The Nature of Managerial Moral Standards

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ABSTRACT. Descriptions of how managers think about the moral questions that come up in their work lives are analyzed to draw out the moral assumptions to which they commonly refer. The moral standards thus derived are identified as (1) honesty in communication, (2) fair treatment, (3) special consideration, (4) fair competition, (5) organizational responsibility, (6) corporate social responsibility, and, (7) respect for law. It is observed that these normative standards assume the cultural form of social conventions but because managers invoke them as largely private intuitions, their cultural status remains precarious and unclear. This is the second in a research series of three papers.

In the course of their work, managers experience themselves as making decisions and taking action on the basis of moral considerations. As described in the first paper in this series, a wide range of everyday activities are considered in moral terms. In this paper we seek to identify and analyze the moral standards that managers appear to use when they judge that an activity involves moral concerns.

Moral standards are authoritative guides for interpersonal behaviour. The authority of such normative standards may be derived from one or more sources, including traditions, religious beliefs, rational argumentation, wide spread popular acceptance, and legal enactment. Moral standards are authoritative, and thus normative, to the extent that individuals feel obligated either to conform to them or to give good reasons for acting in deviation from them. Normative moral standards may assume varied forms: they may be articulated as obligations or as ideals, and as social rules, personal virtues, or general principles. In whatever form, normative moral standards influence behaviour persuasively rather than coercively (Bird, 1981; Durkheim, 1974, ch. 2). By their nature moral standards are social realities. Although particular individuals may use varied terms to express their moral convictions, by moral standards we refer to culturally transmitted and the socially shared ideals and expectations which groups of people hold in common, even though they may express these ideas differently (Durkheim, 1974, ch. 1.).

Methodological approach

In attempting to identify and to analyze the moral standards held by managers, two different methodological approaches can be visualized. Managers might be asked directly to discuss the normative principles that they consider to be relevant for managerial decision-making. However, this direct approach has some clear limitations. Managers might, for instance, simply voice idealized views regarding justice, corporate responsibility and fairness, but which rarely influence their actual day-to-day decision-making. Or, conversely, managers may well answer that moral standards, understood as consciously-held ethical principles, do not seem to be relevant to most of their decisions, because such well-recognized explicit statements of

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moral standards are seldom involved in their everyday work. An alternative methodology, which we have adopted, is to ask managers initially to discuss moral issues that have arisen in their daily work and then later analyze these discussions to discern implicit as well as explicit moral standards to which they refer as they describe these issues. The advantage of this approach is that it enables us to analyze managerial discussions of moral standards indirectly and with respect to specific people and events. The identification and analysis of moral standards is thus grounded in the actual reports of the interviewed managers as they discussed specific questions which *they* identified as involving moral concerns.

In his study, *The Structure of a Moral Code*, the philosopher John Ladd argued that it was possible to analyze the moral philosophies of philosophically unselfconscious individuals by re-constructing their ordinary conversations into more explicit moral arguments (Ladd, 1976, p. 27–36). In order to re-construct the ordinary statements of informants as rationally articulate principles, Ladd proposed that these statements be compared to various philosophically developed ethical theories. He suggested that observers analyze the degree to which informants' discussions of moral issues correspond to one or more of the following moral philosophies: Utilitarianism, Kantian ethics, Egoistic Hedonism, and the Ethics of Self-Realization (Ladd, 1956, p. 38).

Our methodology differs from Ladd's in that we do not attempt to identify the moral standards invoked by managers by comparing their statements to established moral philosophies. Rather, recognizing that the moral views of managers, or any other group of people, may correspond to no such philosophies, we have used a more inductive, grounded approach, in keeping with Max Weber's methodological proposals regarding the use of ideal types (Weber, 1949, ch. 2). We have attempted to draw out the moral assumptions held frequently by managers and to express these in words that correspond as closely as possible to the managers' own. We have further attempted to organize these shared moral assumptions into natural groupings, producing a set of shared moral standards which underpin the interview discussions. Thus, our restatements of these moral standards are synthetic constructs which identify the predominant features of common moral assumptions to which a number of managers referred in relation to specific issues.

In order to determine what kinds of moral assumptions were being invoked by managers in relation to specific cases, both authors individually and together reviewed all the cases. We coded each case with regard to the moral standards to which the interviewed managers seemed to assign special prominence. We did not start out with preestablished views regarding the number and the substance of the moral standards we expected to find. Rather, we began to identify moral standards only after we had reviewed a number of cases. These standards were then initially and tentatively defined. As we reviewed more cases, we often discovered that it was necessary further to modify and to elaborate the meanings of the various standards and/or to regroup and to restate the standards.

