

Hierarchical control or individuals' moral autonomy? Addressing a fundamental tension in the management of business ethics

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Introduction

Many managers (and other people) seem to assume that the regulation of employees' moral behaviour at work is both essential and justifiable. Evidence for this assertion can be found on most corporate websites, usually under codes of ethics or conduct. What is at stake for these managers is the ethical acceptability of the organisation, not least as seen by external stakeholders. As a result, they are primarily concerned with maintaining *control* in accordance with corporate values and policies. This control-oriented position is strongly implied, if not explicit, in much writing on business ethics where one can discern reference to causal factors that are presumed to correlate with ethical conduct, and that might provide management with leverage over individuals' behaviour. The assumed need for systems and practices involving codes, cultures, leadership styles, audits and ethics training programmes to regulate or in some other way influence persons' decisions and conduct is found in many sources (e.g. Weber 1993, Treviño & Nelson 1995, Ferrell *et al.* 2002). However, this tendency to favour

control encounters opposition, particularly in the form of arguments for employees' right to moral autonomy. The aim in this paper is to examine these two standpoints, and to clarify some of the concepts and issues raised. It will be argued that each position is justified, indeed is essential, and that the resulting conflict amounts to what is described by Treviño & Nelson (1995: 219) as a 'particularly knotty ethical dilemma'. Surprisingly, this question of 'the ethics of managing *ethics*' has, with rare exceptions such as Schwartz (2002) concerning codes, McMahon (1995) in relation to managerial authority, perhaps Sinclair (1993) on organisational culture and, at least implicitly, some general works such as Bowie (1999) had little balanced treatment in the business ethics literature. Other writers touch upon the central issue in question, for example stressing managers' or other employees' capacity for moral thought, but in a partial manner. Cases in point are Weaver *et al.* (1999), who do address some matters covered in this paper, but in the limited context of senior managers' moral autonomy, while supporting the idea of control over lower level employees' ethics, and Van Buren (2005), whose discussion of workers' moral concerns regarding corporate social performance confines these to human resource management

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issues, despite the possibility that employees might be expected to participate in a wider debate.

The argument for control is a consequentialist ethical position where the end justifies the means. Its opponents, often adopting an explicitly Kantian philosophical standpoint, insist that people as individual human beings are entitled to 'respect', and specifically, that recognition be given to persons' own moral viewpoint (e.g. Bowie 1999, Warren 1999, Schwartz 2000, 2002). They may add that some individual discretion in relation to moral issues is inevitable anyway. There are limits to managerial control, for example due to the ambiguity of language used in policies and codes, while the conflicting ethical demands that, in complex social systems such as modern organisations, confront individuals, means that sometimes they will have to take responsibility for their own moral actions; in other words, to exercise *a degree* of autonomy in any case. The case for individual autonomy is also strengthened once one recognises the power of large corporations to harm society and the environment (Bakan 2005) and the need to encourage various forms of dissent such as whistleblowing and principled resignation. Employees should be able to resist control and manipulation in the interests of the wider society. A danger with control-oriented approaches to business ethics is that they weaken individuals' potential in that respect. The idea of individual moral development referred to later in this paper should be appreciated in that context, and not just in terms of personal moral maturation. Anticipating later discussion, this indicates the need for employee involvement in organisational decision processes. However, such participation must be genuine and non-manipulative, a requirement that frequently receives insufficient attention, as in Treviño & Nelson (1995: 219–220).

Moral autonomy

Many topics in business ethics call for a multi-disciplinary perspective. The distinction between a 'positive', or social, morality to which people are expected to conform (and that may form the basis of social control) and an individual's 'autono-

mous' morality is no exception. This has been discussed or implied in philosophy (e.g. Cooper 1970) and in many social theoretic and related works also (e.g. Durkheim 1961, Berger & Luckman 1966, Kohlberg 1981, Power *et al.* 1989). However, we should note that the word autonomy is used by different writers in various ways, which can cause confusion, and the intention here is to confine discussion of the concept to what is hoped will be sufficient for present purposes.

We shall start with an important point of clarification. Compared with the philosophical concept of autonomy found in Kant's ethics and its derivatives (introduced below), the use of the term in the social sciences and management theory, not being concerned explicitly with ethics, may be regarded as more general and indicative of popular understanding. This 'popular' usage refers, variously, to the independence of an individual (or a group, organisation, state or some other social system) that may be attained through the exercise of power or have been granted by another party. In practice, of course, such autonomy may be partial, being limited, for example, to decision making with regard to particular matters, and perhaps constrained by policies and agreements previously arranged. Meanwhile, Kant's perspective on autonomy provides an insight that will be of particular value when we come to examine arguments concerning the ethics of management control over individuals' personal moral judgement and actions.

