptions, and premises, and so to refine how we know what we know. But Goodpastor also identified significant positive factors in his own academic background before coming to the teaching of managerial ethics:

What philosophy had to offer was an inheritance and a talent. The inheritance was a body of thought about the nature of ethics and the human condition that

had developed over more than two millennia. The talent was an eye and an ear for distinguishing cogent reasoning from its counterparts. At a time when the ethical aspects of professional management were coming under increasing scrutiny, this seemed like a valuable resource (2002, p.117).

Goodpastor's remarks have relevance to this thesis. Working managers immersed in day-to-day challenges may have difficulties recognising the value of a wealth of inherited reflections of moral philosophy, and in so doing may fail to appreciate its rigour of analytical thought. Goodpastor's claim that philosophy has the 'talent' for distinguishing cogent reasoning, that is, to avoid fallacious thinking, is worthy of reflection. Sound logic creates a rigour which helps to avoid self contradiction or arguments leading to incomplete or misleading conclusions. Logic has been aptly described (Blackburn, 1994) as the science of inference, the discipline of developing arguments that arrive at or support a valid conclusion. Goodpastor's assertion that philosophy also offers a valuable inheritance consisting of a body of thought concerned with the nature of ethics is incontestable, but his assertion as to the value of philosophy's reflections on the nature of the human condition is more problematic. This is because the body of thought to which Goodpastor refers is extraordinarily diverse, and is prone to inconsistency. There have always been tensions within philosophy as to the nature of knowledge derived from reasoning from ancient times and classical philosophy, which have persisted up the present time. Early evidence of such tensions is found in the first academies. For Plato, what truly exists (stated in Book V of the *Republic*) are unchanging 'Forms', and he indicates that he understands these as the true objects of knowledge which remain infallible (whereas belief is fallible and uncertain). This account of knowledge is ultimately severely restricted, for genuine knowledge is to be had only in the realm of the immutable. But Plato's somewhat otherworldly, formal, and *a priori* conception of true knowledge (*noesis*) was of great influence as an early approach anticipating subsequent transcendental theories of knowledge and ethics espoused during the Enlightenment. In contrast, Aristotle grounded his thinking in the observational rather than the idealistic, and his intense concern for detail in natural phenomena is recognised as pioneering scientific approaches to the development of knowledge (Barnes, 1982). Aristotle regards ethics as a branch of the natural history of human beings, and accordingly places man firmly in a social setting before discussing what motivates virtuous behaviour (*The Nicomachean Ethics*).

The tensions in differing philosophical approaches of the classical era have been re-echoed in subsequent times, reviving as the enlightenment period developed. Aristotle reacted against Plato's abstract idealism, but in the 18<sup>th</sup> century the order of the argument between the idealistic and the empirical was reversed, as it was Kant (1775) who reacted against Hume (1740). During the renaissance Descartes' (1637) reflections on Truth and Method had revolutionised the nature of enquiry as most effectively proceeding from 'doubt' to certainty, so making essential the need for evidence to support validity. Hume followed this method by proceeding from a starting point of observed human behaviour, while Kant reverses this order and is essentially idealistic and relying on logic in his approach to developing a system of ethics. These contrasting approaches to logical analysis have persisted throughout the field, and have recently been aptly described by Cohen (2004) as 'top down' and 'bottom up' methods of reasoning, titles which constitute self-evident descriptions. Bottom up reasoning, he states, (p.62) 'attempts to articulate general principles that would accommodate and offer an account of specific judgements. He comments further that 'most moral theorists fit into the top down mould, they become convinced for whatever reason of the truth or attractiveness or preferability of principle, and then see the enterprise of moral judging as attempting to overlay onto moral situations as appropriate'.

Cohen seeks to establish a mediating position between the empirical and idealistic approaches, which has become recognised as good practice in moral reasoning in recent decades. This is a perspective described as 'reflective equilibrium'. The phrase was first coined by Rawls (1972, p.20) in stating that 'in searching for the most favoured description of a situation we work from both ends....by going back and forth, sometimes altering the conditions of the contractual circumstances, at others withdrawing our judgements and conforming them to principle....eventually we shall find a description of the initial situation that both expresses reasonable conditions and yields principles which match our considered judgements duly pruned and adjusted. This state of affairs I refer to as reflective equilibrium.' Feinberg (1973, p.3) has made a very similar observation with respect to 'doing' social philosophy generally:

Correct general principles and policies do not reveal themselves spontaneously, nor are they deduced from self-evident principles. The only way to arrive at them is to begin with those singular judgements and attitudes

about particular social issues in which we have the greatest confidence and attempt to extract their implicit rationales. We then tentatively apply the extracted principles to perplexing borderline cases, revising the principle where necessary to accommodate the specific judgement, and modifying the particular attitude where required by a well tested or deeply entrenched principle, always aiming at the ideal of a comprehensive personal and interpersonal coherence in which singular judgements and general principles

This quotation is included in full because it makes a pertinent point. This is that ethical principles cannot legitimately simply be plucked from thin air as though they were Platonic ‘Forms’ alone, neither do they originate from purely abstract thought. They are rather, informed by, and also subsequently derived and developed from observation-based judgements which are part of ‘bottom up’ thinking. There is therefore according to Feinberg an interrelation between principles and judgements. This approach is potentially well suited to the student of Business Ethics, as it legitimately starts from an examination of the perplexities of real life situations. Within the field of applied ethics, this also sits more comfortably than the application of a purely Cartesian method which locates the central point of knowledge in an individual’s own self awareness. Feinberg’s emphasis on personal and interpersonal coherence is thus wholly applicable to business ethics. Here the goal of such enquiry and reflection is to both test and validate personal values and stances, and equally to develop the ability to conduct a discourse to enable interpersonal coherence to be created in an organisational or professional situation. This mindset of seeking for ‘reflective equilibrium’ also provides a useful reference point for the methodology to be adopted in this thesis, which is to create an iterative process moving back and forward from theories and models to practical situations, and in the process of this interplay to develop and refine robust approaches applicable to the ethical analysis of real time business situations.

The scale of the challenge of deliberately seeking ‘hybridisation’ between academic disciplines is significant, but to remain within the safe confines of one paradigm would also be to limit the potential to gain new knowledge and insights. Returning to Goodpastor’s (2002) ‘intellectual gap’ between the study of business and management and philosophical enquiry: management studies is normally recognised as falling within the scope of the social sciences, and therefore its basic paradigm derives from a different

philosophy of knowledge than that found in normative approaches to ethics. Within the social sciences a concern exists as to the extent to which research exercises can and should be value free, and so there are questions of validity surrounding any form of value judgements. This is associated with an aim for rigour in gathering empirical evidence, and with seeking to adopt appropriate research methods intended both to minimise, and also to fully recognize, the extent to which subjective values shape the analysis of findings. For the task of data gathering within this thesis, the adoption of research methods derived from the social sciences where relevant and useful to do so can only help to ensure the validity and integrity of the project. However there is still a gap which can neither be ignored nor closed between normative ethics which relies on philosophical method, and descriptive ethics, derived as it is from sociological enquiry. For the ethicist, value judgements are not a pitfall to be avoided but conclusions to be reached and defended. But the ethicist can learn from sociological or psychological enquiry in that observations of empirical situations need to be robust and objective, and to employ appropriate research instruments. The research methods selected in this chapter are therefore tailored to the specific requirements of the research task, and the instruments employed are designed to provide reliable and relevant data to test the proposition and for subsequent analysis and evaluation.

## **4.5 Ensuring reliability of findings**

In order to seek to ensure validity, triangulation will be sought in a number of dimensions. Robson (2011) notes that triangulation is an indispensable tool in real world enquiry as it provides a means of testing one source of information against other sources. Triangulation will be sought :

- Between the perspective of the postgraduate participants who will evaluate competing frameworks, and the practitioners who will undertake ethical analysis in working situations using a developmental version of the framework
- between the different case study applications which will be drawn from a diversity of organisational types and situations (triangulation is sought through multiple contexts)
- Through the use of multiple methods employed as research instruments to capture information (e.g. questionnaires, interview).

Applied ethics is the subject under review in this thesis, and the ethical standards applied to the research itself must be noted. However for the sake of brevity these remarks are limited to practice rather than to underlying principles. The research is undertaken in compliance with BERA's Ethical Guidelines for Educational Research (2011) which emphasises voluntary informed consent. It will suffice to further briefly state that the researcher has a duty to respect his research subjects, to act with integrity in using any information supplied by them, and also to conduct the whole research project as an impartial enquiry. Salkind (2006) succinctly summarises the 'basic principles' of ethical research (p.58) as protection from harm, maintenance of privacy, non-coercion and informed consent. All of these principles are followed in the applied research. Both phases of the primary research involve extensive dialogue and interaction with people, and integrity is essential to fairly listening and capturing any views expressed. Throughout each phase of the research, above all the practice of 'informed consent' is followed. All persons who are research subjects are to be informed in advance that their views would be recorded and subsequently collated and analysed provided they agree to the process. Anonymity is offered and provided wherever it is requested. The nature of this research is such that there is neither any need, nor any potential gain in any of these contexts to conceal or disguise the nature of the enquiry to be conducted by the researcher as no useful further perspectives or added insights are to be gained in so doing. In the Masters seminar room there are potential moral issues relating to the misuse of power by the lecturer in encouraging particular responses to questions raised, and more significantly in either seeking to influence students to favour a particular theory or framework. However MBA students are likely to be the least open to manipulation of their views of any of a University's taught student cohorts. Indeed, the very objective of the MBA seminar is to provoke student enquiry and critical evaluation of ethical theories, and so to foster the development of a personal critical understanding. The moral risks in subsequent fieldwork are different in that they relate to issues of disclosure and lack of confidentiality in commercially sensitive situations. Here in addition to gaining the informed consent of interviewees, the principle of anonymity is to be applied to all cases.

## **4.6 Practice and praxis**

The scope of the project remains firmly within the boundaries of *applied ethics*. The intention is to undertake a journey of critical ethical enquiry which never traverses far from the locations of 'real-world' business activities, decisions, and activities. A specific target of the research project is to enable people at work to make a deliberate transition from *practice to praxis*. Terms always need definition in the context of their intended meaning and use, and '*praxis*' must here quickly be cut from the tether of its association with Marxism (and an overtly anti-capitalist ideology) and instead understood as 'the integration of *concepts and action*', creating change (Wisker, 2010). For Marx, praxis was central to his philosophical ideal of changing the world through revolutionary activity, and in one sense his revolutionary idealism is relevant in that it firmly subordinates theory to practice. Marx developed his use of the term from his reading of Hegel's dialectic of progress through resolving the contradictions which arise between reason and the real world, by creating a synthesis created through resolving thesis and antithesis, a process which is never completed but remains the basis for continuing progress. The intent of applied ethics is comparable, as it is to consciously examine the dichotomies which arise between what is and what ought to be, and where necessary to seek to resolve them in then by acting through deliberate efforts to change. The purpose of such change is then to minimise the gap between theory and practice, and so to avoid as far as possible a drift towards dualism created by tensions between thought and behaviour. Praxis is therefore here understood to be *ethically informed practice*, that is, business behaviour deliberately shaped by beliefs and values. If the tensions between theory and practice can never be fully resolved, this tension thus becomes the basis for further ethical reflection and moral development leading to subsequent future behavioural changes.

Restoring an ethical component to the meaning of praxis takes the term back to its Aristotelian origins. For Aristotle, praxis included voluntary intended actions towards the goal of excellence (or virtue). Kant subsequently adopted the term, understanding praxis to be the application of theory to cases encountered in experience. His second *Critique* also includes practical reasoning about what should be as opposed to what is, and in using real examples of moral issues he places the practical in front of the theoretical so as to deliberately avoid a Cartesian dualism. The discourse of ethics developed in this thesis aims at enabling a critical reflections of real situations (whether in the form of case studies or personal experiences), and to so ensure that knowing and doing remain dialectically related. For a thesis on ethics to undo the successive efforts of moral thinkers to recombine

a Cartesian separation of thought and deed would be backward step. Rather, this thesis proceeds from the premise that 'praxis' includes the intentionality of voluntary human actions, which for Husserl was the distinctive mark of individual consciousness. Husserl in *Ideas* (1913, trans.1931) developed Kant's practical transcendental idealism as a form of practical reasoning, adding to it the notion of 'intentionality', or the directedness of consciousness. As human beings we must always be conscious *of* someone or something, so the human mind cannot properly exist without matter. This marked the beginnings of phenomenology, and by the time of he wrote *Cartesian Reflections* (1931, trans.1960) the individual is recognised as embodied rather than disembodied, and surrounded by others, and it is from this context that a person derives their sense of the world. 'Intentionality', if properly recognised, therefore overcomes incipient dualism. Merleau-Ponty's subsequent *Phenomenology of Perception* (1945 trans.1962) further developed Husserl's ideas, in its understanding experience as a 'way of being in the world'. Merleau-Ponty recognizes that we live in our body, rather than in our head, and that thinking and doing (perception and action) are as insolubly linked as mind and body. For him, consciousness is a synthesis of our awareness in time and space, a perspective which runs counter to a reflective process which detaches subject and object from each other. This synthesis enabled him to able to both draw upon Husserl's phenomenism and also from the findings of empirical psychology, creating an interdisciplinary initiative. Attempts at interdisciplinary studies in ethics as traced by Trevino (1999) have sought to combine the insights of psychology and moral philosophy to develop an interdisciplinary approach to contemporary ethics, but have tended to be multidisciplinary rather than interdisciplinary. This author's intention is to take a specific focus in fusing insights from moral philosophy and developmental psychology as a transdisciplinary initiative. The integration of consciousness, intentionality, and experience in the development of 'praxis' thus attempts to minimise the separation of abstract thought from lived experience, accepting that knowledge in part also derives from conceptual thinking based on previous experience. In summary therefore, praxis can allow for *a priori* knowledge, but also understands it to include an intentionality based on personal consciousness, and experience derived from the world and accumulated within the personal psyche.

The intent of this thesis to develop a rugged but adaptable model is to improve praxis among practitioners. While it is true that any amount of ethical discussion is not

guaranteed to engender better business behaviour, normative ethics is ultimately based on a premise that, in the language of Austin (1979), words *do things*. Words have a performative function. They do not merely describe, but have a perlocutionary impact which changes attitudes, situations and states of being, Ethics seeks to create a discourse which may subsequently affect behaviour, in other words to build ethically informed managerial and organisational practice. This, for Kant, is the core of practical reasoning, that is the application of theory to issues encountered in practice. The notion of 'praxis' includes both reasoning about what there 'should be' as opposed to what 'there is'. This creates an informed 'way-of-being-in-the world' as it is, even though it may not actually be as it should be. An effective analytical framework therefore should provide the means of moving from practice to praxis.

## 4.7 Conclusion

The chapter has considered the scope and methodology of the overall research journey and justified the use of a qualitative approach. It has selected critical realism as an appropriate epistemology for the research task and then set out intended secondary and primary research activities. The scope of the proposed secondary research is eclectic in nature, as it will draw on insights derived from moral philosophy, developmental psychology and management literature where each is appropriate to the creation of relevant new knowledge. Such new knowledge is possible through the synthesis of insights derived from different disciplines, taking the form of transdisciplinary enquiry, which, will be applied in the developed of a proposed framework for ethical analysis.

The chapter also considers the nature of practical reasoning, and its relation to the development of praxis as ethically informed practice. Case-study based research has been selected as appropriate for the task of primary research, though it has different applications in the seminar room and in the field. The two phases of primary research are complementary in that the seminar room provides for a more nuanced evaluation of the proposed framework, while field interviews reflect organisational realities. Seminar and case study findings are further examined in chapter 5.

## Chapter 5: Seminars and Case Studies

Kohlberg's research is controversial (see 2.4.6), is nevertheless a valuable starting point for enquiry into moral reasoning from various different psychological perspectives which have their counterpart in a range of specific moral theories. This was captured in the proposed PREP framework, which is in this chapter comparatively evaluated against competing framework model among mid-career postgraduate students as proof of concept, and participant responses as to its relative practicality and adaptability are summarised and evaluated. The dynamic of the seminar is also explored as a distinct form of learning experience, and an opportunity for the practice of communicative reason, and the development of social learning. To complete the empirical work the framework is then tested for relevance and practicality across diverse organisational settings.

## 5.1 Developing ethical skills

Business schools (Mangan, 2006) are learning from past errors of omission in previously delivering management education reinforcing the 'myth of amoral business' (de George, 1999). The soul searching that followed a spate of corporate malfeasance which emerged around the millennium has led to substantive changes in curriculum design for business and management courses, and to a recognition of the value of training managers to recognise and deal with ethics issues in the workplace (Trevino & Nelson, 2007). It is increasingly accepted that there is an association between companies acting responsibly (Baron et al., 2009) and profits. If companies develop competences in evaluating, discussing and communicating values, it is likely that over time they will also be effective in creating customer loyalty, engaging stakeholders, and enhancing competitive advantage. This recognition is reflected in the design of Masters courses incorporating Business Ethics. Course design is not delivery however, and it is a demanding task in practice to engage participants to develop skills in moral discourse and critical reflection in the relatively short periods of time typically afforded to developing ethical awareness as part of the wider curriculum of a business or management course. This research looks at postgraduate provision within these constraints, focusing primarily on the MBA degree at the University of West London (UWL), where our business ethics education has been delivered by means of a separate credit-bearing module. We do not consider the incorporation of ethics training which is subsumed within other modules to be sufficiently rigorous to provide a foundation for ethical competence. Ethics rather needs a specific

focus to develop relevant skills in analysis and application to the business context. The field has a long history of enquiry, and its own distinct body of knowledge. Ethical discussion is a skill only effectively acquired by 'doing', that is to say through positively engaging in critical reflection and conversation about business conduct. It cannot be properly developed without first acquiring a degree of conceptual understanding and communicative skills in expressing and debating moral points of view about business or organisational situations, activities and decisions. Ethics is introduced to participants as the conduct of a discourse about morality. As such ethics is inevitably value-laden, and the challenge for the participant is to understand and critically apply frameworks and concepts which can explain and justify any value judgments made, and to conduct a discourse through which such judgments can be expressed, critically and evaluated.

For most UK based MBA and related degrees, students are by definition post experience on initial enrolment, and therefore able to draw on previous real-life examples of organisational and business conduct. With an appropriate approach to teaching and learning they can also benefit from the knowledge and experience of their peers as a social process guided by the tutoring staff, who are there to facilitate to learning experience. Each MBA professional student arrives with prior exposure to business challenges and management dilemmas. This experience brings significant benefits to a cohort if students are able to share their own work-related ethical challenges, which also enhances the collective learning experience. At best the seminar room becomes a learning laboratory where in relatively safe conditions problems and dilemmas can be discussed. In the limited timescale afforded by course design this has to be tutor guided, and the challenge is to achieve this effectively. Richmond & Cummings (2004) see the teacher's role as a moral guide, rather than an authority figure transmitting rules of behaviour (the role that usually adopted using a traditionalist approach).

The first of phase of primary research for this thesis is targeted at MBA (and similar post experience Masters level mid-career students), who have experience of business situations, activities and decisions on which they can reflect. The seminar room provides an invaluable location for enquiry, for social learning activity, and for critical reflection. The seminar sets up a unique dynamic, in which as a learning laboratory provides a relatively 'safe' environment for the development of the skills required for ethical discourse. Mistakes can be made in applying concepts in discussions among peers at the

same stage of learning without the embarrassment, loss of personal reputation, and irreversible errors that might occur in the workplace. Explorations can occur in mastering and applying new concepts, provided the tutor establishes a non-threatening environment which facilitates critical discussions among participants. The tutor has prior understanding of the course material but nevertheless embarks on a learning journey together with students as concepts are carefully examined and a more nuanced understanding emerges. In this sense the tutor/researcher is a participant observer of the students learning process, and therefore, at least in a limited way, conducts a form of ethnographic study. He is involved together with students in their learning process, and all are part of the community of learning which by definition constitutes a university.

In developing and delivering Business Ethics modules, this researcher found himself on a personal learning journey to discover how to best make ethics meaningful and accessible to managers. This became a form of action research (Reason & Badbury, 2006). The researcher discovered he was not the first to find that students participate more readily with ethical conversations if at first the avenues into critical discussion afforded through the vehicle of moral philosophy are initially avoided (Beerel, 2006). However, when asked to reflect upon their experience and understanding of business conduct in the seminar room, post experience students can be encouraged to engage in moral conversation as to business conduct. As this occurs the challenge of making ethical conversations relevant to the workplace can be met with the introduction of appropriate practical frameworks, using an enquiry-based approach to learning. Analysis and debate is the currency of reflective learning, which is a precursor to encouraging ethical behaviour in the workplace. In the seminar room, workplace pressures of moral muteness and 'moral distancing', a suppression of any sense of personal involvement (Bauman, 1989) are avoided. The absence of such pressures is precisely the value of an educational context. Also, although the classroom is not the workplace, for MBA professional students there is a reasonable psychic proximity between the two, and in this context a work related approach to learning is relevant and useful. Here the variables of power relationships and the influence of organisational culture are diminished. MBA students may not accurately represent the whole population of management practitioners (there is an inherent bias among them towards those open to new ideas and willing to make the effort to learn) but they do represent those who are willing to change, to think and act differently, and as such are a valuable barometer for all practicing managers.

