Two Views of Business Ethics: A Popular Philosophical Approach and a Value Based Interdisciplinary One

Sherwin Klein

ABSTRACT. I distinguish between two problems related to business ethics. (1) How can business ethics help morally conscientious business people to resolve moral problems in business? (2) Given the widespread belief that immorality, or at least amorality, is too prevalent in business, how can one discover both the sources of business amorality and immorality and make business as morally respectable an institution as possible? Philosophers who have concerned themselves with business ethics have emphasized (1), i.e., they consider the normative ethical principles applicable to solving moral questions in business. Although some benefit can be derived from this approach, there are a number of problems with this position. I then argue that, in considering (2), we ought to analyze business life styles (ideals) that have determined the character of American business people, and show both their negative and positive moral consequences. This analysis reveals the morality, or lack of it, in modern American business, possible changes in business morality, and possible ways of developing a desirable and viable business ethic. In a sketchy way, I show how this project can be developed.

It is a philosophical platitude to maintain that since every solution relates to some problem, the basic problem(s) in some area must be understood and clarified before proper solutions can be forthcoming. If we apply this to business ethics, we will observe that two related, although separate, problems must be distinguished (we will label them P1 and P2 respectively).

(P1) Much of what is written about business ethics by philosophers seems to presuppose morally conscientious business people who are faced with moral problems in their business activities, and want to determine what they morally ought or ought not to do (or what is morally right or wrong). As conscientious corporate executives, they are concerned with their moral or social responsibilities with respect to employees, shareholders, consumers, and society in general. From the standpoint of employees, conscientious business people want to know what are their rights and duties, e.g., is whistle blowing ever morally defensible or even obligatory, and if so in what context(s)? Examples of more specific questions are: Is preferential hiring (or promotion) ever morally justifiable, e.g., to reach affirmative action goals? What constitutes morally responsible conduct in advertising, and with whom does the primary moral responsibility lie? If business people wish to be treated as professionals, what does business as a profession entail concerning duties or obligations?

(P2) There has been a good deal of concern, in recent years, about business ethics as is shown by the number of seminars, lectures, courses and the great amount of material that has been written on this subject. Although part of this concern can be traced to the desire of morally conscientious business people for aid in solving business problems that have serious moral implications, the greater part of this concern is related to the widespread belief that amorality, if not immorality, is too prevalent in business. If this is true, the major problem in business ethics is the morality, or lack of it, in business. Our problem, then, is to determine where to look for the sources of business amorality and immorality (as well as business morality), and to

Dr. Sherwin Klein, Professor of Philosophy at Edward Williams College, Fairleigh Dickinson University, received a BA from Brooklyn College, and MA and PhD degrees from the University of Virginia. He has taught at Fairleigh Dickinson University since 1962, and his specialty is ethics. Recently, he coordinated a business ethics seminar held at Edward Williams College, and also gave the keynote lecture.

Journal of Business Ethics 4 (1985) 71–79. 0167–4544/85/0041–0071$01.35.

discover how business can be made as morally respectable an institution as possible? We will subsequently discuss what an attempt to answer this question entails. It should be noted that if this problem can be solved, there will not only be fewer but more likely less complex moral dilemmas to tax the ingenuity of our moral reasoning.

People like myself who teach business ethics are told that this concept is a contradiction in terms or, at least, that ethics and business conflict. Much of this conflict, of course, is said to relate to the profit goal of business and the profit motive of business people, but this view, which has some merit, is too simplistic. It is often argued that legality, not morality, limits business activities, that morality has nothing, or little, to do with making 'hard' business decisions, and that there is a wide gap between private and corporate morality. Many business and nonbusiness people maintain that their experience provides a constant reminder of the amorality and immorality of the business world. Employees complain about employer manipulation and the lack of concern for their development and well being. The employee (they argue) is just another piece of dispensable machinery to be motivated as if he were a Pavlovian dog by the carrot and the stick. The corporate atmosphere is devoid of the truly human element – love and kindness are considered 'soft' and human feelings are discounted. Thus, Roger D'Aprix complains about the 'soullessness' of the corporation.[1] Consumers complain about the low quality that is 'engineered' into products and how some are unsafe and misrepresented. The public, generally, is inundated with stories about white collar business crime, business kickbacks and bribes, pollution of the environment by business, and the like. Employers, themselves, have their own complaints. They point to business thefts, e.g., of trade secrets, not to mention employee goofing off on the job and general dishonesty. Possibly, or even probably, this picture of an amoral or immoral business world is exaggerated (business, by definition, certainly need not be amoral), but many people do believe that it is accurate, and it may well be the case that there is more amorality, not to mention immorality, in business than one would care to have.