Moral autonomy in Kant's philosophy

Before proceeding further, it is worth noting a distinction, suggested by O'Neill (1993) between 'Kantian ethics', referring to a variety of work that draws on Kant's thinking but often departs from it to some degree (e.g. Rawls 1972) and 'Kant's ethics', referring to what he himself wrote. A full appreciation of what individual moral autonomy might mean, and how it may be justified (or how control may be critiqued) requires some reference to Kant's ethics, in particular to his 'categorical imperative'. To be autonomous in Kant's sense is to act according to what he believed was an objective moral law. This law has no foundation in

sense-data, being independent of any perceived properties of the objects of one's moral concern and is therefore free from any personal inclinations or emotions regarding these. *In other words, it is the moral law that is autonomous* (the 'autonomy of morality'). It is known *a priori*, in the same way that we know that $2+2=4$. It is a higher-order law, pitched at the level of *form* rather than *substantive content*, and is articulated by Kant in his 'categorical imperative'. Whereas a 'hypothetical imperative' contains substantive, often observable, content (X, Y) inviting us to (rationally) choose a course of action 'X' if we wish to attain an end 'Y', an imperative is categorical if *reason alone* demands it, just as we are required to arrive at the answer 4, if told to add $2+2$. Thus, for Kant, while it is a categorical imperative that '... the [personal] maxims which serve as our principles of volition should conform to universal [moral] law' (Copleston 1961: 323) (a logical requirement, explained below), such maxims would contain substantive content pertaining to particular issues in actual situations.

Adherence to the moral law means that *individuals must be autonomous in the more general sense also*; that is, free from the influence of other people. Were they not autonomous in that sense, clearly they could not demonstrate the 'moral motive' by following the demand that they should act according to their own principled will, in accordance with the categorical imperative. For Kant, *acting according to the moral motive (or a 'good will') is the defining quality of ethical conduct*. Thus, to summarise so far, both Kant's 'autonomy of morality' and the more general concept, in which individuals have freedom from the influence of surrounding factors, especially other people, and from their emotional reactions to such influences, are relevant to Kant's ethics. These two modes of autonomy overlap, but the distinction is nevertheless defensible.

There are various versions, or formulations, of the categorical imperative in Kant's writing, but the principal one is:

Act only on that maxim through which you can at the same time will that it should become a universal law.

(cited in Walker 1998: 31)

The imperative here is a logical imperative. What it means is that the principles of conduct, or maxims, that guide or account for our actions must be equally applicable to everyone without internal contradiction. The most frequently cited example from Kant is that of the 'lying promise': if everyone who borrowed money promised to repay it, but at the same time had no intention of doing so, promising would in effect become logically impossible. The maxim that 'whenever I promise something I will have no intention of fulfilling that promise' therefore fails the test and is morally unacceptable. It is important to note here that this is not the same as the consequentialist's rule-utilitarian objection that life would simply be difficult or unpleasant as a result. The argument from the categorical imperative is based on the requirement that there should be no contradiction between the terms of the maxim, quite apart from the conclusions one might draw from any empirical observations. Although Walker (1998: 35) notes that there seems to be a weakness in this reasoning, as in reality people might go on trusting others, he goes on to observe that the 'contradiction really lies in the will' (1998: 36): I cannot *will* that promising continues universally, and *at the same time* will that it does not. This reminds us that it is the principle that is important for Kant, not any empirically dependent argument.

A further example, useful for our purposes, may be that found in Lewis Carroll's depiction of Alice's confrontation with the Red Queen, who orders Alice to speak only when spoken to. Alice protests that '... if everyone obeyed that rule ... nobody would ever say anything ...' (Carroll 1947: 262). Green (1986) noted the parallel between this situation and Taylor's (1911) system for managerial direction over employees' actions in the workplace, arguing that the logical outcome if one applied the system universally is that there would be no production. Another way of looking at this would be to consider the maxim, 'only act in the workplace as directed by your manager'. This cannot be universalised, as presumably some people will be 'at the top' of their organisational hierarchy, with no manager controlling them (except perhaps in a co-operative where the

manager is subject to collective direction). In short, unilateral managerial control fails Kant's test of universalisability. From this standpoint, therefore, the claim that senior executives can express their own moral viewpoint, while other employees must necessarily conform to a corporate ethics policy (as in Weaver *et al.* 1999) would be unacceptable.