Course participants were invited to disclose gender and ethnic origin on the distributed questionnaires (see Appendix E) recording framework preference. Not all chose to do so, but those who did reflected the diversity of participants drawn from throughout the world. Table 5.1 records Masters students originating from 38 different countries. This diversity reflects UWL's course provision in London, attracting students from across the globe. It also strengthens the validity of the research as their participation represent varied national and cultural frames of reference.

CONTINENT	Country of origin	Response No's.
EUROPE	Great Britain, France, Denmark, Spain Italy, Austria, Greece, Holland, Serbia Germany, Czech republic, Poland	32
The Americas	USA, Canada, Brazil, Mexico	9
Middle East	Israel, Lebanon, Saudi Arabia, U.A.E.	10
Africa	Nigeria, Ghana, South Africa, Cameroon	14
Asia	China, Japan, Russia, India, Pakistan, Nepal Mauritius, Bangladesh, Sri Lanka, Malaysia Kazakstan	51
Australasia	Australia, New Zealand, Philippines	7

**Table 5.1: Participant's country of origin**

The ages of participants were not formally requested, but from seminar conversations and observations it was clear that the median age for students was in the mid-thirties, with a minority of participants in their forties and early fifties. Participants also were drawn from diverse spheres of experience, data concerning this was obtained from participants by ensuring that they disclosed their background when speaking in seminars, which can be summarized as:

INDUSTRY TYPE	Proportion
Manufacturing	43%

Advanced Business Services	35%
Public Administration	12%
FMCG (Consumer goods)	10%
Small and Medium Size Enterprise (SME)	56%
Health sector	7%
Education	3%

**Table 5:2: Participant's industry backgrounds**

(NOTE: Advanced Business Services is a classification adapted from Dicken (2011) which includes Financial and legal services, IT and consultancy)

The classification was chosen as representing sectors where differing ethical concerns may arise. These numbers significantly exceeds 100% as many participants had experience of more than one sector or fell into more than one category. The high proportion of participants from a manufacturing background and from SME's reflects a preponderance of students drawn from Asia from successful family firms who had chosen to enrol on the MBA.

## **5.2 Testing the proposed framework**

MBA professional students were over the course of the delivery of a Business Ethics module asked to appraise business conduct, situations and activities from a number of vantage points, applying widely accepted concepts and frameworks taken from the literature and progressively introduced by the tutor. Models from three UK texts (Crane & Matten, 2010; Fisher & Lovell, 2009; McEwan, 2003) were considered as alternative useful ways to organise the classification and application of ethical theory. Module assessment for students was based on their own individual choice of enquiry, though students were required to present and defend their work to their peers. They were also asked to reflect on their learning experience, specifically as to the value and use of a range of ethical concepts for the purpose of engaging in ethical analysis and discussion. At the conclusion of the module, they were also invited to record their views as to the comparative value of the three different conceptual frameworks. Each student was asked to indicate their preference of model for its comprehensiveness, rigour and practicality in applying an ethical analysis, and invited to provide supporting comments as to the

reasons for their choice. Any additional observations were recorded by mean of module assessment and feedback, circulated questionnaires, participant interviews, and plenary discussions. Results were captured and compared over five academic years (2008/9, until 2012/13), as obtained from ten cohorts in total. Questionnaires were completed and returned by 165 students in total, comprising 35 students in 2008/9, (broken down below as 21 in Semester One and 14 in Semester Two) and 32 students in 2009/10 (22 in Semester One and 10 in Semester Two), 29 in 2010/11, 34 in 2011/12, and 35 in 2012/13. This constituted the majority of the student population (a total of exactly 300) enrolled on the MBA course for the five academic years under consideration. The results are summarised below at Table 6.1.

#### 5.4.1 Conceptual frameworks and participant responses

	Fisher and Lovell (2010)	Crane & Matten (2010)	McEwan (2002)	CMD(Kohlberg) PREP (2013)
2008/9 Semester 1	3	1	2	15
2008/9 Semester 2	1	2	1	11
2009/10 Semester 1	2	1	2	15
2009/10 Semester 2	2	1	1	7
2010/11 Semester 1	-	4	-	11
2010/11 Semester 2	1	3	1	9
2011/12 Semester 1	-	2	1	14
2011/12 Semester 2	1	3	-	13
2012/13 Semester 1	1	6	-	9
2012/13 Semester 2	-	8	1	10
<b>TOTAL</b>	<b>11</b>	<b>31</b>	<b>9</b>	<b>114</b>

**Table 5.3: Preference as an Organising framework.**

There was a consistent preference across cohorts for the use of an adapted Kohlbergian framework as an organising principle as compared with other approaches. The findings

from questionnaires (the research instrument is at Appendix E) indicate that students found the PREP framework easier and quicker to assimilate and apply than traditional philosophical enquiry alone, or alternative framework models. All enrolled students were asked to complete a questionnaire during the five year (ten Semester period). A total of 165 completed questionnaires reflected a 55% response rate, a high rate explained by the voluntary completion of questionnaires as part of an end of module review conducted in the final scheduled seminar. The findings are consistent over semesters and years in stating a preference for the Kohlbergian framework, though it should be noted that in 2012/3 there was a change in course structure so that instead of the relevant module used to collect data being a core MBA module it became an option across a suite of Masters degree programmes including an MIBM, and Masters degrees in Marketing, Public Relations and Operations Management. This affected the very last set of data collected where the Crane & Matten framework fares better, perhaps because it is a relatively accessible text. Of a total of 165 respondents, 69% expressed a preference for the PREP framework, followed by 19% for the Crane & Matten framework. The overall trend remains similar and provides clear evidence that an approach which is transdisciplinary in nature, combining insights from both developmental psychology and moral philosophy is consistently the most effective in engaging MBA and postgraduate students. Recorded below are illustrative typical comments, taken from a range of participants.

Comments from participants concerning the PREP framework :

“The CMD model makes sense, as it reflects my own experience and I have studied Kohlberg before in a different context”

Source: British educational manager, and psychology graduate who quickly understood the re-application of CMD to frame moral theories

“The PREP framework allows for me to make sense of pluralistic analysis”

Source: American stock jobber, come to the UK for full-time study considering career change, and reflecting on moral challenges encountered issue in his previous work, with no previous exposure to the use of moral theory

“ PREP is easily applied from each of the three main perspectives, and makes some sense of an employment issue for my family’s firm”

Source: South Indian, with a manufacturing background due to assume control of part of family business and in UK for full-time study and skills building prior to his return

Comments from participants concerning competing frameworks :

“Crane and Matten summarize most normative theories well, but do not then really provide a specific methodology for their application ”

Source: Philippino IT specialist with previous management education, which did not include an ethics component

“The McEwan ‘moral compass’ is overloaded in attempting to incorporate too wide a range of theories”

Source: Nigerian banking employee seconded to full-time MBA, planning to return to the same sector on completion of studies

“The Fisher & Lovell ‘map’ of ethical theories is questionable in its placing of Virtue theory, although the theory itself is well explained”

Source: Serbian middle manager settled and working in the UK in the IT sector, but planning a career move

The inherent risk of biased results from students enrolled at UWL, however scrupulous the attempts made by the tutor to offer an unbiased explanation of different framework models has been acknowledged (see 4.5), however it has also been possible to collate data from postgraduate students at another university on the practical relevance of the PREP framework for ethical analysis. This was achieved through an opportunity to deliver of joint seminars on developing ethical skills at the beginning of Masters courses with academic colleagues from a University of Birmingham short course. Included below are brief sample remarks from students recorded at the end of the 3 day short course:

“The CMD model structures moral theories I have come across before individually, but organizes them in a structured way”

“An effective way to introduce a new way of thinking about business activity”

“I studied Kohlberg as a psychology student, and framed in this way his

ideas work for ethical analysis”

(Sources of specific student background and experience could not be captured on this short course, though all were postgraduate vocational Masters enrolled students)

The data from these students provides an independent and consistent witness to the accessibility and practicality of the PREP framework, though due to time constraints these students were not introduced to comparative framework models.

In summary, case studies from a total of ten student cohorts at UWL and elsewhere demonstrate the feasibility and practicality of the PREP framework, as confirmed with postgraduate students from another U.K.H.E. institution.

### **5.3 Self-Efficacy and Business Ethics**

Bandura’s concept of perceived self-efficacy has been applied to entrepreneurship and is a useful way of evaluating the impacts of skills training on participants (Cooper, 2011). Entrepreneurial self-efficacy can be measured and evaluated, and the same approach is taken here to measure ethical self-efficacy. For this research students were questioned as to their confidence to conduct an ethical analysis at the beginning and ending of the ethics seminars to determine whether any increase occurred. The seminar room provides a safe environment for learning and for undertaking a limited and measured set of tasks, which provides the conditions for one of the factors which Bandura (1997) specifies as needful for improving perceived self-efficacy, which he terms as mastery. A sense of mastery develops in an individual based in part upon a measure of success and belief based upon proven experience. Conditions to gain mastery in ethical discourse can be created in the ethics seminar room. It is also possible on the context of an ethics course to provide different forms of ‘role models’ (such as the tutor, video clips, or guest speakers) which Bandura viewed as another key factor in helping to develop self efficacy. For Bandura the intent of self-efficacy is to build beliefs about capacity to produce levels of performance that allow a person to exercise an influence over events. Perceived self-efficacy determines how a person feels, thinks, and motivates themselves to act. This is not a perception out of touch with external realities, but a realistic optimism about set tasks. Self-efficacy is a sum gain of a sense of self-esteem and also having the self-confidence to complete tasks. A high ‘SE’ (Self-efficacy) person has focussed attention and non-

defeatist attributions, and finds difficult tasks challenges and not threats. This person is also able to recover from setbacks and to persist while maintaining lower stress levels and dealing effectively with anxiety. Given the acknowledged difficulties of ethical discourse examined in Chapter 3, the relevance to ethical discourse at work is evident.

### 5.3.1 Results for self-efficacy

A self-efficacy questionnaire (see Appendix F) was distributed to UWL course participants soon after the commencement of a range of postgraduate ethics courses. It was discovered that it was necessary to hold a few sessions before distributing the questionnaire as although students were post experience the basic concepts and vocabulary of ethics was not clear to some participants initially. Questionnaires were again distributed at the conclusion of the module. Data was collected from three cohorts from which 23 participants completed both pre and post course questionnaires (included at Appendix G). Using matched pairs to compare attitudinal scores the findings indicate consistent improved perceived self-efficacy among course participants on a series of 14 measures. The mean 'pre-course' mean attitudinal score was 50.61 and the mean post-course score was 56.08. A *student t* test was then applied [  $t(df)=t, p<p$  ] and results were significant at the level  $t(23)=3.879p<0.5$ , demonstrating that the intended outcomes of the ethics module have been met in developing practical skills in ethical discourse and analysis (see Appendix G). It does not however prove that any specific construct around which to deliver an ethics module might work as well, or better, or worse than another. It simply demonstrates that an ethics course can improve levels of self-efficacy. This is a worthwhile finding in itself, but does not directly meet the objectives of this study, so enquiry was not pursued further. The concept of self-efficacy is linked to personal belief in an ability to accomplish specific tasks or challenges, and of itself is neither self-respect nor self-esteem, which are more enduring personal attitudes, a higher level of perceived self efficacy however may lead to enhancement of both. Ricoeur (1992) has a specific understanding of self-esteem and self-respect which he regards as essential elements of growing personhood and which results in ethical competence. This for Ricoeur is more a task than an inherent quality of humanity and within the limits of our situatedness we are able to undertake this task and so to develop ourselves. For Ricoeur self-esteem arises from a person's ability to live according to the standards set by their own internal goals for personal conduct, while self-respect derives from an ability to live according to the

norms of moral conduct of the community in which a person is located. In viewing 'oneself as another' the subject defines themselves and so completes the hermeneutical task. This idea will be revisited in Chapter 6.

The focus of the research now moves to a wholly qualitative approach to determine the relevance of the proposed framework. Findings examining whether an ethics course improves perceived self-efficacy do not alone test the effectiveness of the method of delivery of the course. It must be accepted that a limitation of this study is that self-efficacy is not measured as an outcome for different forms of delivery of an ethics course, but MBA students are not laboratory rats and the tutor has a duty to deliver an ethics course not just for experimental purposes, so research activity employing different approaches to an ethics module to comparatively test the effect on self-efficacy has not been judged to be ethical.

## **5.4 Communicative reason and social learning**

The teaching and learning strategy adopted in the seminar room is based on a 'social constructivist' (Renshaw & Brown, 1995) view of learning. In this approach, learning is seen as a social activity, which is interactive, co-constructive, self-regulated by group members, and evaluates shared ideas and values. The emphasis is on what is happening to participants as learners, rather than on the teacher, and on participants' interaction with their peer group and with circumstances, events, people and experiences. Through this interaction, participants gain a personal understanding of their own and others moral perspectives. Constructivism is based on the belief that there are many ways to structure worldviews and there are diverse meanings and interpretations of an event or a concept. For Business Ethics this is an appropriate (though not exclusive) view of knowledge because participants' previous management and learning experience will influence the way future events and experiences have meaning to them. In a social constructivist curriculum the course tutor takes the role of one who creates and provides learning experiences and opportunities that facilitate the natural development of participants' mental abilities through various paths of discovery. Learning is therefore seen as much as a collaborative and social activity as one of personal critical reflection.

The workplace is a key location where learning is applied and where expertise is developed, but learning can be developed with the help of skilled tutors and teachers away from the immediate workplace context. Learning and teaching are concerned with the development of participants' professional knowledge and competence, and a useful approach relies on Enquiry Based Learning (EBL) (Kahn & O'Rourke, 2004). Tosey & McDonnell (2006) further develop the notion of the 'process of enquiry', stating that EBL is at best a process in which the learner has a significant influence on or choice about the aim, scope, or topic of their learning, and is guided or supported in the process of learning. It is the tutor's role therefore to provide enabling frameworks and to create a safe atmosphere for learning and reflection where challenges, successes, and failures can be re-examined from differing perspectives. This is a valuable launch point for a personal and communal learning journey, as each participant is encouraged to reflect openly on actual dilemmas they have faced, and prepare for situations they may face in future. Thus students acquire skills to examine, revise and refine, explain or defend their moral values. It is of course absurd to suggest that each student coming in to a seminar leaves at the door the 'background assumptions' that make up their 'lifeworld' (Habermas, 1984); the norms, shared expectations and understandings through which we make sense of our experience and also co-ordinate social action. Habermas understands this to form the scaffolding which shapes and forms the horizons of our communicative understanding, that is the social, cultural, and personal aspects of life that are integrated and reproduced by communicative action. The Masters student becomes a member of a new community of learning upon enrolment. As part of that University community a student in part suspends participation in the workplace community which forms their background, and becomes open to an expansion of their hermeneutic horizon through participation in a new community and new learning experiences.

#### **5.4.1 Habermas, rationalisation and communication**

Habermas (1990) takes a positive view of Kohlberg's CMD despite its many critics (Finlayson, 2005, p.72). This endorsement however does not prevent his creative amendment of CMD. He extends the notion of CMD from the individual to the development of society at large. If the moral development of individuals is a learning process that can be analysed into logical stages, for Habermas this can also be traced in whole societies. As a modernist he claims that developing societies based on kinship

share religious traditions and authoritative tribal figures, whereas modern societies based on universalistic moralities are *post conventional* in their moral outlook. Ironically this view leaves Habermas open to some of the same criticisms levelled at Kohlberg, but it reflects his belief in the value of communicative reason. Habermas wishes to sustain the project of modernism, and continue its development from Kant. While he accepts Kant's moral reasoning processes, he criticises him for being 'monological' in that his development of norms of behaviour neglected dialogical processes. Habermas advocates a discourse theory of morality which allows for the refinement and testing of moral reasoning through critical discourse. He is an idealist, and as such aims for the ideal of the emergence of norms of behaviour based on rationally motivated consensus.

It is not necessary to agree with his attempted continuation of the modernist project to accept the value of Habermas' discourse ethics. In any discourse a speaker's truth claims are able to be tested for 'validity' by a questioning listener. Habermas breaks this down into two elements, which are elucidation and justification. A speaker's assertion therefore both needs to be clear and precise in its statement and also needs to be capable of being defended with supporting argument. The value of this dynamic of discourse ethics within the seminar room is self-evident, as in a controlled situation participants are able to test and develop their skills in questioning and applying the introduced concepts as a process of skills development in ethical analysis and conversation. This is done within a relatively safe environment where professional and work reputations are not put at risk while moral positions are tested and applied critically.

All potential speakers are allowed equal participation in a discourse. Everyone is therefore allowed to:

- Question any claims or assertions made by anyone
- Introduce any assertion or claim into the discourse
- Express their own attitudes, desires or needs

Additionally, no-one should be prevented by internal or external, overt or covert coercion from exercising the above rights. Habermas (1990) argues that these are not merely conventions, but inescapable presuppositions of rational argument itself. Thus someone engaging in an argument without accepting the above is either behaving strategically (deception) or is committing a performative contradiction (hypocrisy). The skilled tutor can guide discussion in the learning laboratory to create the conditions for Habermas' preconditions to be met.

## 5.5 Case studies in the field

The field research seeks to take the revised framework into a range of contexts where the complexities and frustrations of real life decision-making exist, to determine whether in a range of diverse contexts the framework can provide a practical tool for managers and other professionals. Field interviews are planned and conducted across a range of organisations and functional areas, and designed to include a sample of diverse positions of responsibility representing different organisations and different challenges. The whole population of business practitioners, if not infinite, is immeasurable, and the sampling method adopted inevitably involves judgement sampling to select as far as possible interviewees who represent a range of public and private sector organisations, heavy and light industry, manufacturing and service organisations, and a gender balance of interviewees. The interviews are relatively brief, constituting a ‘snapshot’ of on-going conversations with an ethical element, which form part of our daily conversations and reflections. The organisations selected include examples of both individual and organisational ethical challenges in varied contexts. The research is designed to sample ethical thinking about dilemmas at both an operational and managerial level, and also from a strategic leadership perspective afforded to organisational leaders (the interviews are ordered below to accord with transcripts included at in Appendices B, C, D - dates of selected case interviews are diarized at Appendix H). Interview transcripts are classified by a key with three elements:

1. Category:                      Op - operational staff  
                                            Dr - Directors  
                                            Mn – Managers
2. Organisational type:      Co - Company  
                                            Ps – Public Sector
3. Person initials:              YH (disguised where requested)

### Case Study Dr-Co-DO

One of few female members of the Institute of Directors, this interviewee is the founder of a small media and film production company working with major British media and film organisations and closely involved with industry wide apprenticeship schemes.

*Q. So there's an ethical issue there - does the framework you've seen help you think it through?*

A. I think the answer is ... it will do!! I'm not quite there yet, there are different aspects to this. Apprentices themselves have a valid self-interest in getting on the work ladder, but the self-interest of exploitative employers is really of a different nature. And moving through the model to relational ethics, I can see how the Government will claim apprenticeships are for the good of society as well as the individual, but as I said just now I think there are sometimes other motives behind this.

(Appendix C1: line numbers 39-45)

*Comment:* The Director's concerns are with truth telling and the role of the company in society, and the bias in her underlying thinking is towards issues of social justice in the treatment of young people. Each element of the PREP framework has relevance in this case.

#### Case Study Mn-Co-SG

This is a female General Practitioner working for a local practice and for other NHS bodies, which effectively represents a mix of public and private sector organisations. In both contexts there are tensions between financial constraints and the quality of care provided.

*Q...how would you say those ideas match to the framework that I showed you..?*

A. Well, it may be ironic that my profession begins and ends with an ethic of care, but we've put a strong emphasis on self-interest in this conversation so far, and in that sense I think the framework is very realistic in its emphasis as significant. Looking at other aspects of this framework, a 'relational' ethic as you call it is really the whole foundation of the NHS in the U.K. so for us it of course pretty central. As for ethics of principle, it was those theories which were used in our ethics course at Medical School, so they make sense to me, in theory at least. In practice, I don't worry much about those theories in the course of my work, so the framework is a useful way of bringing them to mind

(Appendix C2: line numbers 30-39).

*Comment:* Given the whole ethos of the NHS relates to care, it is revealing that this interview evidences the necessity to recognize self-interest in a work context. This is balanced by a subtext of ethics of duty for this Doctor as an NHS employee.