If P1 and P2 are the basic types of problems we should consider in business ethics, what help can we hope to receive in solving these problems? Let us consider P1 first.

Philosophers who concern themselves with business ethics, or with applied ethics generally, are most at home considering the normative ethical principles (developed by philosophers) that can be applied to concrete ethical questions in business. Developing skill in solving moral dilemmas in business is thought to entail learning to apply such fundamental ethical principles. It is no wonder that philosophers consider P1 as the central problem in business ethics.

Typically, philosophers discuss the two basic approaches to moral reasoning that have been developed by moral philosophers. One is called the teleological approach (the rightness or wrongness of actions are determined by their consequences), and its common form is utilitarianism, i.e., the rightness or wrongness of actions is to be determined by balancing the good consequences that stem from them against the bad ones, and what is considered right is what leads to actions that, on balance, yield more good consequences than bad ones. The second approach is called deontological (motives are essential, and duty, rightness, moral obligation and the like are the basic concepts). On this theory, an action is right (one's duty or moral obligation) because it is an example of a certain kind – consequences are not particularly important. The Ten Commandments is an example of this approach. An action is morally wrong, regardless of the consequences, if it is an example of murder, adultery, stealing, etc. The most famous deontological philosopher is Immanuel Kant who believes that there is a fundamental moral principle he calls the Categorical Imperative (somewhat like the Golden Rule) that can determine whether actions are morally permissible or not.

I think that this approach to business ethics is helpful in determining the basic ethical principle(s) at work in business, e.g., utilitarianism, and in applying ethical principles to ethical problems in business, one will develop a sensitivity to the complexity of some of these problems, and, possibly, increase one's skill at working out for oneself solutions to some of these problems. It must be noted, however, that a course taught along these lines tends basically to be a simplified ethics course applied to some business problems rather than to nonbusiness problems. The philosophers who take this approach, then, would have to agree with Peter Drucker[2] who argues that there is no separate ethics for business, nor is it necessary to have one. Secondly, we must note that many philosophers believe that basic ethical principles cannot be justified; in all events, the problem of justifying basic ethical principles is extremely controversial not to mention technical. It goes without saying, then, that choices among ethical principles are complex and debatable.

When controversial moral judgments can be supported by the alternative basic moral principles, the above approach is helpful, but when these principles yield different moral judgments, we are not helped very much because the determination of the validity of basic moral principles, as we said, is extremely controversial. For example, William J. Blackstone ('Reverse Discrimination and Compensatory Justice') and Tom L. Beauchamp ('The Justification of Reverse Discrimination in Hiring') take opposite views, viz., nonutilitarian versus utilitarian, on the moral problem of reverse discrimination.[3] We should also mention that some of the most talked about ethical dilemmas in business, e.g., the problem of whistle blowing, are most difficult to solve by applying traditional normative ethical theories.

Some philosophers practicing business ethics argue that a most notable fact about basic ethical principles is that they generally yield the same moral conclusions. This is due, they say, to the general agreement about the morality or immorality of the majority of human actions. The point that ought to be made, however, is that our judgments about moral right and wrong, with reference to specific human actions or conduct, are more secure than these fundamental moral principles. If this is the case, moral reasoning is not all that essential because we basically know what is morally right and wrong. What is not made clear by business ethics philosophers is that traditional moral philosophers were not, essentially, trying to determine what is morally right or wrong; they were rather attempting to discover the 'grounds' or basic reasons for our moral judgments. Normative ethical theory, then, was never designed to be used primarily in applied ethics, i.e., to discover what is morally right or wrong.