Normative standards invoked by managers

After repeated analysis of the interview results in this fashion, we arrived at a point of convergence such that we felt the managers' varied views regarding a range of diverse issues could be explained in relation to seven distinct moral standards. We have identified the common moral standards in the following words: (1) honesty in communication, (2) fair treatment, (3) special consideration, (4) fair competition, (5) organizational responsibility, (6) corporate social responsibility, (7) respect for law.

As indicated in Table I, Moral Standards and Reference Frequency, some of these standards were much more readily and regularly invoked than others. In most cases (58.1%), interviewed managers discussed a given issue in relation to a single moral standard. In about half as many cases, the managers discussed a specific issue in relation to two or more standards which served to reinforce a similar judgment. In one

TABLE I

Moral standards and reference frequency

Standards	Number of Time Referred To	Percent of Total Cases in Which Standards Were Referred $N = 193$
(1) Honesty in Communications	50	25.9
(2) Fair Treatment	58	30.1
(3) Special Consideration	29	15.0
(4) Fair Competition	57	29.5
(5) Organizational Responsibility	41	21.2
(6) Social Responsibility	11	5.7
(7) Respect for Law	18	9.3

out of eight cases, managers discussed an issue in relation to two or more standards that were held in tension, i.e., the managers expressed the view that competing moral standards were relevant to the issue in question.

Honesty in communication

The managers frequently expressed their commitment to honest communications. They felt that employees ought to be candidly and honestly evaluated, and that communications between managers ought to be direct, open, and straightforward. They criticized other managers who slanted their proposals to senior management, who over-dramatized their demands on other departments and who held back and did not stand up for their own convictions. They disapproved of distortions and unjustified embellishments in advertising and labelling. They felt that expense accounts should not be padded and that insurance claims ought to be accurately stated. They expressed the view that it was wrong to mislead the media or local townspeople with regard to corporate policies. They felt that bosses ought not to take credit for the work of their people.

For these managers honesty in communications meant that they should at all times speak candidly, directly and without intentional deception. Honesty in this sense meant not lying, not telling half-truths, and not purposefully distorting information when communicating with others. Honesty meant avoiding the telling of white lies in order to promote a product, or "unload" a problem employee, or secure a contract, and it also meant acting with veracity, so that their actual behaviour corresponded to what they have said they were doing.

Dishonesty occurs, they argued, when managers act in ways that deviate from what they say they are doing, as when they secretly cheapen the quality of a product without informing customers. As they violate their spoken promises, they act in ways that render their words into lies. In ways similar to the arguments of Sisela Bok, these managers primarily affirmed their commitment to honesty as communication without intentional deception (Bok, 1977).

In addition, these managers also often identified the further normative standard that they should provide all the relevant information when expected without withholding data or considerations that might be important. As Sisela Bok argues, by withholding information that no one has directly requested, a person does not thereby lie. However, such a person may be said to be less than fully honest. A number of interviewed managers expressed particular concern with this issue. For them, honesty in communication called for managers to provide full, candid accounts of all relevant information bearing upon the ongoing decisions which other managers in the larger organization regularly had to make. This kind of full disclosure of both requested and unrequested information was especially important when negotiating or renegotiating contracts with suppliers and when appraising the performance of personnel. Individual managers, for example, complained about performance appraisals that were inadequate not because of actual distortions but because they were at best partial.

Generally, the interviewed managers defended the moral principle of honest communication as a self-evident, universally accepted normative standard, well-recognized as such by their peers and by the researchers to whom they were speaking. However, their comments suggested that the prohibitions against lying were stronger and more fully understood than the ideals of full disclosure.

The managers opposed deception and reaffirmed the value of truth telling for quite practical as well as idealistic reasons. They recognized that they and their firms had suffered because deceptive communication led them to count upon other people and upon services and goods in relation to specific expectations that were not fulfilled. Deceptive communication in this way contributed to poor planning, poor utilization of resources, and/or the loss of credibility.

In their own words, the interviewed managers affirmed their belief in honest communication as follows:

> At group appraisal sessions, I have to be willing to speak out and confront others when I think personal sympathy or antipathy is biasing an employees appraisal. (I.D.7)
>
> The company was planning a change that would have meant only a slight loss of service. They wanted us to place ads proclaiming, "no loss in service". We refused since the bald statement wasn't true. (III. B.11)
>
> In negotiating, we try to ensure that all suppliers receive the same facts; we do not misrepresent facts. (IV.A.11)
>
> We have many fuel suppliers, big and small. When majors renegotiate price up, we make that increase available to small suppliers, even when they asked for less. On the other hand, we would not lie to a major and tell them we had a lower bid without disclosing it was from a minor. (IV.A.6)

For most managers the real issue with regard to honesty in communication arose in relation to exceptions to this standard. That is, when and for what reasons might it be morally acceptable to be less than honest? Few managers directly addressed this question. Rather, the managers acknowledged that it is often convenient and personally advantageous to stretch the truth, to fib, to present shades of the truth, to embellish and to bluff. Some managers quite candidly acknowledged that they had lied. Thus, we heard from some managers about how, for example, they oversold production capacity thus creating delivery problems, lied to customers about whether the customers were getting the best price, padded insurance claims, and covered up faulty production runs. More frequently, the managers complained about other managers who in various ways distorted their communications. Occasionally, managers described situations where they felt there were good reasons for lying. More often no good reasons were offered.