### Case Study Op-Co-YH

This interview relates to a female personal banker who is party to inside knowledge on the practices and values of people working within financial services. This sector is difficult to access regarding personal frank interviews, and illustrates the realities of the barriers to effective moral discourse at work.

*Q. What about this framework model we have looked at? Do you think it helps to provoke ethical thinking.....?*

A. It gives a very comprehensive picture, and forces you to look at things from different perspectives (line numbers 84,5).

..the framework is helpful, and explains different ways of looking at things

(Appendix C3: line numbers 102,3).

*Comment:* The interviewee's moral reasoning is complex, but clearly dominated by a sense of justice rather than a relational ethic. The differing perspective afforded by the PREP framework are acknowledged, including here an ethics of virtue to do with truth telling.

### Case Study Dr-Co-CG

This case refers to a senior partner of a firm of solicitors in a rural town facing significant change in the profession's values and methods of conducting business. It considers how such change has to be managed in setting the ethical standards for the interviewee's own legal partnership in the context of a changing competitive environment.

*Q. How does our model reflect your own values and ethics?*

A. It's a fairly good reflection, we must run as a business and so self-interest is really behind much of the work we take on, but not at the cost of maintaining good relations with clients in supporting them or at the cost of moral principles... so it's quite a good model, which also reflects changing times.

(Appendix D1: line numbers 86-91)

*Comment:* The partner's concerns relate to the commercialisation of legal services and its impact upon client care. The interviewee gives evidence of a balanced approach to moral dilemmas according to the PREP framework, as issue of justice interrelate with other considerations which are all considered.

### Case Study Dr-PS-PC

This case refers to a public sector trust in process of a culture change imposed by central government and requiring the introduction of private sector contracts and processes. This creates conflicts between Executive Directors each with differing professional skills and backgrounds, and holding conflicting values. This pressure leads to other ethical challenges reflected in their interpersonal behaviour.

*Q. Does the framework adequately grasp different ways of looking at the situation?*

*A. Yes it does, but two people can still put a very different spin on how they see these issues. Using your framework I would say this MD can only do things his way, which is with a strong element of self-interest, and this is not a private company.*

(Appendix D2: line numbers 143-148)

*Comment:* The interview evidences contrasting understandings of personal integrity, and personal perspectives of virtue ethics dominates in this context. The PREP framework is acknowledged in the context of subjective understandings of moral dilemmas.

### Case Study Dr-Co-WW

This concerns a public Media company, and is an issue of ethical conduct examined at director level. A main board director was concerned at the non-disclosure of a personal interest by a senior manager.

*Q. Do you think this framework can help do that ?*

*A. Yes, I have no issue with it – it's the discussions which are more important than how you get them going.*

(Appendix D3: line numbers 111-113)

*Comment:* This interviewee's thinking is characterised by an ethic of duty and the need to maintain personal integrity. This case study has more to do with behaviour of individuals than company policy. The issue concerns the misuse of trust, abuse of power, lack of honesty and integrity. The interviewee evidenced an ethic of integrity, also being concerned with the duties of an employee. His acceptance of the PREP framework as encompassing perspectives enabling a discourse are significant, as this was one Director prepared to openly discuss difficult issue with other Board members.

### Case Study Mn-Co-SB

This is a private sector case examine at managerial level. The company is a major contractor in utilities industry employing personnel working mainly at remote sites belonging to major water companies nationally. The key ethical issue is the need to monitor the safety of working personnel, which needs to be balanced against intrusive personnel monitoring which could infringe their rights.

*Q. The framework we have considered, does it help you organise your thoughts on this?*

A. Well, yes it helps create a balanced perspective although for me there was not much of any element of self-interest in the dilemma we have discussed.

(Appendix E1:line numbers 100-114)

*Comment:* The interviewee's values and ethical thinking concerning the dilemma is characterized by concern with the employer's duty of care which conflict with an acceptance of the right of privacy for employees.

### Case Study Mn-PS-HC

This is a female middle manager working for a public sector educational provider facing an issue relating to the integrity of academic writing by a colleague to whom she is a mentor, which is to be submitted as part of a Masters degree. It is of interest as within education a significant emphasis is placed as a value on academic integrity, even though it has no direct financial short-term adverse implications for the organisation.

*Q. Does the framework we discussed help you organise your thoughts on the matter?*

A. I think it does, yes. There is certainly an element of self-respect in my continuing with the project after I became aware of the implications, and I am being paid as well to do it!!! You could call that self-interest. The relational element explains why I'm aware that what others may think does affect my motivation to see it through. The final element is interesting though not wholly consistent – I do worry about issue of honesty in a paper like this, and I guess justice also comes into it.

(Appendix E2: line numbers 83-91)

*Comment:* The interviewee accepted the new perspectives afforded by the PREP framework, her comments are of note in that it helped her understand how others may see the situation.

### Case study Op-Co-JT

This person works at an operational level as a customer services manager of a commercial airline. The main issues relate to rigidities in organisational procedures which lead to harsh treatment of customers and resulting in missed flights. There is only limited discretion afforded to operational staff dealing with marginally late passengers, and a policy intended to avoid flight departure delays caused unintended harmful effects, sometimes to vulnerable passengers unable to rush to a departure gate and delayed through no fault of their own.

*Q. Where you've talked to colleagues, does the framework we've seen adequately cover all the different ways of looking at the issue?*

*A. Yes it more than provides ways to talk about the issue, some more than we really need.*

*(Appendix line numbers 118-121)*

*Comment:* The values of this interviewee are characterised predominantly by an ethic of care, and the framework provides more than sufficient resource for the task.

In all of these cases, conducting the interviews was based on the promise of absolute confidentiality. The aide memoire was provided beforehand, and in practice interviewees all requested anonymity and the extent to which interviews could be recorded and transcribed was limited. Directors were in a confessional mood, and two were considering leaving the organisations concerned at the time of the interviews and have both since done so and taken up duties in other organisations. Interviewees were offered the full transcripts of interview (see examples at Appendix B) to amend if they wished prior to the final transcripts, which were subsequently the basis for analysis and coding of emerging themes (examples of coded interviews at Appendices D and E, taken together these appendices form a complete record of interviews).

### **5.5.1 Findings of field research**

Field-testing conformed the proposition that the framework is an effective platform for ethical analysis, and decision-making. This was proven in the sense that interviewees readily assimilated and applied the framework in very different contexts. The finding is critical but not controversial, and is perhaps unsurprising as the framework retains the essential quality of being grounded in human behaviour rather than idealism, starting as it does with an initial consideration of self-interest. It was however also found that there are

other factors which materially impact upon the process of ethical decision-making. The case studies demonstrate the complexities of ethical issues in the real world. While fieldwork proved the framework proves itself to be robust and adaptable, the interviews each indicated the significant extent to which the dilemmas and the life-world of the individual and the organisation shapes the use of ethical theory. The issues involve complex interactions of cause and effect, but it is nevertheless possible to identify a range of factors which shape values and conduct, and commonly occur across the selected case studies. The significant factors which influence a person's moral thinking which can be classified as either personal or organisational factors, and are considered in Chapter 6.

## **5.6 Validating the proposition**

Taken together findings from seminars and field interviews confirm the viability of the proposed PREP framework, and the validity of the thesis proposition that a transdisciplinary approach can be created which crosses the boundaries between developmental psychology and moral philosophy to which both MBA professional students and practitioners can readily relate. Construct validity was demonstrated in that consistent data was obtained from multiple sources in the primary research as to the value of the framework. Seminar findings confirmed internal validity, as similar patterns of data were obtained from ten different cohorts. In the field replication of confirmation of the usefulness of the framework also provided external validity.

Developing ethical awareness among MBA professional students remains challenging, but it can also be also engaging when structured as a social learning experience to stimulate personal reflection. In the workplace the language of ethics is collaboratively developed and defined, and ethical conversations are initiated and shaped by managers and leaders. Skills are needed for this task, which can be developed in a context which is work related but a separate space, where competences and skills can be developed for use at work.

## **5.7 Conclusion**

The chapter recorded the findings of the primary research, consisting of testing the proposed framework in the seminar room and in the field, and confirmed the validity of the proposition. The use of the seminar within Masters level Business Ethics courses as a

learning laboratory was discussed and implemented. Bandura's (1997) concept of perceived self-efficacy was applied to students who participate in Business Ethics modules, in order to test whether the completion of a module increases the individual's sense of self-efficacy among participants. In the seminar room The PREP model also provided the groundwork for personal cognitive mapping as ethical awareness develops. Remarks made by students on completion of the module inform ways in which it may be further developed as an enabling framework for ethical reflection. For practicing managers observations captured in the interviews revealed the relevance of the model but also an unexpected finding that there are other influences in the workplace affecting the process of ethical decision-making. Both findings are further examined in the discussion in Chapter 6.

## Chapter 6: Discussion of results and findings

Primary research has proved that the proposed framework model proved robust in use in both the seminar and the field, but also indicated it can be developed as a more flexible analytical tool than originally conceived. Findings emerging from field interviews also inform a reconsideration of the Process model in this chapter.

### 6.1 Creating personal cognitive maps

The design of ethics modules for UWL MBA course participants was intended to allow for the introduction of further moral theories throughout the course, and to enable the participant to assimilate, critique and apply each introduced theory. In so doing each student was potentially able to undertake personal adaptations of the framework model by the end of the course. Discussions with students demonstrated that the model can be freely tailored as a personal construct to be used for self directed study for their own learning journey. Students are able to create their own mental maps, including or discarding specific moral theories as they shape and enrich their own worldview. The original mediated theory becomes personalised conceptual mapping as it is assimilated, understood and owned by the course participant. Adopting the proposed framework allows each individual to create his or her own understanding of the ways in which the different schools of thought which comprise a body of ethical theory can be organised into an adaptable cohesive framework. Personal cognitive maps are not ‘steady state’ models but are able to be altered and redrawn as fresh moral challenges arise and as new theories are considered. To illustrate this point the example of one specific student’s view of environmental ethics is considered:

“None of these models adequately covers different approaches to environmental ethics, yet this may be the most critical issue of all for us, we are all connected to the natural world in which we live.”

Source: Nepalese full time student who had previously worked for an N.G.O in rural areas concerned with poverty alleviation and sustainable small business ventures

Figure 6.1 below represents this student's typology of key ethical theories with which she wishes to engage. Theories of environmental ethics are here classified as relational, and a radical view of environmental ethics ascribes rights to other living creatures, or even to all living organisms. Clearly this is one area of situational ethics where traditional ethical struggles to provide adequate means of analysis. A significant literature emerged in the late 1990's (Hodge, 1995; Field & Field, 2002) to address growing environmental concerns which, in relative terms, we as the human race have suddenly realised may be a major threat to safety and prosperity in the near future. There have been repeated attempts to rework traditional economic models to account for environmental degradation (Bowers, 1997), as a result of which initiative such as Carbon Trading have developed which are seeking to put a price on the cost of pollution. In theory this enables a market to be created which in time will enable business to operate while recognising and accounting for the true cost of uses of natural resources. Others however are sceptical that adjustments to traditional approached to business are sufficient to change trends and habits, and a more radical literature advocates sustainable development actively engaging environmental management (Starkey & Welford, 2001). Even the notion of sustainable development is itself is based on a questionable proposition (Dresner, 2002) that continuous development will be possible in future in the same manner as in previous decades. Hargroves & Smith (2005) propose a relational ethic (modeled in 'sustainability compass') actively engaging multi-stakeholders in business decisions involving ecological systems and natural resources.

These ideas have different sources, as would be expected in a newly emerging field. Earlier work dominated by economists rethinking traditional economic theory, but has more recently included academics from other disciplines (marketing and strategy) as well as ethicists from a philosophical perspective (Newton, 2005; Desjardins, 2007). The issue can be seen as more pragmatic: how to change business behaviour at the level of the firm to a more environmentally friendly attitude. In Welford & Starkey (1998) academics and business leaders headed by Michael Porter together advocate a green strategy (Porter & Linde, 1988) as a means of competitive advantage. This nevertheless remains an anthropocentric approach which considers enterprise as a drive to meet mankind's needs as a priority. However questions are being asked as to the fundamental viability of this worldview, and as to whether what is now needed is a paradigm shift to an eco-centric view of business activity (Newton, 2005) which understands that not only are our

business systems embedded in human social systems, but that human social systems are themselves only part of an ecosystem from they cannot be divorced. Lovelock's (1979) 'Gaia' theory influenced the growth of new approaches to Natural Capitalism, and is an ethic which does not fit easily with traditional theory. He has maintained consistently a radical view of our relationship with the bio-system on within which all animal life survives. His work pioneered the development of 'deep ecology' and can also be understood as a *relational ethic*. This is not however a relational ethic between people, but between humanity itself and its whole environment in which business systems as part of wider social systems, and social systems of living creatures as an integral part of whole eco-systems. 'Gaia' is convincing in principle, but according to Desjardins (2007) no great progress is as yet being made in real world changes to business activity. Gaia theory can be classified as a 'relational ethic' exactly because the concept emphasizes the interconnectedness of human social systems with the eco-system of which they are a part. The ecosystem encompasses our social systems in the same way that human social systems encompass business systems. The relational element of a revised PREP framework which includes two selected environmental theories was drawn by the Nepalese student quoted above as:



**Fig. 6.1: Relational Ethics - A personal view**

This is one example of a personal appropriation of the PREP framework. It is apparent therefore that there are numerous and disparate ethical theories which could be applied to dilemmas. Any scheme of ethical 'resources' therefore needs to be sufficiently adaptable to allow for the inclusion of new theories providing insights for the user, and also for the

substitution of discarded ethical theories. Participants have varied personal understandings, represented by remarks such as:

“I am interested in exploring Kantian theory and its relationship to distributive justice, both are in harmony with my faith”

Source: German secondary education teacher, working now in UK private education, well versed in ethical principles, studying while at work.

“I would like to understand Machiavelli better – not sure if it is ethical though, as self-interest becomes more important than loyalty, but I do believe that self-interest drives lies at the heart of all business activity”

Source: Italian mature student with MNC background now establishing import/export agency.

“We hear much of Business in the Community. I need to see where community based perspectives fit in an overall scheme”

Source: British bank employee (project management) concerned about role of retail banking activity in the economy, and now planning a career change

A complete synthesized framework mapping theories favoured by these participants can be constructed as below:



**Figure 6.2: An example of a personal cognitive map**

This example of a proposed cognitive map distinguishes different forms of egoism, allowing for a more nuanced understanding finessing of a self-interested perspective.

Machiavellian (trans. Bulliccolo, 2003) self-interest included here takes an amoral stance which would at first sight seem anathema to ethicists, but it is a work of some interest to managers (Ledeen, 1999) in that the pursuit of power is taken to be an overriding priority before other aspects of effective governance are considered. In *The Prince* Machiavelli does not so much advocate immorality as leave issues of moral conduct to others, as the role of the ruler is to acquire retain and use power effectively. It can be differentiated from Rand's (2007) self-interest which has Nietzschean origins and is more limited in its horizons to the individual's personal interest to the entire exclusion of other considerations.

This synthesized example of an applied PREP framework illustrates how each person can build their own cognitive map consolidating the development of their individual understanding. This particular example classifies 'Virtue theory' as a form of self-interest because the focus on the character of the actor is more significant than relational elements of an ethical dilemma, or the application of concepts of rights or duty. It has already been seen that Virtue theory is particularly awkward to classify in a summary model. If Fisher & Lovell's view was followed then Virtue ethics might be broadly classified by an individual as more concerned with principle than with practice, but that view is here understood as in contradiction to the teleological nature of virtue theory. Even though frameworks are by definition a form of simplification which cannot avoid a degree of reductionism, this does not necessarily invalidate the value of a framework in ensuring that a pluralistic and comprehensive approach is taken to ethical analysis, it just means that the analysis is of greater use than the framework itself and that the use and limits of any framework need to be fully recognized. The point is that if the proposed framework developed there is adopted then each person can build their own understanding of how the theories can be classified and applied, and adapt their own model as their experience and understanding of diverse ethical perspectives grow.

Others have used the framework differently e.g. several of religious belief have adopted the principle of 'stewardship' and therefore include faith as a relational ethic. The particular example of a cognitive map at Fig. 6.2 includes religious belief as a relational theory. Not every student agreed on what this constitutes, and some preferred to omit its inclusion at all as an ethical point of reference. However, as McEwan (2001) recognizes, personal belief in God is a significant influence in many individual's values, and for them

needs therefore to be included as an integral part of their own conceptual map. It is classified in Figure 6.2 as a relational ethic because at the heart of each of the three major Abrahamic faiths (which constitute the major forms of religious belief globally) is a perspective believing that a person exists in relation to a being greater than themselves to whom they are understanding, and to whom each must give an account. Despite irreconcilable doctrinal differences about the nature of faith, there is much common ground between the Abrahamic faiths when it comes to ethics and morality. At the heart of each faith is an understanding of stewardship as a human responsibility, which can be seen as a relational ethic in that stewards must render an account of their actions. Here are two examples of participants who wished to include faith in their framing of ethics:

“I work for an Islamic organisation broadcasting company, and my belief affects how I think about ethics”

Source: Employee of Islamic broadcasting company base in West London

“I would like to fit these theories with a Jewish worldview”

Source: Orthodox Jew working in property development in North London

Clearly these are personal worldviews which will not be replicated by others, but can be accommodated in adaptations of the PREP framework. If it is reductionist, it is also comprehensive and adaptable. The framework serves as a cognitive map to be changed as it charts further personal growth and development. The framework allows each individual to continuously develop their own personal ethical awareness. Moreover the PREP framework preserves a balanced perspective, even if specific theories adopted vary in selection and emphasis, because the approach always incorporates elements of the self-interest, which is a key motivator in the business world. The framework requires the inclusion of relational ethics, and the nature of business as transactional must by definition also be relational, and encompasses both consequentialist and non-consequentialist perspectives.

## 6.2 The developed PREP framework

A final adaptation of the proposed PREP framework is constructed at Figure 6.3. The developed framework deliberately includes overlaps between each of the three major

perspectives. This renders the framework slightly more fluid and is therefore a better reflection of the complexities of each ethical theory when more carefully considered. For example Virtue ethics may be primarily self regarding but the goal of virtue ethics to live the good life in community means that the individual does not develop ethics in isolation but in that person's relation to community. Similarly, in Kant's ethics of duty each maxim needs to be evaluated in the context of its impact upon or the views exercised by others. His categorical imperative is idealistic and therefore normative but the practical application of his principles requires to be thought through in social settings, whether real or imaginary. Categorisation must inevitably be an inexact science.

Feedback from participants indicated diverse ethical priorities, for example :

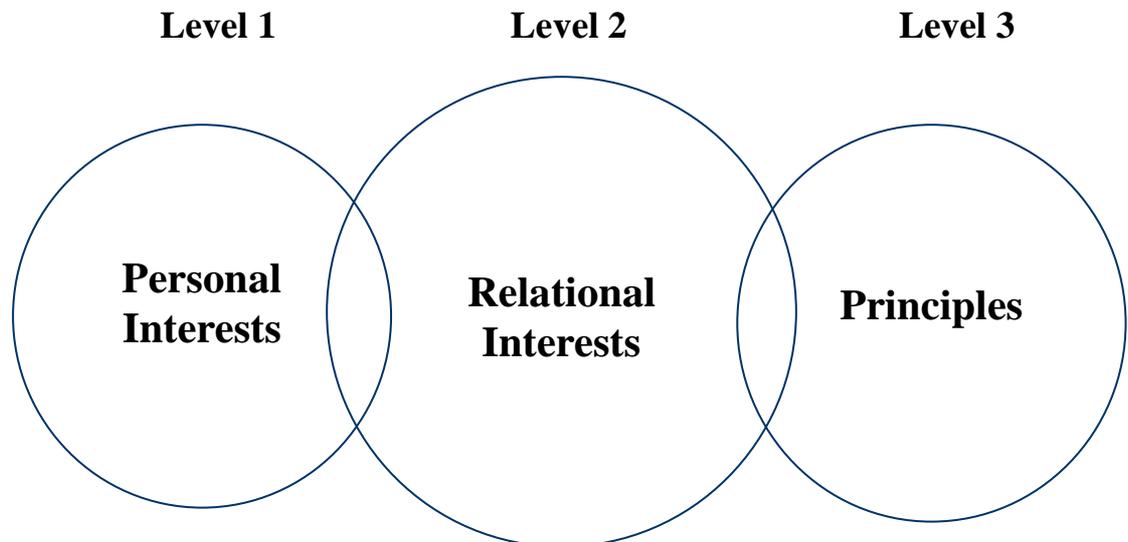
“Companies need to consider all their stakeholders, not just shareholders for a successful long term strategy”

Source: Canadian full-time student, who had resigned from working for the New York Stock Exchange to consider career options while studying.