The remainder of this paper will be concerned with P2. We have seen that normative ethical theory can be thought of as a way of clarifying and justifying fundamental ethical principles, e.g., utilitarian or Kantian principles, that provide the basic reasons for our moral judgments. But there is another 'part' of normative ethical theory that deals with human ideals or what has traditionally been called the good life, i.e., the type of human being or human life style or society that is basically good. This topic is central to the ethics of Socrates, Plato and Aristotle, the greatest of the Greek philosophers. These philosophers understood that our life style or basic values mold our character, and it is upon this foundation that our concrete judgments and activities – including our ethical judgments and actions – depend. For example, if we are materialistic or have a materialistic conception of the 'good life', our solutions to life's concrete problems will differ from the solutions of people who equate the good life with some type of excellence or some form of spirituality. More to our point, each human life style basically determines our attitude toward morality and immorality. Isn't it because business is often characterized as being motivated primarily by profit while, for example, philosophy is not, that these people maintain that business tends to be more amoral or immoral than philosophy?

Raymond C. Baumhart, in a famous early study (survey) of the way business people view ethics in business, says that such surveys as his reveal that questions of moral behavior, e.g., right, wrong, what we ought and ought not to do, are determined by prevailing life styles or ideals.[4] There are also popular recent writers on problems basic to corporate management and corporations generally who, while not maintaining that they are doing business ethics, have interesting insights about business ethics, because they are implicity using the approach of the Greek ethical philosophers. Two of the most popular of these recent writers are Michael Maccoby (*The Gamesman*[5] and *The Leader*)[6] and William G. Ouchi (*Theory Z*)[7].

Consider what Ouchi says. Let us say we are unhappy with basic features of American type organizations, and believe that Japanese style organizations yield greater worker productivity, etc. The most effective way of changing specific behavior and solving some of the basic concrete problems is to change the corporate 'life style' or what he also calls its culture or philosophy or basic values (ideals). Indeed, he insists that philosophy and business should go hand in hand. If this is true, it should also be the case that the best way of solving basic concrete moral problems relative to corporate behavior is to view these problems as connected with the 'life styles' of corporate leaders, and the solutions to these problems as related to a corporate 'life style' or value system that eliminates or, at least, minimizes them.

Maccoby, in both *The Gamesman* and *The Leader*, is concerned with analyzing various business character types, rather than analyzing the philosophy (value system) of an organization or of the management of an organization. But there is an intimate connection between these concerns. The philosophy of an organization influences (sometimes molds) the value system of its managers, but one's value system molds one's character, as we have suggested. Thus, in *The Leader*, Maccoby, referring to Webster's dictionary, defines an 'ethic', viz., a value system, as "The character (or ideals) of some people (or group)". The value system of a culture molds the character of the people, and this can be analyzed in terms of a character-type, viz., common character traits shared by a group or culture that determine the group's values and behavior. Maccoby, in both *The Gamesman* and *The Leader*, in the course of his analysis of types of successful managers and leaders, reveals the moral, amoral and immoral consequences of the various business character types he discusses.

It should be clear that an approach to the P2 problem of business ethics ought to begin with an analysis of the business ideals or life styles that have determined the character of American business people. Such an analysis will reveal that each of these life styles (the puritan ethic, frontier ethic, robber baron ethic, viz., the traditional interrelated forms of our individualistic business tradition, and the organization man ethic, its modern antithesis) is still with us and, indeed, in many people they exist as conflicting elements of a complex life style. Such an analysis helps the business person to understand the source of his or her own basic values as a business person. Given an analysis of American business life styles or characters, we should proceed to show their inadequacies from a moral point of view and to show as well those features or traits that have propitious moral consequences. Such an analysis is indispensible for understanding (1) the business morality, or lack of it, entailed in modern American business, (2) potential or possible changes in business ethics, and (3) possible ways of developing a business ethic, or at least the need for developing such an ethic, that accords well with our moral sensibilities. Business ethics (as a study) should attempt to find a practically possible, rather than illusory, business ethic or life style that can properly restore American business people to the respectability that they believe is their due. Obviously, we do not have the space to work out such a project in this paper, but, possibly, it would be helpful to consider, very sketchily, one version of the development of such a project.

The traditional American business value system, which might be characterized as materialistic individualism, exhibits certain variations based upon the relative dominance of the puritan, frontier, and robber baron 'ethics'. The tendency toward business amorality (not to mention immorality) deepens as American business individualism comes under the dominance of each of these ethics.