> Analysts slant proposals to senior management because they are emotionally commited to a position; they do not put out all the facts for consideration. (II.A.2)
>
> Before disclosure pressures, managers would tell subordinates that what was actually a cost-of-living scale change was a merit increase. Persons may actually have gone down in the salary range. (I.A.8)
>
> A personnel person here erased data from an employee file because it would have prevented the employee from getting a job. When I complained to the boss, his rationalization was that the client would misinterpret the data. (II.A.8)
>
> I use various shades of truth in negotiating; when a customer asks if he is getting the lowest price, I have to lie. (III.B.3)
>
> We sometimes use lighter, cheaper material on an item in order to make a better profit, and don't tell the customer. (III.B.4)
>
> Sometimes we have to lie to townspeople in the area of a plant that we know is going to be shut down. (V.B.3)

In each of these cases the interviewed managers were openly critical of dishonest communication by others or made excuses for communications that might be deemed dishonest. In these latter cases, they recognized that it would have been morally better not to deceive but they defended their deceptions as a necessary means to preserve the economic viability of their firms.

Fair treatment

As they talked about moral issues they encountered in their everyday work, managers also referred to the normative standard of fair treatment. They affirmed their beliefs that managers ought to act according to impartial standards and without bias or personal regard. Thus, for example, they expressed concern that salaries be administered equitably, that equitable severance payments be established in cases of terminations, that all employees' children be given the same chance for summer employment, that customers from the same trading area get the same price for a given service, that the integrity of the sealed bid process be respected, and that suppliers with political connections not get favoured status.

As part of their affirmation of their commitment to fair treatment, the managers also criticized other managers who in practice ignored or modified this norm. They expressed annoyance when senior executives were lightly treated for abuses which could have led to the dismissal or prosecution of others. They objected when particular managers were used as scapegoats for productivity declines which they could not change. They criticized colleagues who unilaterally increased work loads for employees without utilizing the accepted procedures for introducing these kinds of changes. They questioned the giving of regular discounts to some but not all similar customers.

In their own words, the interviewed managers referred to standards of fair treatment to explain their own actions, and/or to criticize others as follows:

> Firing an employee – is it fair? You never told him that his performance was inadequate, and he's been working for the company for a long time. I have to argue with other senior managers. (I.A.10)
>
> We are closing a division and we're spending a great deal of money to find places for everybody. (I.B.9)
>
> If a senior executive is caught with his hand in the till, we don't prosecute; but we nail the lad at the bottom for a similar thing. It should be the same justice for all. (I.D.6)
>
> In investigating disputes between our engineers and outside contractors about contract fulfillment or requests for extra fees, I have to remain impartial and be ready to say to our own people, "No Mr. Engineer, you're wrong". (IV.A.1)
>
> Big customers often ask for our business and the marketing department tries to put pressure on us, but we tell them we will treat them like anybody else. If that's the way to get business, then we don't need a marketing department. (IV.A.8)
>
> In negotiating severance benefits, those who don't scream as loudly get less benefits. (I.D.9)
>
> If a drop in productivity coincides with the arrival of a new manager, senior management often fires the guy rather than getting into nitty gritty details to find reasons. It's almost as if they say "Let's fire him and see what happens; if that doesn't work we'll try something else". The effects on the man are treated lightly. (I.D.8)

For these managers, standards of fair treatment were associated with three over-lapping sets of principles. One, fair treatment meant that they acted impartially such that no one is specially advantaged or disadvantaged, privileged or punished because of their names, or connections, or positions. As one manager explained, "suppliers with political influence try to use connections with senior management to get favoured status. We tell them that they will be treated like everyone else – if they have the best quality and price, they'll get the business" (IV.A.7). Two, fair treatment meant to do business in keeping with established procedures. From the perspective of these managers, these procedures served to prevent individuals from acting arbitrarily or capricously, without due respect for those with whom they were professionally engaged. The managers invoked these standards to censure those who sought to use excessive pressure to influence the selection of bids, subordinates who badmouthed their bosses, and employers who abruptly fired employees without proper hearings. Three, standards of fair treatment also were associated with treating people with some consideration for their rights as employees, suppliers, and peers. For example, regarding personnel issues, fair treatment meant that workers should be able to count on working conditions that were safe and healthy.