“Multinational companies have a massive impact on the distribution of wealth, and must consider their impacts in the countered they operate”

Source: UK migrant of Australian origin, working in Financial Services at Canary Wharf, with a background in merchant banking and facing concerned as to negative impacts of MNC's activities on local social and environmental systems of mining and logging companies in which she has previously advised clients to invest

The developed framework can represent differing personal priorities if one element is given an enlarged emphasis. In Figure 6.3 the above comments are reflected to emphasize relational ethics.



**Figure 6.3: The developed PREP framework**

In this application relational ethics is deliberately larger in scope than self-interest or ethics of principle. This maps a greater emphasis by one person on one perspective of moral thinking, though ‘principles’ could be allowed greater or less emphasis according to the preferences of each person, and may vary in different situations. Kohlberg understood these differing emphases to shift according to ‘invariant linear moral development’, but it is not necessary to accept this view to understand how each person will accord differing weights to each perspective

The developed framework has proven to be useful in controlled situations, though it needs to be rendered more adaptable to each individual’s personal psyche and understanding. Field interviews illuminate the use of the PREP framework as part of the process of developing ethical awareness.

### **6.3 Discussion of Fieldwork**

While the framework has proved competent and adaptable to promote and structure deliberative thinking, field interviews revealed there are other influences factors affecting awareness and conduct that cannot be ignored in a holistic and balanced approach to applied business ethics. It emerges from an analysis of the interviews these influences vary according to the issue, the person, and the situation. These are recognised as emerging themes in the coding of interviews at Appendix A.

### 6.3.1 Emerging themes

Emerging themes from the field interviews were identified by document analysis conducted through iterative readings of interview transcripts until common themes were identified (these themes do not necessarily accord with the actual language and vocabulary used by the interviewee, the theme is identified through ascertaining the perlocutionary intent of the interviewee). The ordering of emerging themes is structured using a classification adapted from Trevino's (1986) and Dienhart (2000) interactionist models (see Figure 2.2 and 2.3) which identify personal and situational moderators affecting ethical awareness. Transcribed fieldwork interviews are all included for reference at appendices B, C and D. To provide evidence of the coding process, they have been included as:

Appendix B (B1: Dr-Co-DO; B2: Mn-Co-SG; B3: Op-Co-YH) - uncoded transcripts

Appendix C (C1: Dr-Co-CG; C2: Dr-Ps-PC; C3: Dr-Co-WW) - coded for personal influences

Appendix D (D1: Mn-Co-SB; D2:Mn-Ps-HC; D3:Op-Co-JT) - Coded for situational influences.

At Appendix A these emerging themes are identified in groupings of colour-coded remarks from interviews, together with references to original interview content. In this chapter the context of the original interview is lost because interviewee remarks are collated, but this is helpful to identify common themes regardless of specific people and situations. The personal variables identified as common themes running through the interviews found *integrity, values, and locus of control* to be pervasive themes. For situational variables these were found to be *work context, organisational culture, and leadership*. These in turn are relevant to developing the ethical manager, and the ethical organisation.

## 6.4 The ethical manager

The stated aim of this thesis (see paragraph 1.9) is to raise ethical awareness among practitioners, which requires ethical thinking, discourse and practice (see Fig. 3.3). The ethical manager requires as a core competence the ability to sustain ethical conversations.

It was observed in Chapter 5 that Habermas' (1990) ideal discourse is unlikely to ever be wholly attainable in the workplace, where freedoms of expression are seldom equal among those of differing seniority. His conditions of discourse are however a valuable guide to managers in guiding workplace discussions. For Habermas the ideal discourse starts with the participants having the competence which allows them to speak and to act. He also stipulates that for an effective discourse to be possible participants must be able to question assertions, express views, and to introduce new ideas, in other words no prevention of free speech. This may be a 'wish list' not easily achieved at work, but it emphasizes only in the space between people can communication occur. Habermas' notion of collective decision-making based on consensually grounded norms and values relies on the exchange and critical evaluation of ideas. This is the task off the ethical manager. Each individual is unique, and the following influences are key differentiators in the work context.

### 6.4.1 Personal Influences

#### Values

Personal values are formed in the psyche of the individual, comprising core beliefs which influence moral thinking and shape conduct. A value has been defined as 'an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state' (Rokeach, 1973 p.5). Personal values are forged over time through experience and because they are unique to the individual, they may or may not conflict with shared values which operate within an organisational climate affecting all the organisations members. Personal values matter at work because individuals bring them to their role, and personal values inform thinking and shape conduct. Remarks directly or indirectly referred to interviewee's personal values are collated at Table 6.1, extracted from the thematic analysis. For reasons of for brevity two sample interviewee remarks are selected and here re-contextualised from the thematic analysis for personal factors (colour coding is retained) to illustrate the influence of personal values:

There is a real clash of values here, and the reactions of those who have been in the profession for a while has been very interesting (DR-Co-CG lines 64-67)

*Comment:* In this interview the senior partner of a law firm witnessed the clash of professional and commercial values among experienced practitioners following structural change allowing entrepreneurs to own legal firms, the interview makes clear this presented a dilemma challenging the values of the firm's partners. The interview records that the partner's values affect his decision on the firm's policies.

The course leader shows apparent sympathy for my views but I think is driven by a different agenda than our own College, and in the end treats people according to her values not mine (Mn-PS-HC lines 117-119)

*Comment:* This is a clash of values between two educational managers working in different sectors, one more concerned with recruitment and achievement rates, the other with quality. HC has found that the values she espouses conflict with the requirements of the task, and would affect a future decision to continue the collaboration.

Other interviewee remarks which reflect personal values are:

the Chief Executive was not at all concerned with details, she wanted the headline accounts but pointedly asked not to be informed of all the details, of the minutiae. She was much more concerned with the public face of the service and with interfacing with Government
I think he resented an outside appointment from the private sector and a different approach to doing things
I don't think the guy's without any ethics – in fact he has quite strong views about how things should be done, more an old public sector ethic –he just can't or won't adapt to more openness, more accountability
He wants money spent on his staff, and nothing else
I will move on, I think I'll have to because I do not trust the MD's and his values, if not entirely wrong are very different from mine. What I really object to is his lack of personal courage in telling me about things. He has used pretty devious means to try to achieve his goals
the MD will find he cannot just continue be a an old fashioned line manager as he used to be, he now has to be accountable for his actions to a Board which includes people from outside the organisation who will expect him to run the Trust in the way the current Government thinks, expects, not the old ways
Yes, one policy was a communications policy, quite strong values really.
he worked from the perspective that he thought that he knew when things were right
sometimes you can and sometimes you can't, so you use your own discretion at times.

It 's a dilemma because you feel for the person, if it's not been their fault, it's through things like the way the airport's designed, and stuff like that but even then we are very clinical in how we cut off on the time to improve our punctuality
I don't think it 's good enough, there's an abuse of power in what happened.
he has certain duties which just don't seem to register enough.
ethics does matter to some of us.
now things are shrouded in conditionals...if there is no conflict of interest... and so forth. I don't like it
the idea of the old professional person may seem pretty inefficient in to-day's corporate environment but it sits very uncomfortably with me
assessing them for potential profitability rather than looking at providing a professional service. There is a real clash of values here, and the reactions of those who have been in the profession for a while has been very interesting
The ethics I did before qualifying was at that time more comparable to medical ethics in content, and though as I it didn't meant that everyone necessarily followed it all the reaction of my generation to the Stoke case I told you about shows how those values are now being challenged.
I am happy to comply with 'doing as I would be done by' but too often what is called a 'celebration' of diversity seems to become a platform for other religious group to take liberties in promoting their beliefs in a way I am not comfortable with
I think some of this conflict is down to slightly different values between the University and the College
The course leader shows apparent sympathy for my views but I think is driven by a different agenda than our own College, and in the end treats people according to her values not mine
I don't think there's a general lack of some principles of honesty and hard work among the people I have worked with, but I have seen more ambitious people do less than honest things sometimes
Certainly she had very different values from mine and I can only respect leadership which shows a certain amount of integrity.
<i>Does this offend your personal values?</i> Yes I think it does, We didn't set up the trust alongside our company to see this sort of thing happen.
<i>So would you say you personal values have guided what you do?</i> In the end, yes they absolutely have

**Table 6.1 Personal Influences: Values**

### **Locus of Control**

Rotter's (1966) identification of Locus of Control is recognised as an aspect of personal psychology which is of interest in business and management particularly in the field of Enterprise, where it is proposed that entrepreneurs tend to possess a stronger internal locus of control (Chell, 2001;Rae, 2007). It refers to the internal self-belief that a person has

control of the course of their life rather than is at the whim of external events, and is therefore voluntaristic rather than fatalistic. This quality is of interest in ethics as an internal locus of control leads a person to take responsibility for their actions (Trevino and Nelson, 2007). Remarks directly or indirectly referred to interviewee's locus of control are collated at Table 6.2, extracted from the thematic analysis. Two sample interviewee remarks are selected and here re-contextualised from the thematic analysis for personal factors (colour coding is retained) to illustrate the influence of locus of control:

**As Directors we must set the tone for what people do** (Dr-Co-WW line 105)

*Comment:* As a Non-Executive Director of a U.K. p.l.c. WW evidently believes he has the ability to control aspects of the firm's policies and activities, including the behaviour of managers at work. Dr-Co-WW was of the view that directors and managers are responsible for the moral climate of the organisation, which reflects the self-belief of senior personnel of their ability to affect the whole organisation.

**There's no leeway. Sometimes you know when there's a coach there it's not going to affect it, but you're told this arbitrary time .....Previously you made the decision, now it's being taken away.** (Op-Co-JT lines 57-60)

*Comment:* The interviewee indicated that there was little ability to influence the policies for the company once set, although change was potentially possible over time. Here the locus of control is relatively weak, and may reflect the position held in the company.

Other interviewee remarks which reflect varying strengths of locus of control are:

**He could not alter a Government edict that a tenth of the Trust's budget had to be directed towards private sector provision of the same service (which we were to commission) but everything else he could avoid he did.**

**I have already been speaking to one of the Non-Executive members of the Board and agreed it will be scrutinized by him with the Chief Executive and also the Chairman. He is a former CEO of a large company and aware of the culture I was introducing and the reasons for the expenditures incurred, and supportive of my position against the MD.**

I can go elsewhere as an FD, but will expect a reasonable financial settlement before going.
Yes, I agreed ... the difference would have been the use or misuse of cameras, that might have been personal for me
there's no leeway. Sometimes you know when there's a coach there it's not going to affect it, but you're told this arbitrary time .....Previously you made the decision, now it's being taken away.
The pressures of the company policy in Terminal ...(omitted)...mean we just have to comply most of the time.
I certainly expect to be told of anything affecting my responsibilities as a Director
That sort of issue is covered on our procedures which identify the qualities we expect our people to have as employees, and certainly one we talk about as Directors of the company
As Directors we must set the tone for what people do
it's difficult for Directors to know exactly what's going on always, and that would in fact help us
charging a client a fee which he thinks is all for legal services but could in reality be partly a fee referral to an agent, and will try not to do it where possible throughout our firm.
larger firms where one office in one town may deal with for example a house buyer, and another office a seller. For us that is a very uncomfortable arrangement, it would be two of us in the same office, and we won't do it
At the moment as senior partner of the firm I can set the tone for how we do things, and I can exert a lot of influence on what we will do and not do
Well I do have the choice to challenge and to put my own spin on the agenda - I do have my say!!.
but that's the nature of the scheme and there is not a great deal I can do about it
Well, there are two of us but in the last analysis yes I do have that kind of control. It does matter to me where I lead the company
<i>I suppose there is not much that you feel able to do about it?</i>
No, there isn't although there is enough work out there that I do not absolutely have to work for this practice

**Table 6.2 Personal Influences: Locus of control**

So 'locus of control' is included as a personal influence commonly identified in the case studies undertaken, which delineates the extent to which an individual believes they are empowered to change the world around them, or vice-versa. An internal locus of control is needed to establish effective ethical discourse, and avoid a fatalistic worldview which results in passive responses to external events.

## Integrity

Integrity is understood as achieving consistency between claimed and lived values (Browne et al, 2003), and is a necessary preliminary condition for ethics to have a practical impact upon conduct. This thesis understands ethical discourse to be a skill which can be learnt, a moral form of analysis which applies a diversity of theories to situations, activities and decisions. However without the positive exercise of integrity by participants, ethical discourse cannot achieve its purpose, and will not result in any impact upon moral conduct. Integrity forms the bridge between thinking and doing, between ethics and the praxis of ethically informed moral conduct. A distinction can be made between personal and organisational integrity, and for an organisation consistency between claimed and stated values is harder to achieve. This research identified personal integrity as significant for the individual. Organisations are made up of people, and ultimately the values of the organisation are reflected in the values of its people. If a framework for ethical analysis works at the level of the individual's personal critical reflections, it can also be applied for ethical discourse between people. Two sample interviewee remarks are selected and here re-contextualised from the thematic analysis for personal factors (colour coding is retained) to illustrate the influence of locus of control:

this MD has taken it to a level of questioning my personal integrity, and done so with a lack of integrity of his own, as he had not courage to forewarn me of his intended actions or to discuss this at an earlier stage. (Dr-Ps-PC lines81-84)

*Comment:* the Director at Dr-Ps-PC maintained his integrity in the face of false accusations from a hostile Chief Executive. Integrity is so important to the individual concerned, he is prepared to cease involvement with the particular organisations rather be compromised.

*(That's to do with your own personal integrity)* Well, it is quite strong. I think it comes from my father ( Op-C-YH lines14,15)

*Comment:* This interviewee raised the issue of integrity early in the interview, and subsequent remarks indicate that it guided her actions at work even where a threat to harmony or security of position, which is remarkable given she works in Financial Services, and admits to knowledge of unethical practice among fellow employees.

Other interviewee remarks which reflect the significance of locus of control are:

The truth of it doesn't worry me, the facts are plainly wrong and I can prove it, but the threat to my perceived integrity does.
this MD has taken it to a level of questioning my personal integrity, and done so with a lack of integrity of his own, as he had not courage to forewarn me of his intended actions or to discuss this at an earlier stage.
I will insist on my name being cleared and probably more than that on a true and fair reference to add to my C.V.
You own sense of integrity is important to you. It is a non-negotiable, a personal necessity.
this caused big ethical issues for us, so we realized this was the problem, we wouldn't like to have it ourselves
So we had to make a new policy we will not volunteer this information, but we will have to give it if asked.
there is a code of conduct of conduct which is a lot more publicised than it was.... from our point of view more things are more management level .We don't have the same opportunity to be unethical. it's a bit derisory because of the unethical stuff that happened before with regard to price collusion on two occasions
There's some hypocrisy, whereas the idea would be taken by customers and the public that if of if someone can be flexible to accommodate, that's what you'd think being here to serve is. But as yet that's not the case.
As a Director I disapprove and expressed the view that he should be formally disciplined for a misuse of the company's assets, but the other Directors wanted to let it go.
Now I think this is a serious lack of integrity by TY, he did not disclose a personal interest, and its just plain dishonest and erodes any trust.
I am concerned, as a lack of truth telling and hiding of information
I am very uncomfortable with charging a client a fee which he thinks is all for legal services
The whole idea of the professional integrity of the solicitor is less strong now, at one stage client confidentiality was everything but changes in the law have swept it away.
I don't welcome the change of culture, and the loss of the importance of integrity of solicitor as a person and the focal point of the firm
This does present me with problems because I am not comfortable with a process which frankly to me resembles a form of plagiarism
<i>It sounds like it offends your sense of integrity</i>
Well yes, basic honesty really
<i>that's to do with your own personal integrity.</i>
Well, it is quite strong. I think it comes from my father
when it comes to issues of right and wrong I would be much more concerned with the basic principle of things, I can't live with dishonesty or when things aren't just.
<i>I think it may be to do with finding it difficult to always act in accordance with your values, maintaining a sense of integrity...</i>
Probably, I need to ponder it more before doing anything.

this leads to real problems for me, I end up asking patients about things like how exercise or alcohol and having to record that on a database during the consultation. It all takes time, and sometimes the questions are actually embarrassing to ask

### **Table 6.3 Personal Influences: Sense of integrity**

To make an informed statement that a person lacks integrity, the observation must question also address specific issues, and there is a threshold of materiality where value judgements can and need to be made. From these findings it has become apparent that the basis for moral thinking and behaviour which starts with an understanding of personal values and personal integrity, and that these are linked rather than entirely separate variables.

## **6.4.2 Establishing personal character**

Personal character brings together the various personal influences at work. Perhaps a full reconciliation of conflicting influences is never fully possible, though Aristotle's virtue ethics advocated a unity of the virtues he identified (such a loyalty, magnanimity, benevolence) which still resonate today. By contrast Nietzsche (1999 edition) held the opposite extreme view that the virtues must be at war with each other, but his personal psyche in the end fell apart. At the very least the person forced with a moral decision needs to reach a trade-off position as to how to manage a dichotomy between perspectives, and so resolve inner conflict. At this juncture the personal quality of the individual's integrity has a role to play. Integrity is here understood as an overall coherence and consistency in values and decision-making, a feature of the character of the individual, and is recognised as part of personality. Integrity can be viewed as a virtue possessed within the person and enabling an individual to acquire and maintain an overall cohesive attitude and awareness to different considerations and aspects of issues, and enable them to be addressed as wholeness and internal consistency (Torres, 2001). Virtue theory recognises that cognitive processes alone do not inform moral decisions, but the character of the decision maker is also a key factor, and indeed claims that it is an overriding factor.

The ethical manager is not necessarily the same person as the moral manager. If someone is ethical then under the definitions used throughout this project they are of course moral

first, but the quality of being ethical also enables a person to discuss situations, dilemmas and decisions with colleagues, and to also develop the skills to fix discourse in written materials such as codes of conduct, or statements of values. How in a hostile climate can the forces preventing ethical discussion be countered and overcome? The above findings have indicated that competing pressures continue to press for ethical aspects of business decisions to slip lower down the management agenda. To counteract these pressures individuals will need to take steps requiring both courage to speak openly and prudence to know when the best moment to do so arises. Courage and prudence have long been recognised as cardinal virtues (in Plato's *Symposium* they rank alongside justice, fortitude and temperance). Aristotle's subsequent development of virtue ethics grounded the nature of ethical thinking in the person rather than the problem and so placed an emphasis on character development. It is due to this different emphasis that Virtue Ethics comes into its own in countering the situational pressures which force themselves upon managers. As a cognitive framework Virtue Ethics has limitations, because it is self reflective in directing attention towards character rather than towards a rigorous problem consideration. Also, because it does not foster pluralistic thinking it can be limited in applying different approaches to intellectual enquiry, but in addressing the agent rather than the action it has a strong appeal to the manager wishing to preserve a sense of integrity. Moreover the interviews conducted across the sample range of managers and organisations indicated that a sense of integrity is of significant personal importance. Integrity is probably best understood not as a virtue in its own right as for example honesty, assiduousness, or affability, but as the achievement of a coherence of character incorporating a range of specific virtues.

The view taken here is that Virtue Ethics does not stand opposed to the 'standard model' (Shaw, 2005) of normative ethics which relies on traditional ethical theories, albeit to-day being less dogmatic than previous times, in that theories are applied in pluralistic frameworks rather than adopting monistic approaches. Rather, Virtue theory complements the standard model as it first addresses character rather than cognitive processes, and managers need strength of character to make the moral decision to think, talk and act ethically. A cognitive framework is of great help in developing a schema, but its effective use is entirely dependent upon the exercise of virtues such as honesty and integrity before it can be of any effect. Virtue ethics is seeing renewed interest at present. McIntyre (1985) reappraised the relevance of Aristotle's ethics, and this has led to initiatives to reconsider

the relevance of Virtue ethics for to-day (Wright, 2010). This renewed appeal has its roots in an acceptance at the end of the twentieth century that history has proved the enlightenment project to be flawed, and the assumptions which undergirded much of the belief in humanity's ability to think and act rationally have been shaken. Virtue theory provides a different paradigm which sees that normative theory omits something essential in the moral life, which is personal character. Virtue theory gets less bogged down in the detail of problem solving, focussing instead on the creation of a virtuous circle: our acts shape our character development which in turn guides what we do. The opposite may also be true and create a vicious circle, so in virtue ethics habituation is critical, as acquiring habits of virtuous behaviour is the essence of character formation. In so doing virtue ethics moves beyond an abstraction of norms and becomes personal. The cultivation of virtuous habits forms acquired patterns of behaviour which may over time even obviate a need for deliberation to determine what to do in any given situation, it creates its own heuristic. Solomon (1993) advocates the use of virtue ethics in the workplace, an approach which is gaining increasing acceptance. Kennedy (1995) has opined that intellectual virtues fix and inhere good habits in the mind of the manager, and virtue theory is recognised by Wright (2004) as creating effective managers. Aristotle's balanced approach is also appealing in that it avoids any hopelessly unrealistic optimism. For example, his use of the 'golden mean' in determining the virtues leads to an understanding that it is possible to have the vice of being too honest as well as not honest enough, to be too hard working as well as lazy, to be too loyal or sociable as well as lacking such qualities. Such common sense has an evident relevance at work.