A second formulation of the categorical imperative is:

So act that you treat humanity, both in your own person and in the person of every other human being, never merely as means, but always at the same time as an end.

(cited in Walker 1998: 9)

This is sometimes referred to as the principle of 'respect for persons' (Bowie 1999). This principle is very relevant to our dealings with people at work. As Copleston (1961: 328) observed:

The words 'at the same time' and 'merely' are of importance. We cannot help making use of other human beings as means. When I go to the hairdresser's, for example, I use him as a means to an end other than himself. But the [moral] law states that, even in such cases, I must never use a rational being as a *mere* means; that is, as though he had no value in himself except as a means to my subjective end.

What do we mean when we refer to a person as an 'end'? This paper is premised on the belief that what we are talking about here is the realisation of human beings' full potential, and that this implies their capacity for autonomous moral agency. This is consistent with the earlier point that, for Kant, acting according to the moral motive is the defining characteristic of ethical conduct. Thus, we (e.g. as managers) have a moral obligation to facilitate 'self-realisation' in other individuals (such as employees; MacLagan 2003). Moreover, it is because of the principle of universalisability that the reference to 'your own person' requires ourselves to resist the control of others who would treat us merely as a means to their own (or the organisation's) ends.

Moral autonomy in relation to social morality

Leaving Kant to one side for the moment, many writers outside the field of normative ethics have addressed the question of individual moral autonomy in a descriptive-analytical manner, as part of a wider discussion on the relationship between the individual and society. Sources such as Berger & Luckman (1966) in sociology and Cooper (1970), writing from a meta-ethical perspective, are examples from the past. Cooper's use of the word autonomy is, in effect, the same as the general usage noted earlier in this paper. He remarked that: 'We employ the autonomous concept [of morality] whenever we stand back from the positive [or social] morality and try to make up our minds whether to accept or reject some part of it' (1970: 78). Cooper also stressed that 'neither concept [the positive or the autonomous] is to be pooh-poohed as secondary, degenerate or bogus' (1970: 85). As with Berger & Luckman's (1966) 'social construction of reality', Cooper (who has only one inconsequential mention of Kantian ethics in his paper) recognised that each morality can influence the other, but not in any necessary aetiological relationship.

The point being made by these writers is that societal beliefs and values play a major part in shaping, and of course in providing the context for, individual moral action. Here, we may refer to the 19th-century French sociologist Durkheim (1961) (also cited by Cooper in this context) who, while he recognised that personal choices are informed by broad social values accepted as moral constraints, maintained that as societies become more complex, and people face novel situations, individual judgement, including moral judgement, becomes necessary. *Unthinking* conformity with social norms and values is simply less appropriate to the resolution of problems and dilemmas in such circumstances. However, Durkheim also feared what may indeed be the case today: the emergence of a pervasive societal culture of narrow self-interest spawned by the growing dominance of business values, which would replace the constraining force of a more caring or humane social morality. In response to

this danger Durkheim (1957) advocated 'professional ethics'. This, as Giddens (1978: 62) has suggested, could be construed in terms of today's professional associations (e.g. in accounting) whose members are regulated by codes of conduct, and that might exert a significant influence on corporate activity. But more than that, perhaps general business codes of ethics can also play a part here.

This leads to Kohlberg's work on moral development, which, in its later emphasis on the idea of the 'Just Community', built on Durkheim's ideas (Power *et al.* 1989). Kohlberg maintained that individuals may progress from a pre-conventional (Stages 1 and 2) through the conventional (Stages 3 and 4) to the post-conventional or 'autonomous' level (Stages 5 and 6) of development. His theory is very contentious (see e.g. Modgil & Modgil 1986, Thomas 1993) and for reasons of space, we must be fairly brief. In the context of the present paper, we do, however, need to consider, first, what Kohlberg meant by individual autonomy, second, in what respects he saw this as superior to uncritical conformity with 'conventional' social norms and codes and, third – under the next subheading – how in his view such personal 'development' might actually arise, especially in the context of organisational control over ethics, through the impact of culture, codes and other formal procedures.