American Calvanism was able to condone business success by arguing that one's 'calling', i.e., one's career, is sacred to God, and, indeed, one should improve one's station in life in order to assure oneself of being one of God's elect. Business success, and its implied materialism, was defended not in itself, but rather as a sign of one's virtues by means of which such success was achieved. These virtues have been called the puritan ethic; industry or hard work, frugality or thrift, serious application to one's business are emphasized as well as such virtues as orderliness, cleanliness chastity, moderation and the like. It was further argued that the most successful, being the most virtuous, are the stewards or the true natural leaders of the people.

Although this ethic is not without its admirable aspects, it unduly narrows the individualism of the American business person. Cultural and liberal arts pursuits, on this view, tend to be viewed as decadent and the leisure necessary to cultivate oneself is identified with idleness and wastefulness. This ethic entails disdain for the poor or less privileged for just as wealth is a sign of virtue, poverty is considered, on this view, a sign of vice, e.g., laziness, lack of drive, perseverence and the like. An obvious consequence of this attitude is a neglect of morally necessary social legislation, general social condemnation of the more unfortunate, neglect of education not specifically directed toward material ends, and a general neglect of the finer (moral) feelings related to caring, concern, and sympathy for others. The narrowness of this type of individualism can hardly, then, be productive of a properly moral standpoint; one which does justice to people generally.

The opening up of the frontier reinforced the implicit individualism and self-reliance of the puritan ethic, while it separated this value system from its religious emphasis as well as its antidemocratic leanings, viz., it bred a concern for freedom and equality. It reinforced the importance of practical success and added the traits of coarseness and strength, animal cunning (having smarts), being able to find the expedient way to master practical problems (yankee know-how or 'can do'), boundless and nervous energy (being dynamic), and an insatiable love of liberty. These traits are readily recognizable as those traditionally admired by the American business person. But this frontier ethic nurtured a basically antisocial and strongly selfish individualism, and it was in this context that the puritan ethic evolved. Fredrick Jackson Turner, the famous American historian who developed the Frontier Thesis, associated the lack of civic spirit and business honor (morality), not to mention other evils, with this frontier spirit. Alexis de Tocqueville, the greatest of the commentators on American culture, also brought latent moral difficulties with this ethic to the surface by showing that such an extreme emphasis on self-reliance tends to draw a person too much into himself, severing him from the community and from one's fellow human beings. As Turner suggests, this value system tends to be morally inadequate, sapping a person of the virtues of the public life. Such people often view themselves as standing alone and are apt (often unrealistically) to view their destiny as totally in their own hands.

The evils of the above ethic are seen, almost in caricature, in the activities of the robber barons. To their admirers, however, and there have been many, their combined virtues provide the model for the ideal businessman. Many possessed the puritan virtues, but these virtues were no longer sufficient for the successful executive in a large industrial or financial corporation. Reflecting on the virtues of the robber barons as manifested in practice, one can readily see the dominant influence of the frontier ethic. Their admirers pointed to the importance of nerve (courage), self-confidence, initiative, tremendous energy (drive), and an essential virtue, the will to win. It is obvious that these virtues are much admired by today's business people. Nonetheless, from Matthew Josephson, who coined the term 'robber baron', to contemporaries such as Robert Heilbroner, their excesses resulting from their value system have been roundly condemned. The robber barons argued, as the puritans did, that the wealthy (themselves) are the natural leaders (the puritan idea of stewardship), but their narrow materialistic value system left them with little understanding of culture or, for that matter, anything other than making money. Friedman and Levitt, in arguing against the modern conception of corporate social responsibility, point out the dangers of placing social power in the hands of certain business people whose focus is strictly economics. The pursuit of wealth, which the robber barons argued ennobled them by developing their virtues, was not a school for the development of moral character; it severely narrowed their self-interest and created devastation for those who were not the 'winners'.

Two basic moral props were used by these people to defend their activities, viz., the idea of universal opportunities for advancement and the theory of Social Darwinism. The former idea was used to root all failure, and its resultant misery, in defects of character and will. The mass of Americans who did not make it were considered losers who lost their courage and parasitically depended on those who still possessed the will to win. In essence, this position merely attempted to provide more support for the puritan position that equated wealth with virtue and poverty with vice. Unfortunately, the premise of this position, the universal opportunities for advancement in this country, has been shown to be a myth by a number of studies. This myth merely reinforced the amorality – if not immorality – and downright callousness of this business tradition. Their basic moral defense, however, rested on the foundation of Social Darwinism, a theory that argued that competition among individuals (and races) is required for moral and social as well as material progress, and those who survived the dog-eat-dog competition are the fittest or the best. Thus, like Adam Smith's laissez-faire theory, the narrow self-interest motivation of business is defended by the 'moral' result. Although Smith's theory, as applied to small business, has great merit, the theory of Social Darwinism has no merit whatsoever. The 'fittest' are not necessarily the ethical best, and evolution can in no way be equated with moral and social progress.