There are however practical challenges in applying Virtue Ethics, for example what may be seen as virtuous in one context (such as violence in warfare) may be a vice in another (where courage may still be a relevant virtue). Moreover the nature of virtue can change over time, for example over the lifecycle of a business, decisions and actions taken to ensure survival at an early stage may be much less appropriate at a mature business stage. However there are 'cardinal virtues' which endure, and some of those which Aristotle himself identified do not need to be significantly altered for the present business context, for example personal qualities of prudence, temperance, benevolence are valued by contemporary virtue ethicists. Different authors list such cardinal virtues in slightly different ways, (Solomon, Wright) but these differences are relatively marginal.

As with normative theories however, there are ultimately limitations with virtue theory, in addition to its restricted usefulness to shape critical thinking and analysis. Because it does not attempt to define transcendental truth it remains vulnerable to a form of subjectivity. For example the Scottish moral sentiment theorists (Hume, 1740; Smith, 1776) in addition to recognising the virtues of justice and benevolence, also recognized sympathy and self-interest quite differently from Aristotle, and Confucian philosophy can also be seen as a form of virtue ethics which places a particular premium on filial piety and harmony in the social order. Nietzsche's (1999) approach to virtue ethics however is self-assertive to the point of being aggressive in tone. It may be concluded therefore that virtue ethics needs as a precursor to define desired virtues carefully for their appropriate context.

Virtue ethics has recognised as integrating the personal moderators considered above and reflecting the whole character of the person. A distinctive feature of virtue ethics is its reliance on the 'golden mean', which can be summarised as understanding that excellence avoids extremes of behaviour. Aristotle's virtue ethics understood that a 'surplus' or a 'deficiency' a virtue such as truth telling or loyalty would turn a virtue into a vice, and that virtuous behaviour therefore relied on a maintaining balanced perspective. This fits well with the suggested uses of the PREP framework in this thesis both at a personal and organisational level, because a perspective which is self-seeking is counter balanced by also examining the relational aspects of moral dilemmas, and the application of normative principles. A holistic use of the framework acts to safeguard against turning the virtues of personal interest or the consideration of others into a vice by its exclusive use as a perspective. Virtue ethics as here considered, becomes complementary rather than alternative to classical normative theories. The shift of focus of virtue ethics onto the actor rather than the act is robust and enduring at the level of the individual, but it cannot necessarily be extrapolated to the level of the whole organisation and its various members. Virtue ethics still has a similar role in this context, but will need to be considered from another perspective in guiding the corporation rather than the individual.

### **6.4.3 Individuality and alterity**

In our Western culture there is a marked tendency to define ourselves by our work roles more than other facets of our lives, perhaps this is not surprising given that for most working people the majority of their waking hours are spent at work in any given week.

This being the case, what is said and done in a work context is a significant element of both whom we understand ourselves to be, and how our 'self' is defined. Buber's *I and Thou* (1976, originally published 1923) had a widespread impact upon subsequent twentieth century understanding of the self as constituted through interaction with others, which he named the principle of alterity (recognising the value of the 'other' in understanding oneself). For the ethicist, this is an important principle as recognised by both Ricoeur (through his emphasis on knowing oneself) and by Habermas (through his theory of social learning). The work place provides much opportunity for social interaction and for alterity, where a person learns about themselves through interaction with others. Such interaction relies on a discourse. Reshaping values also depends on discourse, and discourse itself depends on initiation and persistence in engagement. Bruggeman refers to this as 'othering' into community' (Bruggeman, 1999). Also at an organisational level there is now increasing recognition of the role of stakeholders in affecting and organisation's success and therefore in shaping strategy. Stakeholder identification and consultation provides opportunity for the organisation as a whole to know itself.

#### **6.4.4 Individual and corporate mindsets**

It was observed above that the locus from which the praxis of ethical conduct derives lies within the individual personality, and so everything relating to outward conduct derives from the character and integrity of each person. However this is not the whole story, as it is an individualistic perspective which does not provide sufficient understanding to deal with ethics in the 'company'. Here Ricoeur rescues the project from introspection. In his Gifford lectures (1986) Ricoeur drew together his previous philosophical enterprise concerning language, narrative and discourse in his thoughts on ethics entwined with a hermeneutic of the self, appropriately entitled 'Oneself as Another' (1992). For Ricoeur an illumination of personal identity is only fully reached through 'intersubjectivity', that is to say that self is only fully defined in 'otherness'. We can only fully know ourselves through our interactions with others, that is how we know we are one thing and not another. Ricoeur's self is gained through the development of a self of dialectic, and knowing ourselves is an interpretive project. His hermeneutic of the self therefore contrasts strongly with the Cartesian philosophy of the ego. He opines that our identity is developed as a narrative which is interwoven with others in the exchange of ideas and memories. Who we are does not consist a disembodied ego but a situated subject, fixed in a human body and in

a material world. This subject is 'fictive' in that it is shaped by the productive effects of the personal interpretation of events and ideas, and language is significant as a second order articulation of situatedness. To the extent that our personal identity is a narrative identity, we can therefore change ourselves in part according to limits set by our situations. Accepting Ricoeur's view of the self has the resultant effect that the work situation takes on great significance in discovering and defining who we are. Habermas (1981a;1981b) also recognises that the individual's knowledge and understanding is only complete in the context of community. As a modernist he remains optimistic about man's ability to be reasonable, but this is recast in the context of social engagement rather than Kant's internalised worldview. Habermas' engagement with what he terms the 'lifeworld' is not focussed on the individual to the same degree as Ricoeur's hermeneutics, but both remain opposed to what Vanhoozer terms the tyranny of the subject, where postmodernism can lead.

Field interviews identified key personal variables which moderate individual schemas and influence ethical awareness. Virtue theory also has a critical role to play in constructing a comprehensive approach to managing ethics as it provides a unifying explanation of differing personal traits. One feature of this understanding is that character and integrity outlast the person's any one role in any one organisation. They are personal qualities which are transferrable across organisational boundaries

## **6.5 The ethical organisation**

Consistency of character also matters at the level of the organisation overall, and this is implicitly recognized in codes of conduct. Given the transactional nature of business conduct, for any commercial organisation, defining self-interest for the organisation as a whole is close to stating the purpose and goals of the organisation. For business this is an appropriate place to start the task of sense making as it is in harmony with the fundamental goals of business conduct. The managerial task includes facilitating the discourse to implement the purpose and develop the character of the organisation, which is now further examined in the course of examining the ethical organisation.

### 6.5.1 Organisational Influences

Moderating influences upon ethical awareness are to be found at an organisational level as well as a personal level, and also affect the overall effectiveness of ethical decision-making and conduct. The ethical manager therefore needs to understand these organisational influences. Jones (1991, p.374-8) proposed that the intensity of a specific issue varies according to six factors he lists as:

- Magnitude of consequences
- Probability of effect
- Proximity
- Social consensus
- Temporal immediacy
- Concentration

His view is that unless moral issues are of urgent major significance, these factors will suppress ethical awareness. The social aspects of these factors are situational. Field interviews for this research indicated the following pervasive situational influences:

#### The Work Context

The nature of the work to be done affects both the nature of moral concerns and the extent and manner of discussion within the firm. Inevitably these concerns are as diverse as organisations themselves, but the work context it is a universal influence. Of particular note was the context for this remark:

Some patients need shorter times than others, but the pressure affects how we deal with people (Mn-Co-SG lines 65-66)

*Comment:* This medical general practitioner (GP) witnesses pressures to increase productivity and measure performance at work which create conflict with professional values. The current context of changing resource allocations in the NHS creates new ethical challenges for the GP's which are not wholly reconcilable, but can only be require resolved through a compromise of ideals.

Remarks from interviews either referring directly or indirectly to the work context were collated as:

The problem there was that the software also monitored their driving habits, where they were and when they weren't at work. So initially we had considerable reluctance

<p>from staff due to privacy issues. So this caused big ethical issues for us</p>
<p>That's the argument which can be that you overbook the flight which goes out full, which ultimately means that passengers are paying less for their fares, because the aircraft is more efficient.</p>
<p>We do have a big push to wards punctuality, towards closing the gates minus twenty minutes. People are sometimes late through transfers to the gate through no fault of their own. You know it's not going to delay the aircraft, but you have to offload them.</p>
<p>If somebody has locally checked in and has been airside and just hasn't appeared, you don't feel obliged to help when the gate closes. Those who comes through transfers, it takes a long time to go through security processes, and sometimes they get held up by the airport authorities, and had a very stressful time. If it's the last flight of the day, for the sake of two minutes, where you know practically speaking the aircraft is still going to go on schedule, you're tempted to let them through.</p>
<p>One or two off the record chats with managers is possible, but they are pretty inflexible for now, they may change later if we keep trying to raise the issue. It's much easier to talk to colleagues who are facing the problem for real day to day</p>
<p>In and around a media company there are a lot of ambitious young people seeking to get into the industry, and...things happen as you can imagine...some of it trivial, and some of it not.</p>
<p>basically the guy selling the business had an earn-out clause in the deal- he would stay as CEO of the subsidiary and the price paid for the acquisition was to be scaled up depending on its post acquisition profits. He was a bit naïve, he did a private deal with TY offering him a bonus if he improved company profits. He thought it was a win/win .Both he and us would get more revenue if TY upped the margins, which was true, but he didn't tell us as the Directors what he had done . More importantly neither did TY who was our employee. That is where the problem arose, the CEO was not particularly trying to be dishonest</p>
<p>The work of the Trust has previously long been undertaken by care professional who were effectively civil servants directly accountable to the Ministry of Justice.</p>
<p>I don't think the guy's without any ethics - in fact he has quite strong views about how things should be done, more an old public sector ethic -he just can't or won't adapt to more openness, more accountability, and different ways of achieving the same goals.</p>
<p>To be fair, the organisation will continue to do what its there to do at least up to a point, the only time it will really fall down is if the move towards the Trust being a Commissioner of the service rather than a provider</p>
<p>that no-one becomes a solicitors without passing the ethics paper as part of the solicitors exams, but theory and practice do not necessarily, match up,</p>
<p>there is an awful lot of, let's say, room for discretion, and it's getting to be more the case rather than less with the changes now affecting us at the moment</p>
<p>The change is real, so for example in the past it was simply outside the Law society rules to act for both buyer and seller in property conveyancing</p>

I do, but recognize that as the climate gets tougher we have to maintain a healthy self interest as a firm and let the culture become a little more hard nosed
<i>Any issues with the integrity of your awards?</i>
Not really, most of the qualifications from awarding bodies we use are externally verified, and we are given self-awarding status and we have almost no problems with the accuracy of our marking processes
for the sake of my reputation I would not want it to not succeed - for one thing it might affect our future prospects in collaborations with the University
I guess they are trying to achieve different things from us at the end of the day
There's no doubt that much of the business is driven by bonuses which are a function of sales targets, and that leads inevitably lead to questionable things happening
<i>Would you say it is difficult to talk about moral issues at work in the banks?</i>
I would have to say yes, it's not at all easy
I have to try to ensure that we remain profitable, or everything else falls down. So from that point of view cheap labour is very attractive There's a conflict there I haven't yet resolved.
Some patients need shorter times than others, but the pressure affects how we deal with people

**Table 6.4 Organisational Influences: The work context**

The work context is always purpose driven, and in summary the interviews conducted indicate that commercial pressures to increase profits or lower costs are increasing whatever the specific context. This leads to heightened ethical conflicts between an individual's personal values and commercial pressures, for example in the interview with Dr-Co-CG it was clear that professional integrity conflicted with the need to develop greater margins on business. Although a profit motive less was less relevant, for Mn-Ps-HC a similar drive for successful outputs conflicted with her own integrity. For Op-Co-JT, work policy created priorities which conflicted with personal values regarding the welfare of customers, and so there were tensions concerning an ethic of care. In the case of Mn-Co-SB the work context created an issue he perceived as concerning human rights, although in the situation was less conflicted personally than others. In each of these cases the work context shaped the nature of the dilemma. An exception among these findings was Dir-Co-WW, who as a Director of a number of companies expressed the view that personal qualities of honesty and integrity are not, or should not, be constrained by the work context. For Dir-Co-WW the work context did not provide any justification for misuse of company assets, and for him this was 'non-negotiable' regardless of context.

Both Dir-Co-WW and Dir-Co-CG were in a position to encourage and facilitate ethical discussion. However for others (Mn-PS-HC and Op-Co-JT) opportunities for open discussion were more constrained, but each still found the framework to be a practical and useable construct.

Each work context frames a set of unique variables which will create different moral concerns, and also affect the ways in which those concerns are considered. To widely differing degrees therefore the work context impacts on the ways in which dilemmas are perceived by the agents of the organisation. In the case studies selected for the sample field interviews the work context always affects not only the individuals interviewed but sometimes also groups of people (Interview Op-Co-JT, Interview Op-Co-YH). The work context can be difficult to change in the short term. For Op-Co-JT there were no opportunities to reconstitute the nature of the work, and for Mn-Co-SB technology enabled adaptations to change the way work was done rather than the nature of the task itself. In both cases the rigidities of established processes created the moral dilemma. So there is a real sense in which the work context affords a diverse set of unpredictable variables at least some of which may be at any one time beyond the managers' or even Directors' immediate ability to change or to control. Once an appointment or employment has been accepted the managerial task is largely a given for the short term, and parameters are set. They still however shift over time as, for example, new technologies are introduced enabling discretion as to the nature and to the context of their use. This was the case with Mn-Co-SB Case who was able to adapt specific elements of the technology which could initially have been deployed for ethical or unethical purposes.

The work context affects schemas in that different ethical and moral questions arise in different situations which require different ethical considerations. Ironically in medical a medical context (Mn-So-SG) the 'right to life' is considered less of an inalienable and absolute right than for Mn-Co-SB. In the banking sector the perception is that self-interest is reflected in the prevailing entitlement culture (Op-Co-YH), which would seem out of control at times and has virtually obliterated trust in banking as a service to the community, and could be regarded as moral failure for the industry overall.

## Leadership

Leadership is widely recognised as deriving as much from informal as formal sources, and those informal sources include moral and ethical qualities which engender trust (De Wit & Meyer 2010; Christensen et al., 1998). The ethical aspects of effective leadership have been recognised in general management literature from its earlier writers to the present time (Barnard, 1938; Porter, 2011), and this recognition has shaped various leadership models. (Blanchard and Johnson, 1982; Kraemer, 2011). One notable interviewee remark is selected for comment:

As an apprenticeship ambassador I do speak to the leaders of various companies and organisations in the industry, and this model will help me think how to encourage them to use the apprenticeship scheme responsibly (Dr-Co.DO lines 107-110)

*Comment:* This Director of a media company through her work communicates often with senior figures in the industry. She is concerned both to exercise ethical leadership in her own company and to try to influence others to avoid exploitative behaviour concerning employment practice.

Remarks made by interviewees confirmed the pervasive influence of leadership:

It was a private company, and the person who owned the company was quite ethically aware, and he was very strong on policies and procedures
He looked at the company from the point of view that he had done the work himself, so he worked from the perspective that he thought that he knew when things were right – he was a very person oriented leader
Sometimes his strong beliefs caused problems because his view was 'you must do it this way'. His philosophy (unfortunately it eventually became tarnished, but it was that 'if you treat your customers right they will treat you right'. Unfortunately over the years he had to sacrifice some of the things he would have liked to have done
It was driven by the MD. The willingness to appeal to health and safety made the investment worthwhile. I'm not sure another company would have gone to the same lengths. Another SME might have abandoned it
There's some hypocrisy, whereas the idea would be taken by customers and the public that if someone can be flexible to accommodate, that's what you'd think being here to serve is. But as yet that's not the case.
They will not do it because is what they were told when they were trained
<i>Have you been able to talk to management about these issues?</i>

<p>Not really, or not officially. One or two off the record chats with managers is possible, but they are pretty inflexible for now, they may change later if we keep trying to raise the issue. It's much easier to talk to colleagues who are facing the problem for real day to day</p>
<p>I am a Director on a number of Boards as well as holding a Chief Executive position of another firm, and I expect a similar standard of accountability in each organisation</p>
<p>The Directors of the company need to be told of all material facts, and we weren't</p>
<p>As Directors we must set the tone for what people do</p>
<p>What I am in favour of though is making all employees aware that they can make come and talk to the Directors on the days we are here for Board meetings, it would send out a signal and not be too difficult to arrange, and frankly it's would be more important as a symbol than anything. I don't expect that many people would take it up. As a Director I would be more than willing to give an hour or two to it, if arranged the same day a Board meeting</p>
<p>In contrast the Chief Executive was not at all concerned with details, she wanted the headline accounts but pointedly asked not to be informed of all the details, of the minutiae. She was much more concerned with the public face of the service and with interfacing with Government, she left the day to day financial management to me and the operational stuff to the number two who had been a manager in the old Government linked organisation for decades. He's the person who since her retirement has been appointed as the new MD – he got the job we both applied for and I didn't.</p>
<p>he ignored the proper ways a Trust should do things, and worked more like a line manager than a Chief Executive</p>
<p>He seems to avoid all confrontation, or to even know how to deal with it. I've seen endless arguments in Board meetings when he should have intervened to resolve differences</p>
<p>I think his leadership style is pretty ineffective for the way things are now. He is a kind of control freak, and that has been noted by the Board</p>
<p>Using your framework I would say this MD can only do things his way, which is with a strong element of self interest</p>
<p>I don't like it and we will not do it, but it is no longer against professional standards</p>
<p>will try not to do it where possible throughout our firm.</p>
<p>The new commercial realities stem from a different set of values as to the better way to run things.</p>
<p>,we must run as a business and so self interest is really behind much of the work we take on, but not as the cost of maintaining good relations with clients in supporting them or at the cost of moral principles</p>
<p>We all understand what the levels of pay of Fred Goodwin for example was, and yet how the way he ran RBS inevitable led it into financial ruin...</p>
<p>I can only respect leadership which shows a certain amount of integrity.</p>
<p>The course leader and tutor for the project is certainly more interested in outcomes than processes</p>

As an apprenticeship ambassador I do speak to the leaders of various companies and organisations in the industry, and this model will help me think how to encourage them to use the apprenticeship scheme responsibly.
Yes, I would certainly this concerns leadership. The partners of course decide who works at the practice, but it's more than that.... By their attitudes when they come in to work, during the day and when they leave they have a lot to do with the way the girls behave
The course leader shows apparent sympathy for my views but I think is driven by a different agenda than our own College, and in the end treats people according to her values not mine

**Table 6.5 Organisational Influences: Leadership**

Leadership was consistently influential whether as exercised (at Director) level or followed (at managerial and operational level). In summary, both Dir-Co-CG and Dir-Co-WW were committed to ethical leadership and in their own work life and in leading by example at work. For Dir-Co-CG it was more practical to hold ethical discussions within the firm, than for Dir-Co-WW, but this was explained by the work context and size of the organisation, and an executive rather than a non-executive role. The positive influence of ethical leadership was as marked in these cases as the influence of unethical leadership in Dir-PS-PC. The interviews at Director level demonstrate the principle that responsibility for an organisation's ethical values and moral actions increases alongside organisational power and authority.

At the managerial level, from the interviews conducted Mn-Co-SB also recognised a positive leadership moral influence from the founder and Managing Director of the company. However both Mn-PS-HC and Op-Co-JT regarded the steer of the relevant work leadership to be in the direction of actions which were at odds with their own values, and therefore raised ethical dilemmas. Unlike other social contexts at work people can be told what to do by their manager, and just how powerful this directive element of the management function can be is evidenced by referring back to Milgram's (1974) (in)famous experiments on obedience to authority. He demonstrated conclusively that the majority of people will obey the dictates of an authority figure possessing apparent expert power, even to the detriment of their fellow human being (the sham electric shocks in his experiment would have been fatal if really administered). Ethics related sociological studies (Trevino and Weaver, 2003) confirm that authority conveys power to affect behaviour. The inevitable conclusion is that senior managers have a clear responsibility to

set the moral tone, shape behaviour, and create the ethos for the organisation. Leadership at a senior level becomes entwined with the shaping of organisational culture through words and deeds by authority figures. Their actions inevitably also are reflected in storied accounts which circulate and reverberate around the organisation. Culture and leadership are interlinked variables shaped by managerial style, word and deed. The role of the manager must therefore inevitably include greater responsibility for shaping the values of the organisation than those who are managed, and this is a responsibility which increases with seniority. People are shaped by their interactions with others, and the potential influence of authority figures provides and charges managers with inherent responsibility to say and do what they expect others to follow. Both are considered in this chapter, initially considering what is said, or the creation and maintenance of an ethical discourse.