These three aspects of fair treatment are interrelated, together emphasizing the concern to act in keeping with impersonal principles that identify appropriate procedures and basic considerations due to those with whom a manager is regularly and contractually engaged. This latter aspect is decisive. Fair treatment standards define norms with respect to contractual relations. The managers talked about these expectations as if they were broadly recognized, even though, as we shall see, specific standards of fair treatment might not have been publicly discussed and may vary in particulars from industry and organization to organization.

Special consideration

Even as they re-iterated their convictions about fair treatment, these same managers also argued that it was often important to act with special regard for particular individuals or groups because of their special circumstances or contributions. These expectations counter and conflict with the expectations for fair, impartial, impersonal, and objective treatment. Thus managers are sometimes expected to ignore or to modify more universal standards of fair treatment, in order to take into consideration the unique settings and circumstances of particular individuals and groups, their needs, their efforts and their costs. The managers discussed cases where they acted with special consideration for long-term employees, where they helped an employee with personal financial problems, and where they took affirmative steps to secure the employment of handicapped people. They discussed the ways of maintaining ongoing relationships with particular customers and suppliers by not opening some of their businesses to open bid competition or by dividing their business among several of those making low bids. In these ways managers felt that special considerations were warranted, not necessarily because of any benefits accruing to them or to their firms, but because of the unique circumstances of these other people.

In their own words, the interviewed managers talked of cases where they had extended and/or been extended special consideration for what they saw as morally acceptable reasons:

> We spend a lot of time and money to help rehabilitate employees who are alcoholics. (I.E.12)
>
> During an extended period of illness, the company paid my full salary, well beyond the time required by policy. I'll never forget that, and I have refused a few competitive job offers as a result. (I.E.14)
>
> I am avoiding pushing a small customer into bankruptcy. We hold his $50 thousand note, and keep selling him for cash because he and his family depend on the business to live. (III.D.4)
>
> We will grant relief from contracts when conditions change so as to make them unreasonable; for example, after negotiating a three year contract for raw material, the market soared such that we were paying $50/ton more to other suppliers – on appeal, we adjusted the price to bring it more in line with the market. (IV.A.5)

While the managers implied that special consideration was valid in relation to unusual needs, handicaps, and opportunities, they also cited a few cases where special consideration was extended for reasons which they did not judge to be morally justified. As indicated by the following comments, managers questioned the legitimacy of providing special consideration for reasons that seemed to be more related to the convenience of the manager himself/herself or to arbitrary fluctuations in the market.

> In the process of obliging people to take early retirement, I approached one guy and he threatened to make a stink about it. I told him to hold on for a while and then switched to another guy who didn't raise a fuss when I told him he would have to go. (I.D.2)
>
> How do I deal with the fact that relative newcomers, like computer experts, can demand more salary than long-timers who have contributed greatly over time to the company? (I.D.4)
>
> We use loopholes in the law to get around legislation we don't like, like the language laws in Quebec, e.g., we bring people in falsely under "temporary status". (V.A.9)
>
> My wife does bookkeeping for our firm. I have her on the payroll at an inflated salary. A friend has his wife on payroll and she does nothing. I can't imagine what he would say in court. (V.A.17)

It can be argued that no essential conflict need exist between standards for fair treatment and standards for due consideration, because the latter represent a sub-group within the former. That is, according to norms of fair treatment, individuals are expected to be guided by the same standards in similar or equivalent situations. Norms of due consideration complement these standards by providing direction on how to act in situations which differ. While an argument like this might be made, the managers we interviewed did not view the matter so simply. In general, they recognized the validity of both sets of claims, assigned priority to standards of fair treatment, and attempted on a case by case method to balance both claims and act responsibly. The following are characteristic statements:

> I had a 30 year old woman who was not performing and I told her we wanted her to go. She said, "Look, I've been here for 12 years; this is the first time anybody has spoken to me about performance; so you had a responsibility to not only tell me but to do something about it". We struck a deal – we hired a placement agency and she didn't have to leave until she found a job she liked (I.A.7).
>
> How long should you endure the absenteeism, lateness and lack of productivity of an alcoholic employee? I follow the steps laid out in the collective agreement and rationalize that it's the best thing for him, but it bothers me when we fire him (I.E.1).
>
> We could avoid a lot of hassles by not hiring female managers – specifically the reactions and interference of male managers and some absurd aspects of maternity leaves. But that would not be fair to women. (I.G.3)

Fair competition

As they talked about moral issues with respect to customers and suppliers, the interviewed managers referred to what we might describe as standards of fair competition. They talked about how the competitive market was undermined when managers, for example, tampered with processes of bidding for contracts or attempted to persuade them to purchase services by offering bribes, kickbacks and excessive gratuities. Managers told of various incidents where attempts were made to pressure their choices by offering them lunches, training programs, prostitutes, silverware, free contract services for their homes and expense-paid travel. As customers, the managers objected to these activities because they feared that decisions about purchases might not be made strictly in relation to considerations of price and quality but because of personal advantages gained by those negotiating the contracts.