These three ideals, as we said, constitute the much admired ideal of American individualism, but we have seen that they leave much to be desired from the moral point of view. Historically, the great depression put an end to the unlimited faith in American business individualism. An analysis of the benefits and deficiencies of this complex value system could have produced modifications which would have moderated its ethical evils while maximizing the benefits. Instead, as is too often the case when nonrational reaction substitutes for reflection about one's value system, the erosion of business individualism gave rise to the opposite ethic which William H. Whyte called the 'social ethic' – the ethic of the organization man.[8]

The basic concerns of the organization man are belongingness (being a part of some whole such as an organization from which one derives a sense of place, stability, and security) and togetherness (judgments are based on teamwork and committee work rather than on purely individual effort. The negative effects of an overemphasis on this are excessive uniformity and conformity). The organization man derives meaning in life from the firm, and believes that what is good for the organization is good for the individual. He is loyal, responsible and trustworthy, but being a bureaucrat, he also resists change and sticks strictly to the rules. Generally, he is motivated by fear – the carrot and the stick – and is servile, molding himself to whatever the firm's desires are, submitting to its wishes and being totally dependent upon it.

What are the ethical consequences of the organization man ethic? Their excessive desire for security (stability), conformity and adjustment makes them incapable of understanding individualized effort, e.g., innovative, creative and daring (risk taking) efforts. As managers, how can such people be just to those who manifest individualistic traits required for business growth? Moreover, how can such people be expected to face, far from adequately deal with, ethical conflicts or crises? Their appearance as concerned people hides a basic lack of concern for others and a lack of depth in their relationships. The more extreme form of organization man is the true believer who sacrifices real virtue for the avoidance of the pain of moral conflict and moral search, and his extreme bureaucratic tendencies make this ethic, at its worst, repressive, lacking in idealism, insensitive, and destructive of the individual. Generally, the organization man ethic tends to erode our courage and integrity, and forces moral decisions into a conventional mode – one governed by majority opinion, and motivated by fear and concern for external rewards. Their morality is reduced to a superficial concern with manners, but there is no real commitment to self development or to anything that gives quality to life. In reducing a person to something less than he ought to be, morality is reduced to something less than it ought to be.

Many observers of the business scene believe that this ethic is still particularly visible at the level of middle management, and is supported by business partly because big business desires to eliminate unplanned changes; this necessitates control over the business variables, and the most difficult variable to control is people. Business, then, favors uniformity and conformity, and considers these characteristics as prerequisites of organizational culture.

Earlier in this paper, I suggested that our type of analysis could not only reveal the lack of morality entailed by traditional and modern business values, but also help to predict possible changes in business ethics. Such potential changes could readily result from combinations of traditional types which are (unconsciously) formed to meet present needs of business. According to Maccoby, the character model that dominated the upper echelons of management in the 70's is the gamesman. This model appears to be a combination of the robber baron (winning is the basic goal and this is achieved by being tough, aggressive, taking calculated risks, manifesting great energy, innovativeness, being unafraid of change, priding oneself on one's individuality, being contemptuous of weakness, and the like) and the organization man (being a team player, cooperative, dependent on the game and others in the organization, and deriving basic meaning in life from the organizational games played). Many believe that the growth of business in the 70's depended upon the modification of the organization man's managerial style by that of traditional American business individualism. The gamesman seems to have been the result.