### **Organisational culture**

Culture, defined by William Hewlett as ‘the way we do things round here’ comprises commonly held core values and beliefs (not necessarily consciously expressed) which guide the conduct of the firm’s agents. Mintzberg (2001) recognised the limits of ‘reason alone’ in decision-making, and that patterns of decisions reflecting organisational values create a momentum which shapes individual decisions. Culture is multidimensional and may include aspects such as outcome orientation, people orientation, team orientation and aggression (Robbins, 2005). The influence of culture is pervasive and yet challenging to identify, analyse and change in that, like leadership it may be as much informal as formal in nature (Senior and Swales, 2010). The moral aspects of organisational culture constitute ‘values’ at the level of the whole organisation rather than the individual. On interviewee’s remarks were direct as this influence:

*issues concerned with the culture itself ?... Yes, the culture and the also the processes. We would have had to send someone out, if someone didn’t reply to a call within a reasonable time. In some companies this could have been done without the employees consent*

*Comment.* For this manager in an SME the culture was directly shaped by the founder and Chief Executive of the firm, which is still small enough for him to know all employees personally. The culture reflected this, and evidence of an ethic of care for employees’ welfare in potentially risky situations directed how the form deployed new technologies.

Interview remarks which contained cultural references overall were:

<p>It was a private company, and the person who owned the company was quite ethically aware, and he was very strong on policies and procedures. There were also mechanisms for feedback top down and bottom up on whether policies were effective</p>
<p><i>...issues concerned with the culture itself?...</i> Yes, the culture and the also the processes. We would have had to send someone out, if someone didn't reply to a call within a reasonable time. In some companies this could have been done without the employees consent</p>
<p>there is a code of conduct of conduct which is a lot more publicised than it was.... from our point of view more things are more management level .We don't have the same opportunity to be unethical. it's a bit derisory because of the unethical stuff that happened before with regard to price collusion on two occasions</p>
<p>Before this you used to be able to calculate time available more precisely looking at things like how full the coach was, but now with a blanket rule where people are held and can't even get through to airside because they can't conceive they've got the time</p>
<p>from the latest mission that is stated in its new objective is .....here to serve. That's their thing and, yet to introduce efficiencies into the operation they're rigidities . Realistically you can follow the objective of service but there are times of great contradiction to being here to serve.</p>
<p>they were always in a culture of inflexibility. There's a new culture with the new development, so for instance even down to where someone is on a fast bag drop, so some will not even check them in if they've had difficulty elsewhere and it's quiet.</p>
<p>As a Director I disapprove and expressed the view that he should be formally disciplined for a misuse of the company's assets, but the other Directors wanted to let it go - he is a very effective manager and they felt that the damage to his personal reputation was quiet a punishment in itself. Apparently its made for some good stories in the corridors.</p>
<p>In other firms where I'm a Director I've been in a position to ensure that some standards and procedures are much more carefully prescribed, particularly relating to procurement issues.</p>
<p>That sort of issue is covered on our procedures which identify the qualities we expect our people to have as employees, and certainly one we talk about as Directors of the company. I am concerned, as a lack of truth telling and hiding of information from the Directors cannot be good for the overall climate of the company, even if there was no direct financial loss from this situation</p>
<p>The previous MD was deliberately seeking to introduce a new culture and working practices into the Trust in response to central Government directives.</p>
<p>I have already been speaking to one of the Non-Executive members of the Board and agreed it will be scrutinized by him with the Chief Executive and also the Chairman. He is a former CEO of a large company and aware of the culture I was introducing and the reasons for the expenditures incurred, and supportive of my position against the MD.</p>

If the culture of the organisation is to revert to less transparency, more Machiavellianism in your model, terms even in the short term, I don't want any part of it
Their resistance to IT is also amazing, but that's only a symptom of an underlying resistance to change anyway
But he will think he is using resources as far as possible for the benefit of his staff, which I guess is a kind of communitarianism.
Things are moving away from quite tight rules to standards which claim to be based on outputs rather than processes.
This kind of change only mirrors a change in the culture of the profession really, things are changing to a much more commercial view
Also, we still rely on reputation, what people say about us, and personal recommendations, so shifts in the culture of the profession are not really welcome news.
I don't welcome the change of culture, and the loss of the importance of integrity of the solicitor as a person and the focal point of the firm
but our policies impose basic standards of behaviour if they are to remain on one of our courses, and works quite well
Both the College and the University have at the end of the day a culture which is results driven even if different in other ways
I think some of this conflict is down to slightly different values between the University and the College
I don't think there's a huge difference in culture, perhaps the way of doing things over there is a little more aggressive.
<i>Would you agree there is an entitlement culture driving unwarranted levels of pay and creating difficulties with trust.....</i>
Well I can see that, and think I'd agree with it
<i>would you say that there is recognizable culture across the industry?</i>
Yes, there are similarities
The culture of the NHS is changing, and becoming much more bureaucratic. Perhaps it's unavoidable, post Shipman

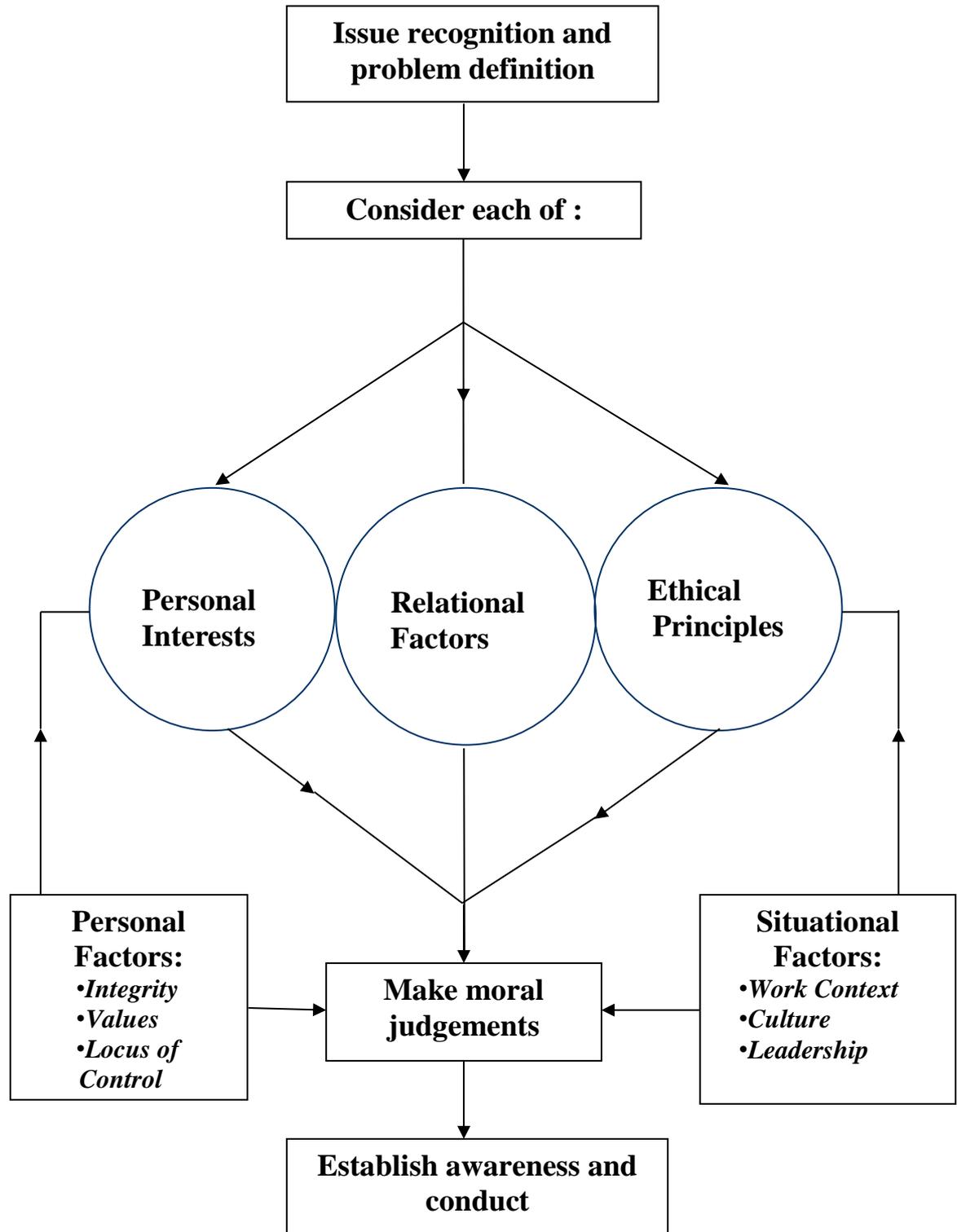
**Table 6.6 Organisational Influences: Culture**

To summarize this theme emerging from interviews, of the Directors interviewed only one (Dir-Co-CG) believed himself to be in a position to directly affect his firm's culture. However both Dir-PS-PC and Dir-Co-WW were prepared to move to other organisations rather than live with a culture inimical to their core values which they could not change. Cognitive dissonance existed in a number of interviews where a changing culture conflicted with the interviewee's core values. For Dir-Co-CG this was externally driven, and created by commercial pressures leading to changing professional standards. For Dir-Ps-PC personal difficulties were created by other senior staff clinging to an outdated set of values and an unwillingness to embrace new ways of doing things. Evidently local sub-cultures can also exist within larger organisations, and the effect on the values of the

individuals within affected groups can be considerable. There may well be differences between claimed or stated and actual values, which can set up a dissonance for individuals working in a particular organisation. For Mn-Ps-HC a clash of values occurred between two collaborating organisations, which was one manifestation of a repeated tension found between organisational performance expectations and personal values which privileged a relational ethic over goal-oriented organisational behaviours. This was no less frequent in the private sector (Op-Co-JT, Dir-Co-CG) than the public sector (Mn-Ps-HC), and among the sample cases this clash occurred in both the production (Mn-Co-SB) and the service sectors (Mn-Ps-HC).

## **6.6 Managing Business Ethics**

The field interviews confirmed that the work context is unique in the pressures exercised on individuals which may inhibit freedom of speech as well as shape values. Interviews with staff at an operational level (Op-Co-JT, Op-Co-YH) identified that for them\_moral discourse was limited between managers and operational staff, and tended to occur informally. This is of note, as for interviews conducted at a managerial or Director level perception of difficulty in moral talk was less recognised among more senior staff. For Op-Co-JT, discourse was limited for practical reasons between management and operational staff, whereas for Op-Co-YH the barriers were procedural and cultural. This points to a barrier within organisational ethics to effective discourse, which is explained by the unequal power relationships within organisational hierarchies. Milgram's (1974) unrepeatable experiments on obedience to authority illustrated the power of roles to influence behaviour. Foucault's (1977) observations that the privilege of power creates unbalanced processes and unfair systems applies to organisations extending beyond the rigid systems within prisons where his research was grounded. Suppression of another's voice by the use of organisational power must by definition be detrimental to ethical development because it inhibits discourse by stifling the voice of the disempowered. In this context power has the effect not so much to corrupt those who hold it as to suppress the voice of those who do not. The organisational and personal influences revealed by fieldwork interviews can now be included as moderating factors within a revised process model adapted to reflect the findings of field research:



**Fig. 6.4: A developed process model for ethical practice**

In the final iteration of the Process model further feedback loops have been added from the personal and situational influences back to the development of a personal schema, which illustrates that while each influence can be consciously considered, cumulatively they

moderate schemas. The practitioner interviews demonstrated that the extent and manner to which these variables shape a person's schema will be unique to everyone's own mindset and the work context. Trevino's original interactionist model distinguished between overall work characteristics and the immediate job context, but these variables are here not replicated as a generalisable model, as they are deemed to create an unnecessary elaboration in many contexts. The emerging themes which have been discussed form significant factors (the term adopted for clarity and simplicity in this model) affecting ethical awareness, and the PREP framework provides the schema to address ethical questions. Taken together the framework and process model provide the tools for the work of the ethical manager in managing organisational ethics.

### **6.6.1 A dialectical approach**

Every organisation, no matter how it is configured, constitutes a form of community, and communities can only survive and cohere through continued communicative acts between their members. The challenge for leadership is to create ethical awareness both in individuals, and in the case of senior management embedded in the corporate mindset. Moral directives can be initiated by managers at their discretion, but winning of hearts and minds is a greater task which requires the engagement and attention of effective leadership. To achieve commonly held beliefs and values, leadership and managerial skills are needed to engage in ethical conversations. Effective discourse will only ever be facilitated not just through top down managerial communiqués, but also through perseverance in developing an effective dialogue that continues over time. Following Habermas, Dialectical argument needs to spell out the "dialectical obligations" of discussants: that one should address the issue at hand, should respond to relevant challenges, meet the specified burden of proof, or as Habermas 1984, p.26) put it, a "ritualised competition for the better arguments." A sustained discourse allows for reflection and dialectical development through the testing and renewing of moral understanding and ethical expression. The 'mute swan' may have a personal clear conscience, but a failure to promote critical thinking and ethical reflection among staff does not fulfil is a vital managerial role with regard to line management.

In the course of interviewing 4 Directors and 3 managers and 2 operational staff, it became all too clear how divergent are people's values and behaviours. Like their personalities,

everyone's values are unique and individual. However managers perform a role, and that role is often clearly defined and outlasts the personality and behaviour of the individual undertaking the role he or she happens to fill at any one time. What is common to all managers is a requirement to fulfil and complete the specific tasks inherent in the particular role. To this end managers need to get a job done, to achieve set goals and targets by whatever means are made available to them. In this sense management is essentially 'pragmatic', that is seeking any legitimate means by which to act more effectively. C.S.Pierce (1877) had argued for a pragmatist principle, a key element of which is that the function of enquiry is not to represent reality, but to act more effectively (pragmatism itself is a philosophy without moral foundation (Vanhoozer, 1998), simply providing a means of muddling through (Lindblom,1959) rather than informed ethical conduct, i.e. praxis). In adopting pragmatic approach to considering an ethical dilemma, the 'method' of analysis becomes less significant than understanding and resolving the dilemma itself, and any relevant theory providing a perspective which illuminates the issue is therefore of use regardless of its moral positioning. The nature of the managerial task is now defined with respect to creating ethical awareness, and the tools provided for its achievement. Managers set the context for the performance of work, both for operational tasks, and the ethical context. Primarily, the ethical climate of the immediate work context is created by the effectiveness (or the absence) of spoken and written moral discourse.

### **6.6.2 Fixing the discourse**

Written statements form a distinct type of discourse which are in Ricouer's terms 'fixed' by writing. While written words are more rigid than the dynamics of the flowing conversation, they have advantages in that they allow for reference points for managers for real time discussions between the agents of the firm whether directors, managers or staff. Written words also constitute available guidance when there is no immediate opportunity for dialogue. The relevant 'writing' takes a number of common forms:

#### **Mission Statements**

Terminologies vary but commonly statements of vision and mission include a reference to claimed values for the organisation. Collins and Porras (1996) definitive work on Mission statements recognises that values and purpose are at least as vital to an effective statement as envisioned future. Such statements are now common, but their value is proportional to

their credibility in content and use. Straightforward tests of their effectiveness include their realism, memorability, and recognisability. Mission statements can provide overarching aims which shape actions, and so need to be carefully crafted to define and disseminate stated values. Once created they can be the platform for on-going reference and discussion, and if well crafted they may therefore be a valuable resource for the promotion of values. Among the field interviews conducted, it was however remarkable that only Op-Co-JT referred directly to the company's written guidance, and that was not to the Company's Mission Statement but to its Code of Conduct.

### **Codes of Conduct**

The majority of companies listed in the U.K. now possess Codes of Conduct in some format, though how they are configured varies widely. They often take the form of defining qualities such as loyalty, integrity, and honesty. In defining such traits expected of the firm's agents Codes of Conduct are a contemporary form of the Greek Household Code, a statement of the virtues expected of the members of the corporate household. In the interviews conducted there were few references to Codes of Conduct, and how seriously Codes are regarded and affect actions varies with the individual person, but also according to factors beyond the individual psyche. As with Mission statements, the real questions as to their effectiveness are answered only by examining their value in use as part of the everyday words and actions of company representatives. They form a significant written element of a firm's ethical discourse, but are not the whole. It is the use in practice of codes of conduct which will ultimately determine their value and credibility, and in a professional context (Dir-Op-CG, Man-Co-SG) they have greater authority.

### **Systems and processes**

Systems and processes shape the way in which work tasks are approached and ordered, and are at the heart of what an 'organisation' actually is, that is an ordered and purposeful use of resources to achieve outputs. Formal documented systems may set the tone for tasks, but may also create rigidities. Mn-Co-SB was a case where ethical challenges were specific to nature of control of employee behaviour. In a sense all the factors addressed in this chapter are a mix of formal and informal controls shaping the values of the organisation and conduct of staff. There is a value in sanctions, both ultimately for dismissal as well as for recognition and reward. For Dir-PS-PC the organisation's control systems were avoided for unethical purposes, but for Op-Co-JT control systems would have been better circumvented

for positive moral reasons. Control and reward systems are ultimately the responsibility of the Directors, but the experience of Op-Co-JT suggest that participation by staff in devising them would lead to more effective systems. He commented upon the extent of documentation of formal means of shaping conduct, but also that in practice this had little day to day effect upon line management decisions.

### **6.6.3 Spoken Discourse**

Spoken discourse is by definition relevant for all organisations, whether face to face by through electronic communications. Spoken discourse has particular strengths and weaknesses compared to fixed forms of discourse. While it is less permanent and so creates less definable documented accountabilities, it is also more flexible to deal with real-time issues as they arise. Written forms of discourse can also easily be ignored in practice, but it is the spoken discourses between people which routinely define and set standards which are more likely to be listened to and followed. Moreover where conversations are witnessed their content creates greater accountability.

#### **Formal and Informal Conversations**

Management meetings often provide an opportunity for policy declarations among work groups, and challenges to policy. Personal conversations also impact individuals. It is unlikely that any conversation by a manager or Director with employees is truly private, as they inevitably get repeated and circulated among staff. However informal conversations in practice proved influential for both Op-Co-JT and Op-Co YH.

A combination of systems and structures can create opportunity for dialogue, such as the use of advice and support lines creating opportunities for dialogue which avoids line managers, and in larger organisations the appointment of Ethics Managers. The creation of role of an ethics manager implies a specific set of specialist skills, which would at first sight appear to contradict the fundamental argument of this thesis that such skills are increasingly required by all managers. However this dichotomy can be reconciled if a comparison is made with a specialist function such as accounting, which a company may need specialist practitioners all managers with financial responsibilities need a degree of competence.

### **Training and Development**

For the interviews conducted this did not really figure as a means of setting the organisational ethos. This may indicate have been missed opportunities within the organisations represented, and is certain to be reconsidered with the implementation in the UK of the Bribery Act. This now places companies operating in Britain in a similar position to companies trading in America who have needed to comply with the Foreign and Corrupt Practices Act since 1994. Even from a purely defensive perspective companies will wish to be able to prove that their agents have been given guidance as to their expected behaviours by the corporation. Few companies will use all of the available systems and processes, but they are likely to increasingly follow practice as it has evolved in America..

### **6.6.4 Establishing an organisational ethos**

The interviews conducted indicated the influence of culture on ethical awareness. Ethical decisions are not made in a vacuum, they are made by people, and people's thinking is influenced and shaped by organisational cultures. Cultures are pervasive and enduring, and can be difficult to specifically identify, but they both reflect and shape the beliefs and values of organisation's agents, and therefore may influence moral decisions. An organisational culture is itself ultimately a reflection of the history of its development, and since it takes time to develop it also takes time to reshape. The momentum of culture is not quickly turned around, and five years after the banking crisis and two years after the LIBOR rate scandal the Parliamentary Commission on Banking standards is still calling for a change of culture (McFadden, 2013).