Standards of fair competition are particularly relevant in areas such as customer-supplier relations, which are often governed neither by explicit contracts nor precise legal restrictions. Interviewed managers identified fair competition with a series of four inter-related moral principles as follows. One, goods and services ought to be marketed impersonally. All customers ought to receive equivalent service even if, as a few managers noted, the suppliers own shares in one of them. Similarly all suppliers ought to be treated the same. "In order to maintain credibility, we must treat suppliers equally and fairly – maintain proposal confidentiality – don't trade prices (IV.A.10). Two, fair competition means that decisions ought to be made in relation to questions of price and quality and not on the basis of personal favours, gratuities, and kickbacks received by the individuals negotiating these decisions. Nor ought these decisions be made in response to political pressures or unfair economic pressures. Three, collusion with other sellers in order to fix prices above ordinary market levels ought to be avoided. Finally, four, although standards of fair competition in general require that marketing decisions be made objectively and impersonally, still some respect and consideration is due to customers and suppliers with whom there has been an ongoing mutually satisfactory relationship. Where special efforts have been made, these ought to be acknowledged and rewarded.

In their own words, the managers discussed these issues as follows:

> Suppliers know that when you quote to us, you get one opportunity; some other companies go back and back and try to chisel the price down, saying things like "Company A has quoted a lower price, but we really like you equipment – what can you do for us? (IV.C.1)
>
> We maintain neutrality vis-a-vis a customer in which we have a partial ownership; we bend over backwards to avoid any favourable terms. (III.C.10)

We go to great pains to protect the integrity of the sealed bid process; bids are opened only by the committee established for that purpose and members log the bids and attest to accuracy and conduct arms-length technical and commercial analyses. (IV.A.2)

You can't respond when you know that a competitor is paying a buyer under the counter. It would be short-lived. (III.C.6)

When there is shortage of product – demand much more than supply – customers offer bribes or higher prices; but that would mean taking away from regular customers. (III.D.5)

While they concurred that purchasing decisions ought to be made impersonally on the basis of open competition, a number of the managers interviewed recognized that the issues were in fact quite complex. Several talked of attempting to draw the line between acceptable and unacceptable practices. One stated that his firm had informal guidelines about gifts from suppliers: "a bottle but not a case of booze, a turkey but not a $50 bill" (IV.B.6). Another explained that it was okay for buyers to accept tickets when offered, "since suppliers often purchase season tickets for promotional purposes". However, he added "I insist that buyers not ask for tickets" (IV.B.1).

Issues of fair competition are far from simple also because, as sellers, managers frequently claim that these practices are expected and that they would be unfairly disadvantaged if they did not act similarly to other sellers. Thus, managers individually confessed that they offered gifts and gratuities, but discretely and only to top executives. They confessed to attempting to get cozy with buyers to gain advantage. They admitted they used agents to transmit bribes in international markets, where payola was an accepted aspect of marketing. A few managers admitted that they interfered with sealed bid transactions by attempting ahead of time to check with the competitors about their bids or by working out special arrangements with buyers. One manager acknowledged that his firm attempted to "regularize" prices with competitors. According to the norms of fair competition, the free choices of consumers are supposed to determine market transactions. But in these several ways, managers admitted that they had acted to limit or to manipulate the choices of customers.

The managers we interviewed felt that conventions regarding competition varied with the nature of the business and their relationships with their customers. As they discussed these questionable cases, the interviewed managers referred to their own actions in one of three ways. In a very few cases, they described their practices as being morally indifferent. As one manager explained, "We sell essentially identical products to different customers at significantly different prices and rationalize it as an issue of meeting and beating prices of the customers' other suppliers" (III.A.1). More frequently managers described marketing practices by others which they knew to be immoral. Finally, and even more frequently, they offered good reasons or excuses for why they had acted in violation of these standards of fair competition. They defended the morality of their marketing practices in the following words:

U.S. Firms frequently "buy" business – wine, dine, money, televisions, holidays – but we in Canada offer a nominal level of entertainment – lunches, or in an extreme, asking him to a fishing camp. (III.C.12)

We dump products in other countries at lower-than-domestic prices; the basis is that we're not injuring anyone because we're such a small part of the market. (III.A.7)

We often oversell – accepting orders even though capacity is outstripped, especially when it is necessary to secure a new customer we have been wooing. We end up short shipping, shipping late, and stringing along regulars. Nevertheless, I sleep a lot better when we're oversold than when we're undersold. (III.B.2)

Before entering a sealed bid competition, I phone around to check with my competitors. (III.E.2)