Although Maccoby shows that this ethic has positive moral traits (the gamesman is unprejudiced or fair, not destructive, does not relish defeating others and is not nasty or vindictive), the gamesman, like the robber baron of old, is basically unfeeling, unprincipled and manipulative. He is not compassionate and generally is not motivated by issues related to social responsibility. In so far as traditional business ethics or life styles have proven inadequate from a moral point of view, and have been the basis of the amorality and immorality of business life, is there some viable ethic whose consequences accord well with our view of a properly moral business world? There is one model, which for want of a better term we will call the craftsman model, which may provide the best solution to the problem we called P2. With a view to developing a managerial ideal which is both practically possible and ethically viable, we will do the following: (1) Consider, briefly, the idea of craftsmanship, (2) develop the ethical implications of this model, and (3) discuss the practical possibility of its implementation.

The common denominator of craftsmanship is the development of our talents or skills for the purpose of creating and implementing ideas (plans), these ideas being concretized in appropriate materials. The motivation for craftmanship is basically personal satisfaction, pride in accomplishment and a sense of dignity that arises from it. A business managerial craftsman, by utilizing the materials with which he works (basically people and technology), attempts to create a quality organization and quality products and services as a result. Quality production is the objective goal, and satisfaction from creating and implementing plans or ideas, pride in accomplishment, and a sense of dignity derived from doing the best we can with human potentials (our own and others), the motivation.

Turning to the ethical implications of this model, Maccoby, in *The Gamesman*, remarks that the craftsmen he interviewed are concerned with providing for their family, their children's development, and with making a contribution to society, but above all they are honest and respecters of others. Why is this true? If we ask ourselves what is the advantage of cheating, stealing, lying and the like to one who loves craftsmanship, the answer does not readily come to mind, and the reason for this is that such immoral acts tend to adulterate the quality of what we produce and undermine the pride and satisfaction we get from quality production, i.e., from excellence. A concern for craftsmanship substitutes a deep sense of satisfaction and pride in the quality of one's work for the use of work simply as a means to some end. It is most important to note that a life style that emphasizes self-development and the satisfaction and pride in producing 'things' of quality by one's own skill or knowledge raises one above immoral motivations, to a great extent.

I want to emphasize four more points to highlight the moral and social benefits of this model. (A) The development of a craftsman value system is beneficial to society in the quality 'products' created, whether material or not. Most business people emphasize self-interest as a primary motivation, but where self-interest is equated with self-development, it should not be seen as conflicting with the interests of others. Self-interest, as a concern for excellence, benefits society. (B) This value system emphasizes the importance of the development of the person; it is therefore essentially nonmanipulative. The emphasis on self-development encourages the nurturing of respect for the potentialities of human beings, as Maccoby's experience with his craftsmen shows. (C) For a craftsman, giving has a natural quality; rather than taking something away from the giver, it is an expression of the person in the world, i.e., an expression of his accomplishments. For example, the fine teacher freely gives of his or her ideas as an expression of the joy of learning, and, generally, the craftsman wants to present his work to the world as an expression of the best of himself or herself. (D) As we said, self-interest, as related to this model, benefits others, but it is also true that there is no clear demarcation between acting on self-interest, in our sense, and acting from a concern for others. Our type of self-interest relates to human worth and dignity. The concern for our own worth and dignity can tend to branch out into a concern for human worth and dignity generally. It is, then, against this ethic to manipulate or use people – it belittles them. This ethic teaches us respect and concern for the 'better parts' of human beings – human potentialities. There is, then, a tendency to be motivated to help cultivate these potentialities in others.

It will certainly be objected that this may be all well and good, but it is typical pie-in-the-sky philosophy. How can such a model be implemented in modern business? Many business commentators have argued that few careers, even at the managerial level, really tap human potentials, and most get so repetitive (and therefore boring) that after a while little satisfaction and pride can be derived from work. No wonder that craftsman types in corporations criticize their work as not yielding enough satisfaction. Moreover, it is argued that management's basic problems relate to people, and the more machine-like people are, the easier the corporation is to manage. Individuality and creativity, associated with craftsmanship, tend to suffer as a consequence. It is also maintained that large organizations, under conditions of oligopoly, not only have no incentive to price or product competition, they do not want to engage in quality competition, for that too can be potentially ruinous. Finally, concern for organizational efficiency and growth does not encourage the corporate executive to be interested in the product for its own sake, and emphasis on cost reductions provides a real incentive to lowering quality.