Since the 1980's (Peters and Waterman) there has also been increasing recognition that organisational culture is as critical to success as rational decision-making, whether related to strategic planning or of an incremental nature. If culture is understood as the basic assumptions about what is important (Senior and Swales, 2010), the need for an understanding of the moral aspects of culture becomes clear. There has been acceptance of the significance of organisational culture for over 25 years. Deal and Kennedy's (1982) application of anthropology to organisations yielded insights into the effects of company rites and rituals on behaviour. Their power to embed and sustain social mores is recognised, and Trevino (1990) conceptualised ethical culture as a subset of organisational culture that can support ethical or unethical conduct. She distinguished

between formal processes such as ethical training and corporate codes, and informal norms, stories and rituals both of which form cultural influences. In two earlier studies Victor & Cullen (1987,1988) proposed a construct they termed as 'ethical climate' which they defined as 'prevailing perceptions of organisational practices and procedures that have ethical content. They postulated three types:

- Egoism (self centred approach)
- Benevolence (concern for others approach)
- Principles (respect for personal integrity, group norms, and society's laws)

Subsequently Trevino et al. (1998) investigated the relationship between ethical climate and culture, which they suggested, overlapped but could be distinguished in that culture is more readily evidenced through artefacts and symbols. Their findings indicated that an overall internal 'ethical environment' was an effective influence on conduct where top management was committed to ethical values and a reward system supportive of ethical conduct

Each of these authors have identified a culture as a key influence upon conscious decision making, which is termed here the ethos of an organisation. Part of the task of managing ethics is therefore establishing the ethos of the organisation. The concept of an organisational ethos can usefully draw on relevant learning and knowledge from the disciplines of anthropology and of Organisational Behaviour where there is valuable research material on human behaviour in groups and in institutional settings. In particular in investigating what he termed 'Groupthink' Janis (1982) observed how the apparent virtue of teamwork may actually work to suppress moral autonomy. Johnson et al. (2011) have developed a useful model for the analysis of organisational culture, their cultural web model draws significantly on previous work on this subject by Schein (1985), who himself was applying to an organisational context concepts of the elements of human culture developed in anthropological studies (Linton, 1964). To shape and change an organisational ethos requires both formal and informal aspects of culture to be addressed through the following means.

### **Rituals and Routines**

Typically these may be formal or informal. In the case of Dir-Co-WW the formal routines of Board meetings were a ritual around which daily business operations of the organisation

revolved, and the Directors of the company expected their influence to be real. For Man-Co-SB the routines were less formalized but still shaped values. For Dir-PS-PC the changing culture removed or by passed some of the formal processes that would have avoided conflict and also would have more clearly stated the values of the organisation.

### **Symbols**

The existence of physical representations which mirror the unspoken values of the organisation. Offices, positions and titles, privileges, codes are each a form of sign which reflects what is often valued in reality within the organisation, and communicate values as much as language. Man-Co-SB referred to the open door of the MD at least while it was practical to practice the policy. Op-Co-YH indicated the actions of managers with formal position power strongly influence which business behaviour less senior staff may and may not accept. Semiotics consist of more than semantics.

### **Creating a narrative**

Stories relate history, and in the telling are interpretive of it. History is made in the strategy and operations of the firm, and time creates the space for a narrative emplotment. Streams of decisions constitute an emerging strategy, and over time a 'refiguration' (Ricoeur 1988) is achievable both for the person and the corporate person, for selfhood is linked by Ricoeur to narrative self developed through words and actions. Shifting culture requires the establishment of a consistent narrative repeatedly told until it forms a communal memory reflected in the stories which circulate within the organisation. These 'folk stories' of heroes and villains and their acts become both carriers and the reflections of underlying values shaping everyday behaviour. The stories which circulate in the organisation create a common understanding of what is truly valued in an organisation and in turn what defines behaviour which is approved or disapproved. Essentially this is the same process as the telling of folktales which circulate in any community. Such stories almost always relate how people treat with others, and in the case of organisations this may typically be concerned with the treatment of customers, colleagues, of exchanges between managers and employees. Dir-Co-WW referred to a particular case was the particular case of stories circulating which affected the professional reputation of a senior manager. The issue of heroes and villains is known in anthropological literature, and human beings act in a similar fashion in organisations. These influences are subtle but pervasive powerful, as the 'lifestory' (Habermas, 1981b) of the organisation comprises the history and identity for an 'artificial person'.

This chapter has recognised the significance of virtue theory as the integrating factor for the individual personality and mindset, was recognised above (see paragraph 6.4.2) and a similar observation applies to the community at work. Kennedy (1995) understands moral virtues as the glue which fixes and inheres moral qualities in interactions between people. For Solomon (1993) community excellence results in a sense of membership, and leads to integrity, judgement and holism for the community overall. Both formal and informal words and deeds cumulatively shape the values of the organisation. It follows that to mould an ethos is a task requiring persistence and habit. The influence of the pattern of decisions made over time by the organisation's leadership (Mintzberg, 1987) creates the organisational ethos. There is a causal link between the words and deeds of leaders and the moral climate of the firm, as others will follow the example set by a firm's leadership (Mackay, 1995).

## **6.7 Conclusion**

In this chapter the nature of personal schemas is discussed, and their usage incorporated into the developed PREP framework. This is followed by an examination of the effects of institutional power on discourse. The chapter also examines the emerging themes captured from coding of field interviews. Discussing first the ethical manager, personal variables are identified from the field research. The role of virtue ethics as integrating the individual psyche is recognised, as is the workplace as a context for developing the individual using the notion of alterity. Then organisational influences emerging from field interviews are also analysed and incorporated together with personal variables into the developed process model. Finally the managerial role of shaping discourse and forming an organisational ethos is discussed. The construction of a developed framework and process models conclude the research, the implications of which are reviewed in the final chapter.

## Chapter 7: Conclusion

In this chapter research findings are reviewed against original objectives. Then the effectiveness of the developed PREP framework and Process model as instruments enabling hermeneutical development for the individual and for the community of practice is considered. The final chapter also reflects on how the thesis makes original contributions to theory, practice and context. It is concluded that the framework is effective in enabling ethical discourse, which is needed to compete with the dominant discourse of business and to help business to create social capital as well as other forms of wealth. The risks of corporate and individual pathologies are recognised, nevertheless the task of the ethicist is to provoke critical reflection, and the PREP framework facilitates that task.

The research set out to develop an adaptive framework models for ethical analysis and critical reflection. Substantive progress has been proven to be made, but no model or framework no matter how elegant, accessible, and in harmony with a contemporary mindset can of itself succeed in facilitating and enabling critical thinking about business values and conduct. Ultimately it simply creates a structured opportunity for use by the critically reflective practitioner and provides potential insights for individual learning. The PREP framework demonstrates fitness for purpose, and can be incorporated within an overall Process model to facilitate the development of the ethical manager. Reviewing the original objectives set out in Chapter 1:

### **1. To explore existing literature and identify the research gap with regard to a contemporary framing of ethical analysis and discourse**

The existing literature was explored in Chapter 2 and a research gap was identified relating to the development of a framework of ethical analysis and discourse which adopts an eclectic and transdisciplinary approach to analysis, while being sufficiently flexible to incorporate widely differing ethical perspective in one holistic framework.

### **2. To critically evaluate existent ethical analytical frameworks for analysis**

It was concluded that existent frameworks have differing strengths and weaknesses, but suffer from the common limitation of being unable to breakout from a paradigm governed by moral philosophy, which despite the value of historic and influential ideas can be

difficult to access and awkward to apply in practice. Innovative scholarship has however made use of Kohlberg's concept of Cognitive Moral Development. Dienhart redeploys Kohlberg's CMD model as an analytical framework. Trevino also applied CMD in wider context in her interactionist model, relying as much on insights gained from a social science perspective as moral philosophy. Both approaches are innovative in themselves and widely applicable to the work context, but their inherent weakness constitutes an uncritical approach to the use of CMD, despite the existence of numerous credible critiques.

**3. To develop an adaptive analytical framework which is :**

- a) informative**
- b) rigorous**
- c) comprehensive**
- d) accessible to non-specialists**

The proposed PREP framework was constructed in Chapter 3. Dienhart's adaptation of Kohlberg is further extended in the PREP framework to allow other individuals to create their own personalized mapping in a comparable manner, and what emerges is a flexible framework which both recognises the most accessible of traditional moral theories, while contextualising them in the personal understanding of the individual.

**4. To ensure the proposed framework resonates with contemporary understandings of discourse and interpretation**

Reference has been made throughout the thesis to pervasive themes in contemporary philosophy, and in particular to two contemporary European philosophers. Their work on discourse and interpretation is surveyed in the literature review, and applied in reflections on the effectiveness of the framework models developed.

**5. To test and develop the framework to ensure it is fit for purpose for educational and business use in diverse contexts, and is flexible in use across organisations, individuals, and situations.**

Trialling of the proposed PREP framework demonstrated its effectiveness in the seminar room. The proposed PREP framework required needed little adaptation, but it was further

developed to allow for differing personal constructs and priorities in Chapter 6. In field tests it was found that while the framework provides for structured and thorough ethical analysis, there are also other significant influences at work which shape personal ethical schemas, and influence the decision making process. The associated Process model also proved an adequate reflection of ethical decision making in practice, although field-testing also demonstrated that personal and situational factors need to be recognised to fully capture the nature of ethical reasoning in differing organisational contexts.

In revisiting the original aims it is concluded that the framework has proved in testing and in field trials to be informative, rigorous, comprehensive and accessible. The primary research results outcomes allow the writer to be confident of the validity and usefulness of these, and the PREP framework can be adapted to facilitate personal cognitive mappings of ethical theories. The framework can also be incorporated into a credible Process model of ethical decision-making. In field studies it was found that the core framework informs the process of ethical analysis, but needs to be placed in a wider context of the Process model recognizing personal and situational moderators to realistically and holistically examine the development of an ethical person and an ethical organisation.

## **7.1 Contribution to theory**

While recognising previous efforts at devising credible ethical frameworks, this thesis has sought to progress the further work needed to develop reliable and adaptive models and analytical tools to prompt and enable managers to consider business issues from a range of ethical perspectives as part of the decision making process.

### **7.1.1 The PREP framework**

The PREP framework model for organising reasoning processes based on insights derived from psychological research has traction, and has pressed forward the boundaries of transdisciplinary research in combining insights from contrasting disciplines into one accessible model. While implicitly recognising bounded rationality it provides a comprehensive schema for moral reasoning. It is eminently possible for the human mind to rationalise and justify very different moral decisions, and therefore logic alone cannot be considered a wholly reliable guide for ethical behaviour. If differing moral logics are

embedded within a psychological framework recognising fundamentally differing perspectives of self-interest or relational awareness, their credibility is improved. The approach taken in the PREP framework is unique as it ensures a balanced approach not only to the use of contrasting philosophical theories, but also between idealistic moral philosophy and the insights gained from an empirical approach to understanding moral development. Moreover the model invites the user to create and revise a personal mental map as personal understanding develops.

Dissemination of findings has occurred throughout the research in papers stated in the opening declaration. The paper first delivered to ICSB (Cook and Munro, 2006) subsequently set out the ideas later developed into the PREP framework. An early construct was subsequently updated and published in a peer reviewed academic journal (Cook and Munro, 2008) as of wider interest in management research and practice. Findings concerning the educational aspects of the research the content and delivery of Business Ethics module were presented initially in a Conference paper and then also subsequently published presented more recently in 2011.

### **7.1.2 The Process model**

Fieldwork demonstrated the significance of individual and situational factors in decision-making processes. A need to capture and to structure these findings led to revisions to the proposed Process model. The existence of a viable personal schema remains the primary variable here considered in ethical thinking, but in the Process model other factors are recognised as having an impact upon overall ethical awareness and decision-making. They are included as subsequent dependent variables in shaping a person's moral awareness thinking overall. The importance of such influences was understood by Trevino (1986) and Deinhart (2000). In recognising these variables as dependent variables they used the term 'moderators'. In contrast, the Process model developed here makes the primary variable the PREP 'schema' rather than CMD, and personal and situational moderators are better termed as 'influences' which can potentially affect awareness and behaviour.

It was also recognised in Chapter 6 that according to virtue ethics what we do shapes who we are, and vice versa. The further point to be made now is that how we think shapes both who we are and what we do, between acting and thinking there is an interconnectedness

which is recognised in the holistic Process model, hence the inclusion in the model of arrows running both in to the schema and into the decision making process. A paper disseminating the developed Process model has been accepted for publication within the next 12 months in a peer reviewed academic journal.

## **7.2 The hermeneutical spiral**

The PREP framework model is designed with a deliberate apparent simplicity which has an appeal to the pragmatic user/practitioner, but the process of interpretation in reality is much more subtle and iterative than applying the framework would immediately suggest. This framework as developed during the research process has been tested and proven to be relatively more accessible than other comparable constructs in engaging listener/reader commitment to develop new skills of ethical discourse. Ultimately however as a model it is a one-dimensional visual representation which inevitably simplifies and structures reality, and ultimately that is all any model remains. A model can only form a temporary scaffold erected to build a more substantial and lasting understanding. However this framework model serves as a useful template to classify and organise ideas so that they may be clearly distinguished, better understood, and comparatively and critically evaluated. It is a cognitive mapping and a representation of ethical ideas and perspectives only.

The framework model also serves as an outline of a hermeneutical grid in that it provides contrasting perspectives through which personal knowledge and understanding knowledge is advanced and refined. In the process of listening, reading and responding to a text or an utterance the subject moves between the horizon of the author and his own and in so doing his own worldview is challenged and potentially transformed. Ethics has been defined in this thesis as conscious and rational thinking and talking about moral dilemmas, and this can be examined individually (intra-personally) or communally (interpersonally). A Kantian monological view of ethics consists of an internalized cognitive process, or 'reasoning within oneself'. While the PREP framework facilitates such internal reasoning processes, it can also be used dialogically. Habermas is convincing in his arguments that the truth and validity of human reasoning is more reliable if tested through a discourse between people. In this context the framework provides a common ground for deliberative thinking and for creating mutual understanding between the communicative agents. Its validity as an organising framework to structure and shape internal thought processes and

resultant communicative acts has been demonstrated in the evaluation of data obtained both in the learning laboratory and in the field. This applies to both spoken and to specific written forms of discourse.

Gadamer's (originally 1925:1991 edition) examination of interpretation instigated the philosophical 'linguistic turn', which understood language to be the defining and limiting influence of meaning. A key question following this 'turn' then becomes the issue of where meaning is located, specifically whether it exists in the mind of the author, or in the text itself, or in the mind of the reader. A useful method of distinguishing these differing perspectives for the critical realist is Hirsch's (1976) distinction between 'meaning' (the authorial intent of an utterance whether written or verbal) and significance (the understanding reached in the mindset of the reader). Gadamer's work provoked considerable interest in hermeneutics, which is understood here to be the interpretive task of the reader. Gadamer viewed the interpretive task as an iterative process which develops as the reader moves repeatedly from his personal horizon to the horizon of the text and in so doing increases the scope of their understanding and vision in a hermeneutic circle. Throughout this developmental process however, the reader's perspective must always remain a reflection of their own worldview. Osborne (1991) amends this understanding of hermeneutics slightly and refers to the process as a hermeneutical spiral, a progression of the notion of a hermeneutical circle. He observes that the metaphor of a circle is too enclosed. In contrast a spiral however has an upward if iterative trajectory. With each iteration the mental model of the subject is refined and understanding becomes more nuanced and progress is achieved towards greater awareness. A project to develop increased ethical awareness needs to be careful at this point, as the question arises as to where the location of meaning and significance exists, that is whether there is a meaning lying within the lines of the text or whether it resides in the understanding of the reader (Vanhoozer 1998). Vanhoozer (p.367) argues for a 'hermeneutical realism' which understands the original author's intended meaning to exist independent of the reader, and to be identifiable as enacted within the text. Vanhoozer understands the author to be a communicative agent and the text a communicative act with propositional content and illocutionary force. Adopting Austin's view of the intentionality of use of language, Vanhoozer sees texts as having a perlocutionary aim, although the effectiveness of this aim ultimately relies on the significance of the text captured in the reader's response because texts are unable to take any initiative in ensuring accuracy in interpretation.

In contrast reader response criticism reflects the subjectivity of postmodernity and seeks to remove all rights to be heard from the author. According to Robert Morgan (1988 p.7) 'texts like dead men and women have no rights, no aims, no interests. They can be used in whatever way the reader or interpreters choose. If interpreters choose to respect an author's intentions, it is because it is in their interests to do so'. Such a postmodern perspective reflects attitudes undergirded by values which may be judged to be amoral at best in ignoring the author's basic right to be heard, and lead to a form of pragmatism susceptible to moral decline. If an organisation's values and ethical codes are radically reinterpreted by the reader to the point of losing their moral illocutionary force, restraints on corporate misdeeds at all levels are potentially removed. It was recognised in Chapter 6 that virtue ethics inform and reflect personal character are a vital precursor to effective and cohesive applications of pluralistic forms of ethical analysis, and we now return to virtue ethics to address the hazards arising from unfaithful reading of texts which has been identified as a pitfall within the postmodern mindset.

### **7.2.1 Interpretive virtue**

Vanhoozer (1998, p.377) refers to the characteristics of the virtuous reader as maintaining fidelity to the text and as having respect for the author. He privileges honesty among the interpretive virtues, as the reader needs to have clear understanding as to their own personal pre-understandings and aims and interests. Dishonest interpretation is likely to drown out the voice of the 'other'. The virtue of open-mindedness is also critical, as the open-minded reader is willing to hear and consider the ideas of others including those that conflict with his own without prejudice or malice. A third requisite virtue for the reader is attention to the text, to move beyond self-absorption. The attentive reader/listener is observant of detail as well as having a view to the meaning of the whole, which involves other related virtues such as patience, thoroughness and care. These virtues hold true for any form of reading or listening, and are as needful in the discourse of Business Ethics as any other situational ethics.

In sum, whatever the form of ethical analysis and associated discourse, interpretive virtues are needed for communication to be effective. Applying traditional normative theory, the reader or listener has a duty to act ethically in listening to the voice of the communicative

agent, Kant's second formulation of his categorical imperative has an application here in maintaining 'respect' for the author and original authorial intent. In particular, this holds true for written texts intended to define an organisation's ethical stance, where the influence of the communicative agent to interact with the reader to help prevent a misunderstanding of authorial intent will not normally be present at the time or place of reading. Returning to Hirsch's distinction between meaning and significance, it is the significance of a communicative act that arises in the reader/listener's understanding as a perlocutionary effect, but this is only achieved faithfully when both the authenticity of author's locutionary act is recognised and the illocutionary intent of the communicative act is understood and respected. This is what constitutes ethical reading and it is a *sine qua non* of ethical discourse. The iterative process which comprises the hermeneutical spiral occurs between the subject and several external realities. These realities include texts and conversations, as well as the actual authors of spoken or written words, and also issues which arise in work situations. Challenges to the worldview and mindset of the subject arise from these sources and create an internal tension wherever any form of dissonance occurs between the voice of an external reality and the mental map of the subject. Personal integrity then also remains a cardinal virtue in ensuring an overall cohesion and consistency in resolving conflicting perspectives in facing such challenges.

It is the use of the varied tools and methods of ethics management which combine to form an overall ethical resource, and help ensure a faithful reading and application of principles and practices promoted by the firm. Moreover it is the cumulative effect of various forms of verbal and written discourse which act in combination to shape the understanding of agents of the organisation. In turn the values of its agents, together with the emergent history derived from patterns of behaviour and previous corporate deeds, inevitably mould the ethos of the firm, which in turn influences its strategic and operational decisions. Agents of the firm fulfil specific appointed roles while they remain in their appointments, but it is always possible (indeed more or less ultimately inevitable) that any individual can and will move on and continue their life's journey beyond the boundaries of their current position and role. Ethical skills are portable and transferrable across contexts, they remain with the person and not the position. Ricouer's (1992) view of the 'capable person' as knowing themselves through a route of alterity developed through intersubjectivity achieved through interactions in the communities in which they find themselves, including the workplace community. Ricouer's hermeneutic sets up dialectics between the reader and

the text, between the listener and the communicative agent. For Ricoeur (1976) the act of reading or listening and comprehension is a moment of self understanding, and 'sense' (the interpreter's response to the text) is the understanding of the reader to the 'reference' (the objective content of the text). Habermas (1992) has a similar understanding of the person able to be skilled in ethics discourse, which he terms 'personality'

Personality serves as a term of art for acquired competences that render a person able to participate in the processes of mutual understanding in a given context (p.343)

Habermas has been influenced by a key insight of G.H. Mead that 'no individuation is possible without socialization, and no socialization is possible without individuation' (1992, p.26), which informs his own understanding of the role of society in ethics and communicative action. The relevance of this insight to this thesis is axiomatic, given that business ethics has been understood throughout as grounded in social and transactional processes. Contemporary philosophers have transformed our understanding of discourse, interpretation and personal understanding. The PREP framework and Process model act in harmony with these insights, while acting as a practical analytical tool for Business Ethics. They contribute directly to a body of knowledge for Business Ethics theory while resonating with contemporary understandings of discourse and interpretation.