There is payola in other countries, particularly in the Middle East. We either sell at our fair price to an agent who in turn can sell at any price he wants; or we hire an agent at a fixed commission and he can use his money according to his own lights. Our hands are clean. You have to be seen to be honest. (III.C.5)

It is interesting to observe that in nearly four out of five cases in which the managers said that they were acting in keeping with these standards of fair competition, they spoke as consumers buying goods and services from suppliers. In contrast, in approximately two out of three cases in which the managers were making excuses for practices which they recognized as deviating at least in some measure from these moral principles, they spoke as sellers of goods and services to customers. It has been argued that fair marketing principles have been established over time in order to protect the interests of consumers. Clearly, as consumers, these principles were warmly endorsed and affirmed by the managers we interviewed. However, as sellers, these managers more often experienced pressure to modify or ignore some of these standards largely in order to enhance the interests of their firms.

Organizational responsibility

In a number of cases managers invoked that we shall refer to as the normative standard of organizational responsibility to argue that they were obligated to make decisions and perform their tasks so that the overall organization was efficient and effective. This standard of organizational responsibility calls for managers to assign preeminent priority to furthering the objectives and economic viability of their organizations especially in the face of other considerations which would assign lower prominence to these goals. An organization is not an impersonal abstraction. It is the larger corporate structure which provides the opportunities for work, contexts for social relations, and salaries and wages for employees, interest income and capital appreciation for investors, as well as goods and services for customers. All these people suffer insofar as the organization itself is performing poorly. Hence, the normative standard of organizational responsibility identifies the importance which must be assigned to managerial efforts to defend and to enhance the strength and integrity of the overall organization.

In concrete terms, organizational responsibility is associated with making decisions that reduce waste, increase efficiency, and enhance the interests of the organization as a whole. That means that any particular objective, no matter how worthy it is by itself, has to be considered in relation to how pursuing this end will benefit the organization as a whole. The standard of organizational responsibility assigns secondary importance to any and all considerations of benefits that advantage only some or a few individuals or groups at the expense of the effectiveness and vitality of the overall organization. Characteristically, organizational responsibility is associated with being able to make difficult, defensible decisions that assume a larger perspective regarding the issue at hand.

> It is hard to fire a man (for stealing) when you know his wife and children and the financial needs of the family. I've done it though, because the organization must survive. (V.C.6)
>
> Rather than incurring costly warehousing costs to smooth the wild swings in the consumption of our product, we lay people off in slack time ... The stress and strain it puts on a man when he is out of work for a month or two weeks bothers me, but that is how industry works. I've hinted about this problem with senior management but that runs the risk that the opinion they will formulate is that this guy doesn't really have the guts to do what a manager needs to do. (I.B.1)
>
> In collective bargaining, we see the other side walking into a trap whereby they're not going to get what they want; they settle for ten cents where you would have been willing to give a dollar. You let them do it, but the "troops" end up getting screwed. (V.C.10)
>
> My secretary was neglecting her job for personal reasons, and, because she had been with the company for ten years, I put up with it for six months. I was torn but I eventually fired her. How long should I have stuck with her? (I.E.7)
>
> We are now pushing out a 46 year old guy for performance-related reasons. But this person never had adequate appraisals and feedback over his career. When I raised questions with my boss, he told me that if I can't do it he will bring in someome who can, someone who does not have personal relationships with the people. (I.A.2)

The interviewed managers described other instances where the conflict was not between competing moral principles but between the advantages that were likely for an individual or a group within the organization and those that might be expected for the overall organization. These managers were particularly concerned that decisions regarding production, suppliers, and personnel not be made because of benefits for particular individuals. The managers discussed a number of examples such as paid leaves-of-absence to run for public office, gratuities offered by suppliers, and excessive fringe benefits. They were concerned that the good of the overall organization not be compromised or infringed upon by individuals who too zealously pursued their own ends.

> As a sales manager, I have to be fair in making demands on our production people, not over-dramatizing need for rapid delivery so as to make myself look good in comparison to competition but at tremendous cost to the company. (II.A.4)
>
> How can we keep the bonus and stock option plan from influencing people to go after immediate profit rather than the long-run interest of the company? (V.C.5)
>
> We were making a bid on the open market for a U.S. company – bid was significantly higher than going prices. Montreal brokerage house bought a large block of shares before our offer was made public. I suspect that a member of our team let the information out to his advantage. (V.C.11)
>
> In analysis of competing locations for a new plant, where one location will benefit the engineering staff more than the other location, we have to remain aware of potential bias in the analysis and scrupulously call them as we see them. (V.C.3)
>
> Division heads spend a lot of time competing with each other rather than helping the company; they use the speech writing staff not to help the company but for self-aggrandisement, boosting their prominence within the company. (V.C.9)