Peter Drucker, in *Technology, Management and Society*, lists what he calls a new set of assumptions to fit today's realities, and speaks of how business, and other organizations, will have to adapt organizations to the needs, aspirations and *potentials* of the individual rather than adapting the individual to the demands of the organizations, if only for the purpose of surviving.[9] The only model that clearly centers on individual development is that of the craftsman. Secondly, the knowledge worker is fast becoming business's basic capital resource, and self-development, and its corrolate quality, have always been hallmarks of people whose career is based on developing knowledge. Drucker argues that the knowledge worker (the largest group in the American labor force) is motivated primarily by a sense of achievement. Unless management wants this worker to be basically alienated, a craftsmanship type model must be implemented.

In recent years, there has been much criticism of the view that organizations must strive for increased specialization, for this increases efficiency and productivity. It is this passion for specialization that provides much of the basis for the difficulty in implementing our model, viz., potentials are not tapped work is boring (repetitive), and little satisfaction or pride is derived from the work. William Ouchi, in *Theory Z*, argues that overspecialization in American firms – a product of bureaucratic forms of organization – breeds loyalty to the specialty rather than to the entire firm and this leads to lack of knowledge of problems in other specialties which hinders the proper management of others. Moving within specialties in an organization promotes vitality, productivity and work satisfaction. From the theory Z view, there is no long run high performance without job satisfaction, and (according to Ouchi) Z companies achieve higher productivity than the more bureaucratic American style firms with lower specialization.

A recent article in the *Harvard Business Review* by Frank S. Leonard and W.Earl Sasser, 'The Incline of Quality', argues that the increased concern for quality products is based upon the success of the Japanese emphasis on quality.[10] No longer is the managing of quality the responsibility of 'low ranking' employees; Many firms are demanding of their managers responsibility for quality at all levels of the organization. Moreover, they argue that although 'traditional wisdom' views quality and productivity as conflicting, the truth is that increasing quality, increases productivity. They conclude, quite correctly in my opinion that quality problems relate ultimately to managerial leadership qualities. The best managers have the 'dignity and integrity' to set high personal standards related to a basic concern for quality. They suggest that the 'character of managers' is intimately related to difficulties exhibited by American business competing on 'quality grounds'. Those who believe that the model I am suggesting is typical pie-in-the-sky philosophy ought, probably, to look again at its ultimate bottom line benefits.

Notes

1 Roger M. D'Aprix, *In Search of a Corporate Soul* (Amacon, New York, 1976).
2 Peter F. Drucker, 'Ethical Chic', *Forbes*, Sept. 14 1981, pp. 160–173.
3 Tom L. Beauchamp and Norman E. Bowie (eds.), *Ethical Theory and Business* (Prentice Hall Inc., Englewood Cliffs, New Jersey, 1979).
4 Raymond C. Baumhard, 'How Ethical are Businessmen'?, *Harvard Business Review*, July–August 1961, pp. 6–19, 156–176.
5 Michael Maccoby, *The New Corporate Leaders: The Gamesman* (Simon and Schuster, New York, 1976).
6 Michael Maccoby, *The Leader: A New Face for American Management* (Simon and Schuster, New York, 1981).
7 William G. Ouchi, *Theory Z: How Business Can Meet The Japanese Challenge* (Avon Books, New York, 1981).
8 William H. Whyte Jr., *The Organizational Man* (Simon and Schuster, New York, 1956).
9 Peter F. Drucker, *Technology, Management and Society: Essays by Peter F. Drucker* (Harper and Row, New York, 1970).
10 Frank S. Leonard and W. Earl Sasser, 'The Incline of Quality', *Harvard Business Review*, Sept.–Oct. 1982, pp. 163–171.

(continued from p. 70)

which goes beyond Ouchi's Japanese *Theory Z* (pp. 37f, 126f), and is dismissed as "soft." by conventional managerial wisdom, is in reality "hard" (p. 11). It is more likely to produce *sustained* high financial, technical and organizational results than decision trees, cost-cutting, high tech, etc. It reflects ethical themes of a longterm horizon and enlightened self-interest balanced by attention to other stakeholders, e.g., customers and workers (in contrast to ITT's hard culture of internal distrust; p. 296f).

Worker productivity, the authors argue (Chapter 8), does not come from elitism, but from "walk-around management", and listening to workers: "Treat people as adults. Treat them as partners; treat them with dignity; treat them with respect. Treat *them* – not capital spending and automation – as the primary source of productivity gains." (p.