

Beyond reciprocity, however, as the reason for our moral actions toward others is—or perhaps ought to be—our concern for the quality of our own lives. If we are concerned about the sort of profession we have entered, the sort of organization we have joined, the sort of society we are constructing, and the sort of person we are becoming, then we have to start thinking about our duties and responsibilities to others. What do we really owe to our professions? What do we really owe to our employers? What do we really owe to our society? And what do we really owe to ourselves? But perhaps most important of all, how do we really reach a balance among all of those duties and responsibilities?

These are questions that people have worried about for centuries. In 399 BC, Socrates was put on trial in Athens for having “corrupted the youth of the city.” He argued in his defense that all he had done was to ask the young people who attended his public forums to consider the goals and standards of their lives. There was nothing wrong with such teaching, he claimed, and ended with the closing statement that “The unexamined life is not worth living” (Plato, “Apology” in *The Dialogues* [of Socrates], B. Jowett, trans. New York: Random House, 1987). You can certainly interpret that expression following your own understanding, but perhaps he is saying that everyone should examine their duties and obligations to their professions, their organizations, their communities, and themselves. If so, it is necessary to get down to the absolute basics.

The most basic question in ethics is, “Do you have an obligation to leave the world a little better than you found it, or can you simply take what you want now, and let other people worry about making up for any shortfall later on?” Many people do recognize a personal obligation to other people to some extent, but they have never thought strongly about its nature and terms and have never sorted out that general duty into their specific responsibilities to their professions, their organizations, their communities, and their selves. And, it has to be recognized that there are some other people who choose to ignore this injunction to “leave the world a little better than they found it.” The question once again is, Do we cede to those people the first place in financial rewards and managerial positions, and only hope that eventually they will become concerned with the quality of their lives and the nature and terms of their obligations to others? Perhaps we need something more than reciprocity of treatment and quality of life as the reason to be moral.

Trust, Commitment, and Effort

Beyond reciprocity of treatment and quality of life, the third argument in favor of moral action by managers is that of building trust, commitment, and effort among all people associated with their firm. Business firms are composed of individuals, groups, and other organizations that not only are passively willing to, but positively want to, make an effort to succeed. In business firms we call those individuals, groups, and other organizations “stakeholders.”

The term “stakeholder” was clearly composed to contrast with the more familiar “stockholder.” A stockholder is a person who owns a portion of a company. A stakeholder is a person who is associated with a company and, in a famous phrase, “can affect or is affected by the achievement of the organization’s objectives” (Freeman, *Strategic Management: A Stakeholder Approach*, Pitman, Boston 1984, p. 46). The stakeholders in a business firm include the factory and office workers, functional and technical managers, senior executives, scientists and engineers, suppliers, distributors, customers,

creditors, owners, and local residents. All, clearly, have an interest, a “stake,” in the future of the firm. All, equally clearly, must contribute their efforts through cooperation and innovation if that future is to be successful and secure.

But why should these various individuals and groups contribute their best efforts, and be cooperative and innovative, for an organization that appears not to care about them? You are a worker on an assembly line in a factory. I am the manager of that factory. I recently downsized some of your friends who also worked on that assembly line. I have gradually made changes that increased the speed of that assembly line. I continually argue that your hourly wages are too high and your health care benefits too expensive. In short, I am the prototype, perhaps not of the typical manager, but of the frequently alleged manager. But perhaps you are about to give me my come-uppance.

Let us say that you have an idea for a simple change in the design of the product that you are manufacturing that would greatly facilitate the assembly and reduce the cost. After all, you work on that assembly day after day and hour after hour. You know far more about possible improvements in the manufacturing processes for that particular product than I ever will. Do you tell me about your idea?

The argument of this chapter is that, under current conditions, you probably will not tell me about your idea to greatly increase efficiency and reduce cost in the factory I manage allegedly for the benefit of the stockholders. Why? It would be fairly easy to assume that you would not tell me because you would not trust me. You would think that I would take credit for the idea, ask for and receive a large bonus from the owners for having invented it, and fire a few more of your friends because your idea saved so much time and effort that they were no longer needed. I might even fire you so that I would not have to worry about your telling others that the idea for which I have received so much credit and reward was, in reality, your own.

What should I, as a company manager, do in order to get you, as a company employee, to tell me about your new idea? Perhaps I can do nothing now, but perhaps earlier I should have established an expectation that everyone within the company would be treated in ways that had a convincing element of fairness. Perhaps I should have been far more attentive to the rights and well-being of others. Perhaps, in short, I should have been more moral.

Maybe the basic answer to the “Why be moral?” question is the need for managers to build trust, commitment, and effort among all of the individuals, groups, and organizations associated with their organization. Maybe trust is the essential first step, and perhaps we can’t get commitment and effort without that trust. And, maybe trust is built upon our making and explaining our decisions and actions in a way that most people—probably, as was explained in earlier chapters, we’ll never be able to fully convince everyone—can agree to be an equitable and fair-to-all solution to a generally recognized problem. This the first basic argument of this chapter, that trust of this nature requires, as was shown in Figure 5.1, a recognition of moral responsibility, an application of moral reasoning, and a possession of moral character or courage. These three characteristics are critical:

1. *Moral responsibility* is the recognition of moral problems. Perhaps this is the most essential managerial function of all: Before we can start to think seriously about a moral problem, we first have to comprehend that people are actually being hurt or harmed, or are having their rights denied or ignored, by our company’s decisions