Corporate social responsibility

The interviewed managers infrequently invoked the principle of corporate social responsibility to discuss ethical issues which arose in conjunction with their work. Ideals of corporate social responsibility have been widely discussed in text books on business ethics (Barry, 1979, ch. 7, 9; Bowie, 1982, ch. 5; Velaquez, 1982, ch. 5; Powers and Vogel, 1980; Beauchamp and Bowie, 1979, ch. 7, 8) in relation to issues regarding the environment, the impact of industries on local communities, as well as the philanthropic and political roles of corporations. Nevertheless, the interviewed managers discussed only a very few cases in which these principles were invoked. Without any consistent pattern, individual managers made references to isolated cases in which they expressed concern about the responsibilities of their organization to people in the larger social milieu, for example with respect to air pollution, consumer goods that might pose health hazards, corporate philanthropy, and the impact on a local community of a plant closure.

> To meet external air pollution standards, I have to create internal air pollution. The only way I can take care of employees is to shift air from inside the plant to outside, but that would get me in trouble with the city. (I.C.1)
>
> In the course of investigating a serious accident resulting in a fatality, we discovered there had been a similar accident of the near-miss variety. Because of our commitment to safety, we decided to disclose this to the health and safety commission, even though it caused us problems and risked the possibility of a criminal negligence suit. (I.C.6)
>
> Selling off a subsidiary or shutting down a plant where you've been involved with the people in the community and have developed a mutual report and confidence with them raises some difficult issues. (V.B.4)
>
> When the market gets tight, we use every opportunity we can find to raise prices. We're bitching about inflation and here we are doing our best to see that (the final consumer product) gets to $25 a unit. (V.C.1)
>
> Shut down a plant – change location rather than try to upgrade – transfer workers who have invested in their homes for 15–20 years. Once the plant shuts down, who will buy their homes? It creates an impossible situation for them. (I.D.8)

Respect for law

A wide variety of behaviours are possible for managers and organizations in response to legal constraints. These can range from somewhat evasive, footdragging, letter-of-the-law responses to direct, zealous spirit-of-the-law responses.

In almost ten percent of the cases brought up by the interviewed managers, a respect for the law of the latter type was the moral standard to which they were referring when they judged an issue to be of moral concern.

They discussed issues of distinguishing between tax avoidance and evasion, bribery of government inspectors, handling of criminal prosecutions and labour relations practices. They were both critical of deviations from this standard on the part of others and their own organizations and also forceful in declaring the importance they attach to this standard.

> Once we are called in as peace officers on a case, we pursue it as peace officers. If a manager raises questions about PR, I say "If you want public relations to handle the police work then go to them. (V.A.4)
>
> The company wanted to do some wheeling and dealing with the books. The treasurer agonized over the demand and eventually made a decision to resign. They wanted to shift some results from one period to another. (V.A.14)
>
> When planning collective dismissals (e.g. layoffs), if more than ten employees are involved in a month, the law requires that we notify the appropriate minister, and then get involved in cumbersome investigating committee which monitors employees welfare. A proposal was made that we make layoffs in steps so as to avoid all the hassle. We decided not to evade regulations, but instead informed the minister of the steps we were taking (severance pay, outplacement guidance, etc.) and proposed that the committee was unnecessary; our proposal was adopted. (V.A.15)
>
> When one union went on strike, a second union was afraid to come in for fear of being labelled scabs. We laid the second union people off so that they could collect unemployment insurance. It was necessary to make a judgment outside of the law. (I.E.5)
>
> I am scrupulous about obeying the law – but not about Bill 101. (V.A.12)
>
> When trying to recruit someone to Quebec, we are asked whether the company will pay to have this person's children go to private English schools. We say "no" since that would avoid the intention of the law – our policy is to respect the letter and spirit of the law. (V.A.16)

The cultural forms and cultural status of managerial moral standards

Surveyed as a sum of individuals, managers as a group invoke an extensive range of moral standards in relation to everyday decision-making. Our purpose in this article has been to indicate this range and to add at this point some analytical observations regarding the cultural form and cultural status of these standards. It is our contention that these normative standards invoked by managers assume the cultural form of social conventions but conventions which in most cases have a precarious, largely private cultural status, and, hence, uneven authority.