Kohlberg's elevation of the post-conventional, autonomous level is consistent with the Kantian principle of respect for persons in so far as it values personal moral judgement over conformity with social norms. To that extent, he is Kantian in O'Neill's (1993) terms, or as he himself put it, 'neo-Kantian' (Kohlberg 1981: Chapter 4). However, his concept of individual moral autonomy represents the general social scientific or 'popular' usage described earlier. As such, it owes more to his starting point in empirically grounded developmental psychology than it does to Kant's philosophy. As Petrovich noted in her discussion of Kohlberg, 'Kant's notion of autonomy, as a purely rational *a priori* function of reason, cannot be applied, without some major distortions, to empirical psychology, which is based upon a materialist philosophy' (Petrovich 1986: 98).

Kohlberg (1981: 131) regarded higher stages in his typology as 'more adequate or more moral' than lower stages, although his claim here is unconvincing. His is essentially a theory of *cognitive* development. He is saying that, when resolving moral dilemmas, ever-increasing cognitive complexity is experienced by individuals as they progress towards the post-conventional level, where one has to *think* to a degree that is not required at the conventional level. Kohlberg maintained that moral conflict is inevitable in human affairs and that post-conventional reasoning by autonomous individuals is required to deal with this adequately (Kohlberg 1986: 506). The importance of autonomy here, in so far as it is Kantian, demonstrates Kohlberg's belief in liberal democratic processes. Although his thinking was informed by Rawls (1972) on 'justice reasoning' and later by Habermas on 'ideal communication' (Habermas 1984) rather than by Kant directly, it is clear that for Kohlberg the superiority of the post-conventional level can be understood in terms of this Kantian influence.

Moral autonomy in organisations

The question of how personal moral development might actually arise in organisations takes us back to the core theme of the present paper, because it may be argued that mechanisms of control over ethics, by putting such matters on the agenda, themselves constitute 'stepping stones' for individuals as they progress towards the post-conventional, autonomous, level. The pre-conventional and conventional levels of individual development are consistent with an image of employees subject to some sort of organisational control, and we need to consider how they might advance beyond that state. An insight into this is provided by Kohlberg and his colleagues, following their experiences researching school education in an Israeli kibbutz (Power *et al.* 1989). Following Durkheim (1961), they suggested that it is possible for people to learn about the *idea* of morality while in a heteronomous condition (and, during that phase, conform to social norms or codes) but then, through dialogue with others, learn to think critically about actual situations and begin to

engage more fully in independent moral judgement and action. Thus, '[t]he autonomous self is in a sense created and sustained through dialogue with other autonomous selves' (Power *et al.* 1989: 28). As Weinreich-Haste has put it, writing in the context of Kohlberg's kibbutz research, '[t]he effect of experiencing a challenging micro-political environment is clearly to alter consciousness and create disequilibrium in individual thought structure' and thus stimulate moral development (1986: 351). It is during this process of creating a 'Just Community' that justice reasoning and communicative competence enter the picture. However, whether we can safely assume that such moral learning would occur routinely in a business setting is questionable. Mason & Mudrack (1997) point out that post-conventional moral thinkers may choose to leave organisations that they find unethical, so that the dialogic processes required for *others* to attain that level may not occur. To counter this, management would need to encourage an appropriate ethical culture (Sinclair 1993, Treviño & Nelson 1995). (However, Treviño & Nelson use Kohlberg's research to support the assertion that most employees are conventional-level conformists, and that therefore it is important for management to ensure that the organisational culture supports ethical conduct. This may be seen as, implicitly, a control-oriented position.)

In this paper, it is maintained that what is appropriate is not an imposed unitary culture where everyone in the organisation shares the same values and norms and that, as Sinclair notes, 'has been attacked as both infeasible and undesirable, of itself, morally questionable' (1993: 66). What is appropriate is what she calls a 'sub-cultural' approach to improving ethics in organisations. This would recognise a plurality of conflicting values and would nurture 'individual processes of self-inspection, critique and debate' (Sinclair 1993: 71).

Much prescriptive management-related writing that has followed the human relations tradition since the middle of the last century (including contemporary ideas on 'empowerment' of employees) professes a concern for individual autonomy, but nevertheless harbours a tendency to

support a unitary organisational culture. Classic examples include McGregor (1960) and Herzberg (1966) on motivation, Likert (1961) on leadership and socio-technical systems theorists and other pioneers of self-managing teams in the workplace (e.g. Trist *et al.* 1963). The context for discussion of individual autonomy in such sources was the advocacy of some sort of participation by employees in decision making, usually on matters concerning the detail of working methods. Even so, there was little or no explicit reference to *moral* autonomy in this writing, as if mature, self-actualising people in organisations had no concern for ethics (MacLagan 2003). However, one body of theory that advocates individual autonomy and yet may escape this criticism is that on job design by Hackman & Oldham (1980) and their associates (see MacLagan 2003).