### **7.3 Contribution to practice**

The intent of this project has been to create the means to conduct an ethical discourse at work, and to make direct contribution to improved practice for organisations addressing their ethical stance. Organisations consist of people and the developed framework models enable practitioners to progressively reframe their moral understanding through developing and refining mental mapping and cognitive processes of ethical analysis. Where this occurs tensions between an internalised personal worldview and organisational externalities may develop. Provided the subject has sufficient personal qualities and ethical resources to engage with and consider specific ethical dilemmas in a thorough and balanced manner through the application of a pluralistic analysis, such a dilemma can become a creative rather than destructive tension, and new strategies may be devised to resolve the dichotomies arising from differing ethical perspectives in decision-making and behaviour.

The reflective practitioner (Schon 1983) will evaluate and review their work as part of the process of lifelong learning, following a cycle of observation, reflection, and abstraction from concrete experience (Kolb, 1984). The PREP framework and Process model are effective vehicles for the pursuit of reflective learning for the ethical practitioner wishing to improve praxis.

### **7.3.1 A community of practice**

The work of Ricoeur and Habermas has informed the interpretive task as considered in this thesis. For both, the dialectics which inform ethical understanding do not occur in isolation. The workplace creates the space for the people engaged in it to form a ‘community of enquiry’ (Reason and Bradbury, 2006 p.346) and therefore a context for these dialogical processes. Habermas refers to such dialogical processes as ‘communicative action’ which builds mutual understanding and ideally an unforced consensus on moral values. This in turn facilitates ‘cultural reproduction’. His phrasing is more obscure than his meaning, for by it Habermas refers to the ability to apply shared values and interpretive schemes to new situations, thus acting in a consistent manner in different situations over time. Habermas’ view of communicative action may be described as seeking to be humane, rational, convivial, and above all optimistic. It allows for:

the development of schemata susceptible of consensus (or valid knowledge), legitimately ordered interpersonal relationships (or solidarities) and capacities for interaction (or personal identities) are renewed in these processes of [cultural]reproduction’ (1987 p.343).

This thesis has focussed upon the cognitive processes shaping moral thinking. Both Ricoeur and Habermas for differing reasons understand the process of engaging with others to be critical to the task of developing and practicing ethical values, though Ricoeur is more concerned with the individual’s self understanding, and Habermas with social theory and practice. Personal and situational influences matter in different ways, and an effective interpretive scheme needs to be capable of application both at the level of the individual and the communal in the workplace. If Ricoeur considers the personal, Habermas considers the situated. To a much greater extent than Ricoeur, Habermas addresses the communal, both within the ‘system’ and the ‘lifeworld’, remaining positive as to the possible positive outcomes of communicative rationality. He is however aware that there are limits to his

optimism, and that ‘pathologies’ can occur where different elements of human society do not hold together and where schemas do not inform actions. The PREP framework and Process model that has resulted from this research project offers the facility to frame a cognitive approach to ethical questions, but there will always remain uncertainties as to implementation and use however resilient and practical the approach taken to frame the discussion of ethics. Furthermore, corporate actions will always speak louder than any words.

### **7.3.2 Raising ethical awareness**

The facilitation of discussion of ethical issues at work is the essential start point from which the task of raising ethical awareness commences, but the limitations of ethical debate must be faced, for words and deeds never have and never will be precisely the same thing. There have been too many instances of corporate misdeeds from companies claiming, to deal with people with ‘absolute integrity’ (a claim of Ken Lay, former Enron Chairman in an unpublished internal training video) to again make the mistake of conflating words and deeds and presuming the one leads inevitably to the other. At senior levels this becomes the responsibility of key individuals led by the Chief Executive, often a few individuals who make up a management team or a corporate board and who are inevitably opinion formers for their organisation. Admittedly the task of shaping the moral climate becomes more unwieldy as a firm as it grows in size and complexity, but it always remains the case that at the level of the individual that the ‘virtue’ of integrity plays a vital role, comprising the ‘wholeness’ of the person in their consistency, in thought, in word and in deed. Ultimately if an individual’s values come into unresolvable conflict with the conduct of the firm, it may likely result in leaving or becoming a whistleblower but that individual’s history and lifestory continues even if it diverges from the organisation’s history. Such a divergence must inevitably occur at some point in someone’s personal history, but the person can never be separated from their own particular lifestory or accumulated values.

### **7.3.3 Business and the creation of social capital**

Wealth creation is the perennial goal of business activity. However a definition of wealth based solely on financial measurement is liable to become impoverished unless ‘capital’ is also defined more comprehensively, and business activity plays a key role in the creation of

social and intellectual capital as well as financial capital. Business activity can also be responsible for value destruction if social capital is eroded through exploitative business behaviour. Corporate Social Responsibility (CSR) was the precursor to the development of Business Ethics, and its basic premises relating to the role of ‘business in the community’ still stand, indeed the language and sometimes the reality of CSR has recently morphed into the more proactive notion of Corporate Citizenship. This is an agenda to which the majority of public companies at least pay homage in CSR reports, but it is also a potentially revolutionary business model genuinely embraced by a growing number of well-known companies. However the dangers of moral posturing with no real substance behind the façade of the CSR report and associated token initiatives are also real. Barclays bank now claim to lead the way on repositioning as a socially responsible bank (Mattera, 2014), but with record fines looming for alleged frauds relating to its ‘dark pool’ trading platform (Rushton, 2014) it may be a while before acts are seen as matching deeds. The erection of a mask of social responsibility not necessarily matched to real attitudes and behaviours can also be as true of an organisation as well as an individual. Rigorous ethical analysis can penetrate the mask of CSR reporting and question its true value.

### **7.3.4 Avoiding corporate pathologies**

Given the development of ethical awareness among its agents, the organisation as a whole may know what it should do as to how to behave at least in theory, but in practice it may be tempted to ignore societal constraints in pursuit of rampant self-interest. This is the inherent danger of corporate Codes of Conduct devised mainly for the purpose of improving a company’s image, rather than shaping its identity. Their form of writing, no matter how nobly constructed, does not necessarily serve to influence conduct (Cook and Munro, 2006). Habermas (1984) warns of the risks associated with the organisation withdrawing from its lifeworld. In his terms, modernisation can become pathological, as when money and power “colonize the lifeworld” and displace communicative forms of solidarity and inhibit the reproduction of the lifeworld. Joel Bakan (2005) takes this pathological risk to the extreme in his portrayal of the Corporation as psychopathic, and therefore hopelessly and irredeemably sick. His diagnosis can be pressed further: from what form of illness does the artificial person of the corporate worldview suffer? ‘Schizophrenia’ is defined as multi-personality disorder, in effect a disconnect between the left and right hand side of the brain but here not within the individual but within the

corporate body. In the psychopathic organisation one part of the corporate person acts on different values than another, without necessarily being conscious of the problems of creating a corporate split personality. Thus the 'pathological pursuit of profit' (Bakan's text subtitle) may differ from claimed business behaviour. The question whether the corporate mindset can ever really allow it to be a good corporate citizen and to actually achieve corporate social responsibility goes beyond the scope of this thesis. To do so, it will have to develop a corporate conscience, and to engage in real interactions with stakeholders about its conduct. Whether this is possible or not, a realistic goal to seek at this stage of corporate evolution is at least to develop ethical managers who can act as culture carriers (Prahalad and Hamel, 1990) within organisations.

This work has sought to develop a framework that is sufficiently adaptable to be applicable at both an individual and an organisational level, but has essentially worked from the understanding that it is ultimately the individual's mindset which is critical, because all organisations comprise many individuals. Hare and Bobiak (2007) have identified that the post 1980's business climate emphasising personal power, prestige and money as desirable goals has made the corporation a breeding ground for 'snakes in suits' (their text subtitle). They argue that today's corporate world attracts and promotes a psychopathic personality which is both grandiose and yet superficial, deceitful and lacking in remorse. The psychopathic personality knows, and may even be able to pretend to actually do, what others expect of him or her, but either cannot or will not truly live by that expectation. Hare and Bobiak's remedy is to create awareness for detecting such personalities, but the ethicist needs to go further and aim to create ethically aware company employees who cumulatively shape an ethical climate where such a personality would not prosper.

### **7.3.5 A holistic approach**

The development of skills in Business Ethics has been the focus of this research project as it is a key component of the ethical company, but it is still in the end no more than one element of the whole, which needs to be fitted together with conscious sustained efforts to manage ethics in any organisation. It is one strategy and part of a range of potential deliberate ploys to develop an ethical company with appropriate culture and values. Other significant components are CSR and Corporate Governance, but neither of these pieces of the jigsaw actually works to frame ethical debate or shape ethical conduct. If it is not

ethically informed, CSR easily corrupts to become the lowest form of public relations activity concerned primarily with attempting to enhance the perceived value of the corporate brand whatever the underlying realities. Arguably this has been the case with banks who positively report on their CSR activities while consistently maintaining socially irresponsible business models, recently being accused of exploiting SME's by restricting loans providing working capital, and even in the case of RBS deliberately causing their failure (Fraser, 2013). Similarly, attempts to tighten Corporate Governance have made since the 1990's, and continue up to the present initiatives to make executive pay subject to shareholder approval. Effective Corporate Governance may yet help address the moral challenges of business conduct, but Governance remains a structural issue which is unlikely to alone be sufficient to reshape values or affect the moral climate. If a formal qualification is ever developed for Company Directors, one cannot help but wonder as to the extent and thoroughness of any ethical training and skills development it may include.

It is ethical analysis and reflection forms the framework which provides structure and rigour to build ethical companies, and which provides an overall outline into which other pieces of the jigsaw can fit. Improved governance will be effective only if Directors, particularly NXD's act ethically in being diligently assiduous in fulfilling their responsibilities. CSR at best implies social awareness and a proactive role in its consideration of both narrow and wider stakeholders, which can only be real if ethically informed in its activities rather than purely limited to self seeking brand value enhancement. At some stage a tipping point will need to be reached for the ethos of late capitalism to shift towards greater stakeholder awareness and consideration, and without such a shift we may well see the continuance of the serious and persistent global economic crises created or exacerbated by unethical business practices. The banking sector remains at the time of writing a likely culprit in its largely unreformed state, concerns remain over its business culture and the sector remains in the public eye, while concerns over alarmingly high levels of remuneration for senior bankers both in the U.K. and the U.S.A. indicate no fundamental changes as yet to its entitlement culture (Hosking, 2014).

## **7.4 Contribution to context**

The Higher Education context provides opportunity for post experience managers to reflect on their career and experience to date. The approach taken here provides an effective

construct for shaping course delivery for post experience managers, ensuring that an approach to critical thinking is included within the Management Studies curriculum. It must be recognised that personal reflection alone does not go far enough to actually 'do' ethics. There is a leap to be made from internal conceptualising to externally expressing, vocalising, and communicating ideas, also to the critical evaluation of the ethical stances of others and the consequent development of mutual understanding. The value of virtue ethics has been recognised for the manager in establishing 'oneself'. Courage is a requisite virtue for the manager to proceed beyond the boundaries of the self to engage in moral discourse with others at work. The vocabulary (its ethical theories) and grammar (framework models) of ethics are the resources which form the linguistic tools for the task, and they need to be clearly defined in themselves and well practised by the practitioner, because to engage in moral discourse at work is likely to entail competing with the dominant discourse. This dominant discourse in the workplace is performative in nature, and is often protected by social and political forces within the firm, at its extreme going so far as to create a corporate version of Orwellian 'newspeak'.

One conception of the learning process is that it comprises an encounter with new discourse (Gustavsen, 2004), so enabling the practitioner to question assumptions, analyse power relations, and thus move towards emancipation. Of course the individual's journey towards fuller understanding can never be complete, and the hermeneutical spiral continues through an on-going interaction of person and phenomena as new moral dilemmas are encountered. According to Corley and Eades (2006, p.38) dominant discourses have 'power to limit options for thinking and doing', and so 'high order language resources are required to articulate alternatives'. Effective ethical conversations can however provide such an alternative discourse, and so construe possible new realities for the firm (Fairclough and Hardy, 1997) which may open up previously unimagined strategic options. The Higher Education context provides the opportunity for managers to develop skills in ethical discourse away from the workplace, but closely connected to it as the place to which the practitioner will return, and where a community of practice is formed. Wenger (2000) suggests that communities of practice develop shared understanding through a shared language allowing people to communicate and negotiate meaning across boundaries. Meaning and significance also need to be distinguished and located respectively in the author and interpreter, as it is ultimately within the mindset of the business practitioner that values are created which shape his or her personal business

conduct for better or for worse. Moreover organisations are social structures which are also communities of practice, and it is the shared values created by people working together which will shape the conduct of the firm overall.

Ethics still needs a big idea to drive forward the debate, and perhaps this idea will develop from transdisciplinary studies, including this thesis. As a contribution towards improved practice in educating the reflective practitioner the thesis provides conceptual frameworks (Schon 1996) necessary for the process. Finlay (2008) opines that reflective practice may raise ethical standards, and the framework and Process model are offered with that end in view.

## **7.5 Implications of the research**

This research has been based on developing an adapted Kohlbergian model, and there are opportunities for further multi-disciplinary initiatives in future to also incorporate learning theory such a learning cycles in specific approaches to organisational learning for ethics. New concerns will inevitably emerge, such as environmental issues which may mean that specific ethical theories may need to be given greater weight within the proposed framework. Kohlberg displeased the purists of different academic disciplines by crossing subject boundaries, but in so doing created a groundwork for the development of new knowledge. In one sense, this echoes the development of the whole subject of management as an academic discipline. Various subject areas synthesize research from different sources to gain fresh insight. Marketing is one obvious example where economics meets psychology and strategy, and Corporate Strategy itself borrows knowledge freely from other subject specialisms such as Operations Management or Human Resource Management whenever operational issues impact upon strategic decisions. This is now the challenge of Business Ethics, it can no longer remain a branch of moral philosophy, simply a situational ethic and one of a range of contexts in which to apply rules and concepts already forged and merely needing careful application. The field has escaped the confines of its beginnings, and in the Communications Age, ethics is now increasingly integral to shaping strategy.

### 7.5.1 Limitations of the study

There were practical limitations restricting opportunity for follow up interviews of former MBA participating practitioners in organisational settings, and this could have tested whether ethical learning was sustained in the field. The model has been tested with an array of managers and in diverse settings to demonstrate a proof of concept, but further testing of the model in other contexts would further confirm its external validity. Also the field research indicated that moral climate is a significant organisational influence, and it has emerged that there is also a similar need to provide frameworks to identify and evaluate, and to subsequently influence and shape the culture within which managers conduct daily business affairs, in addition to developing a cognitive approach to ethics.

Field interviewees were selected in most cases through personal contacts, and while this constitutes a form of opportunity sampling it was found that a degree of trust created through personal acquaintance was an essential prerequisite for a frank and open discussion. It was intended at the final phase of the field research to hold plenary discussions with bankers both within a specific firm and together from a range of London based banks. This expectation however proved to be naïve for several reasons, not least the issue of moral muteness. Individually bankers are still in a confessional mood, but before colleagues even outside the confines of the workplace is a different matter. At a more practical level, bankers in more senior posts are required to sign confidentiality clauses and issues of loyalty arise, limiting formal research opportunities.

Evidently within any industry, not just banking, significant differences in values can also occur depending on organisationally specific work climates. There is a need for further testing of the PREP framework and Process models in specific industry contexts. However given that field-testing was undertaken with business practitioners at differing levels of seniority and in diverse organisational contexts in the there is reason to expect similar results in other dissimilar organisational settings.

The research findings rely on qualitative data. Attempts were made early in the applied research to collect data on personal ethical orientations based on the PREP model for statistical analysis, but it was found that values are intensely personal and it was not

possible to define terms sufficiently precisely for any valid statistical analysis of personal ethical orientation.

### **7.5.2 Areas for further research**

As indicated above, follow up interviews of former MBA participating practitioners would be desirable in an organisational setting. Also, culture has been recognised as critical to the effective management of ethics. A focussed research effort is needed into the factors which contribute to the ethical aspects of organisational culture, which has here been termed the 'ethos', and the means by which those responsible for governance can influence and shape the ethical climate. Further research could investigate a useful model for the specific analysis of its moral dimension.

It has been noted that in the banking sector issues concerning ethical conduct of business have particularly far reaching implications. The research has not specifically focussed on this sector however, as the consideration of ethics extends across every area of business activity. It may be that specific adaptation of the framework and Process models are appropriate to specific sectors, and this can only be developed through further sector specific research projects.

## **7.6 Final reflections**

Going forward the field of ethics cannot stand still despite the value of inherited historically significant and enduring ideas, and the proposed PREP framework allows for the inclusion of contemporary ideas or other perspective favoured by the reflective practitioner. The discourse of ethics must move with the changing times and face contemporary challenges. The major frauds which were a characteristic of U.K. business in the early 90's, and of America a decade later, have ceased to be the major current concern, which has instead moved towards the on-going conduct of operations of our large companies, particularly the conduct of the banking industry. Our recent history suggests that the moral climate of business has not developed well over the last twenty years, even if arguably personal moral standards in public life have been raised. The unrestrained self-interest that characterized the 1980's has proved to be morally corrosive and damaging to our economic wellbeing over time. Sales-led lending by the Banks may have increased

personal bonuses, but as the lack of prudence or consideration of risk inherent in such decision has subsequently become apparent, the cost of Government bail outs of the banking sector continues to threaten the economic well-being of sovereign states (Chan, 2014). Bankers have been very reluctant to admit to the manipulation of LIBOR by banks both in the UK and the USA that continued following the financial crisis drove up borrowing costs for many SME's already struggling to survive (Rushton, 2014). It is possible that if conduct is not changed and moral awareness is not turned into better decision-making taking into account the interest of shareholders and stakeholders, that long term economic damage may be done which is likely to take decades to resolve. Business has a 'licence to operate' granted by society, and this is a licence which can be modified, limited or taken away, and ethics underpins any initiatives to prevent future collapses such as that of the banking industry with its wider recessionary impacts.

To be effective, ethics needs to examine timeless principles and apply them to contemporary contexts. In doing so, new insights may emerge of lasting value. If the 18<sup>th</sup> and 19<sup>th</sup> centuries saw the rise and progress of reason, the 20<sup>th</sup> century subsequently saw the rise and progress of applied psychology. The insights of Jung and Freud were originally directed towards therapy to remedy the sickness of the individual, but were subsequently applied in entirely different purposes to encourage consumer demand and create the consumer society. Now sixty years later there is a growing need to treat the corporation as a patient. The early twentieth century saw the application of mass psychology to the corporate sector which resulted in business developments targeted at benefits for the corporation rather than the public. Industrial psychologists developed sophisticated marketing techniques capable of manipulating the consumer's desires and wants (Packard, 1962). Public Relations itself developed as an application of wartime propaganda techniques to the civil sector, which was able to engineer social responses for the purposes of organisational needs (Bernays, 1923, 1928, 1955). Today we are more aware that it is the corporation's mindset which is vulnerable to becoming freakish, and self-interested to the point of the obsessed, and needing adjustment. Perhaps in the twenty first century we may see the use of psychology as therapy for the corporate patient. This thesis has contended that a synthetic model framework combining developmental psychology with normative theories has the potential power to enable a better diagnosis, and perhaps also a more effective treatment through effective discourse.

### 7.6.1 Towards an ethical business community

Ethical awareness among managers is becoming a key skill at work. Effective and realistic moral reasoning will not solve all the challenges of ethics at work, but it is an essential starting point. Moral climates cannot change for good without a discourse to provoke such change, and a transdisciplinary approach using a framework based on CMD has been found to be accessible to managers from a wide range of professional backgrounds working in very different contexts. The proposed framework is therefore likely to be adaptable to different contexts and to new dilemmas as they arise, while encompassing the use of historic ideas derived from moral philosophy. To conclude with a thought from a philosopher who influenced twentieth century thinkers later 'turn to the subject', Kierkegaard, who considered the balance in knowledge between objectivity and subjectivity. He recognised the importance of subjectivity, which has to do with the way people relate themselves to (objective) truths, arguing that "subjectivity is truth" and "truth is subjectivity." Kierkegaard (1846) was not decrying objective reality, the meaning of his statement is that truth consists of more than a matter of just discovering objective facts. While objective facts remain significant, there is a second and more crucial element of truth, which involves how one relates oneself to those matters of fact. Since how one acts is, from the ethical perspective, more important than any matter of fact, truth is to be found in subjectivity rather than objectivity. The framework offered in this thesis attempts to help the critical thinker to develop a personal ethical schema and in so doing better understand their own subjective stance and views. The framework has also proved able to provide the basis for engaging in ethical discourse and so move towards building an ethical business community.

Proficiency in ethical discourse never has and never will remove all incidences of corporate or individual malpractice. However prevailing moral climates do influence and shape behaviours, and the task of the ethicist is to provoke conscious and critical reflection of what is, and to also invite enquiry as to what *could or should be*. The framework developed during the course of this thesis is now offered as a proven concept and a vehicle for this task.

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