As cultural realities, moral standards may assume several distinct forms. They may, for example, be communicated as idealogical statements, as religious principles, as philosophic ethics, and/or as social conventions (Bird, 1982). Moral standards relevant for managerial decision-making have at times been communicated in all these forms. Recognizable ideologies of management have been articulated and defended by professional associations of manufacturers and by schools of scientific management (Bendix, 1956; Taylor, 1911; Sutton *et al.*, 1956; Weinstein, 1968). Various theologians, canon lawyers, and rabbinic councils have set forth and defended religiously-grounded norms related to fair prices, decent wages, usury, and contractual relations. (Nelson, 1969; Levine, 1976; Tawney, 1926; Ryan, 1916). Also, the moral ideas of several philosophic ethicists, such as Adam Smith, Thomas Malthus, James Mill, and John Stuart Mill, directly and indirectly affected managerial practices as their ideas influenced conventional wisdom regarding sound economic practices (Heilbroner, 1953; Galbraith, 1973). More recently, several contemporary philosophers have attempted to demonstrate the relevance of philosophical thought for business ethics and managerial decision-making (Barry, 1979; Bowie, 1982; Velaquez, 1982; Beauchamp and Bowie, 1979; LaCroix, 1977).

Nevertheless, the managers we interviewed seldom expressed their views regarding moral standards in any of these forms; that is, as ideological ideas, religiously grounded principles, or philosophically elaborated ethical arguments. Occasionally, they did argue in terms of organizational responsibility in words that correspond to traditional management ideologies. And, now and then, they defended their views by utilizing arguments that corresponded to philosophical utilitarian views. For example, one manager commented, "In PR you can't fudge around with the truth. If you do, you lose credibility and whatever you say is not going to have any effect". (V.B.1)

Rather, in the overwhelmingly large majority of cases, managers expressed their thoughts about moral standards as if they were speaking about assumed self-evident cultural conventions that did not require explicit justification. Moral conventions refer to culturally shared normative standards that are often viewed as taken-for-granted common sense ideas, honoured and justified by customary practices and conventional wisdom. Moral ideas have often been communicated as cultural conventions especially among traditional societies and ethnic groups. When moral standards are communicated as cultural conventions, they are invoked and referred to as if they were largely self-evident and presumed, as if a consensus existed with regard to their validity. The interviewed managers discussed moral standards in precisely these terms, as assumed understandings and codes which were justified by the presumption, taken as given, that most managers accepted them, at least as relevant moral ideals.

Communicated in the form of cultural conventions rather than as philosophical principles or explicit ideologies, moral standards vary in their cultural status in two ways. That is, they may be more or less clearly understood and more or less compelling and authoritative.

One, when moral ideas are communicated as taken-for-granted cultural conventions, they tend to be articulated in vague general terms and expressions. These vague conventional terms may be understood with greater or lesser clarity and precision. Moral conventions vary markedly in this regard. In some cultural milieux, vaguely-stated conventions are understood quite precisely because explicit precedents have been established for interpreting these standards and because deviant behavior is readily censured. In other cultural milieux, vaguely stated conventions are not so clearly understood. They are subject to multiple and sometimes conflicting interpretations. Furthermore, no institutionalized means with public legitimacy exist for authoritatively delimiting acceptable understandings. Cultural conventions typically remain imprecisely understood in settings undergoing rapid social change, in settings experiencing the influx of new ideas and beliefs, and in settings where it is difficult to facilitate articulate public discussions with respect to the meanings of conventional moral principles.

All societies allow for exceptions to generally accepted moral conventions. These exceptions are defined by sub-conventions which modify or relativize major conventions. In most traditional societies, where conventions are clearly understood in relation to acknowledged precedents, these exceptions are also clearly acknowledged. However, to the degree that conventional norms are less precisely defined, then correspondingly the identification of acceptable exceptions becomes much more problematic. It becomes more difficult to know when exceptions are acceptable or tolerable and when they are deviant.

Two, as cultural conventions, moral standards may be more or less compelling and authoritative. In many communities cultural conventions are quite strictly honoured. Little discrepancy exists between the prescribing norm and customary practices, such that norms are frequently justified by citing common usages. This strict compliance occurs for several reasons, including the influence of traditions, the weight which widespread consent gives to these standards, and the power of particular communities to expel or publicly to shame violators (Weber, 1968, 331–339). In some other communities – such as some ethnic groups and youth and young-adult sub-cultures – conventional moral standards are not so strictly adhered to. Greater variation in interpretation is allowed, partly because this variation is viewed as being desirable, partly because of the heterogenety within the group, and partly because no means exist for expelling or publicly discrediting individuals whose behaviour has become mildly deviant.

In comparison to other moral conventions, the moral standards held by managers tend to be both inprecisely understood and only loosely and haphazardly followed. In the third and final article in this series we more fully analyze the reasons why the moral standards invoked by individual managers frequently lack clarity and authority. Our concern in this article has been to call attention to these characteristics. As we have observed, individually, managers frequently think about managerial decisions in relation to a set of identifiable moral principles, which they treat as self-evident cultural conventions. However, that managers frequently think about these decisions in moral terms is obscured by the fact that they invoke these standards as largely private intuitions. The cultural status of these normative conventions – regarding, for example, honest communications, fair treatment, organizational responsibility, and fair competition – remains precarious and unclear.

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