As Dachler & Wilpert (1978) explain, the underlying rationale for all such theorists' work varied between concern for 'productivity and efficiency' at one extreme to concern for 'human growth and development' at the other. For the most part, however, those who were more obviously concerned with employees' development as humans, such as Herzberg (1966) and, to a lesser extent, Argyris (1964) and the later job-design theorists, still had at least one eye on management's desire for organisational performance in the conventional sense. While they saw a conflict between formal hierarchical controls, the detailed division of labour and the 'needs' of the human personality, they saw no conflict between granting greater autonomy to employees and productivity. Indeed, quite the reverse, as they would 'sell' their ideas to management on the basis that improved productivity would result from a more motivated workforce. But whether management would really adopt such ideas to the full (implying the possibility that workers might be encouraged to express awkward moral viewpoints) was doubtful, as Herzberg himself observed (1966: Chapter 9). In this light, it seems that Bowie (1999: Chapter 3) is too sanguine in his view of McGregor's 'Theory Y' in particular, as the manipulative potential of what Pateman (1970: 69) called 'pseudo-participation' is always lurking under the surface (Overvold 1987).

Indeed, it is as well at this point to note the risk that manipulation, addressed more fully in the next section, can result from what is done *in the name of* theorists such as Herzberg, Argyris and McGregor, despite such writers' best intentions. McGregor himself noted such possibilities, but optimistically dismissed the threat on the grounds that 'such manipulative misuse [of group dynamics theory] tends to be self-defeating' (McGregor 1960: 231–232).

There are of course some individuals who realise their autonomy by asserting themselves against controlling forces, especially on matters of ethics. Here, we must stress the importance of moral imagination (Werhane 1999) and other personal qualities such as commitment to moral principles, communication skills and forcefulness in support of one's position. Kohlberg himself noted in this context that the would-be autonomous individual requires more than purely cognitive attributes (Kohlberg 1973: 193 *et seq.*). We see this in Milgram's celebrated (albeit notorious) analysis of subordinates' tendency to obey authority, where not all of his admittedly experimental subjects complied with orders (Milgram 1974). The individuals in question demonstrated particular personal qualities in defence of their moral convictions. Thus, as Treviño has noted, individuals' 'field independence', or ability to act with some degree of autonomy without reference to others for guidance, is an important factor when it comes to moral judgement and action in organisations (Treviño 1986: 610). Similarly, she observed that 'locus of control' – specifically internal locus of control, where individuals feel that they can control their own destiny rather than this simply being a matter of fate – is related to the willingness to assume personal responsibility for the consequences of action. Such individuals are usually a minority, however, and the majority tend to surrender to organisational control.

Organisational control over ethics

Turning to managerial attempts at controlling the ethical conduct of people in organisations, we

need to consider whether this can be justified. Of course, there is a need for some control in organisations, so as to ensure the effective and efficient production and delivery of goods and services, as required by society, and looked at more narrowly, in the interests of corporate profitability. In terms of obligations to customers, clients and shareholders, managers have ethical responsibilities here. Moreover, especially in public sector and voluntary organisations, it can be argued that employees *qua* employees should *not* have a say on policy or practice, even on the ethical implications of such, other than to carry out their defined duties (as in Max Weber's ideal-type bureaucracy, discussed below). Notwithstanding the benefits in terms of individuals' political and moral development (Pateman 1970), to allow such employee influence would be to subvert the proper enactment of plans representing the wishes of those who 'mandated' policy, for example, voters in a democratic system (Abrahamsson 1977) or (perhaps more contentiously) shareholders in a business (Silver 2005).

Now, as Maguire (1999) observes, there is an increasing tendency towards explicit managerial influence and control over *organisational ethics and employees' moral behaviour*. Many companies have credos or values statements as well as more precise codes and procedures to deal with employee conduct (Murphy 2005). Such managerial regulation is subject to two interpretations. First, it may be seen as a means to securing what its instigators genuinely presume to be socially responsible, ethical, conduct by organisations in the interests of all stakeholders. Second, and more cynically, one may see it as part of strategic management, with corporate responsibility viewed instrumentally as a profitable policy. Where control over ethics is pursued for this second reason, it is really no more than a public relations ploy, an aid to marketing or one designed to protect the organisation from litigation. In such cases, presumably, there is little chance of this being maintained if it ceases to be a profitable strategy.

Whichever is the case, such control may be ethically justified in *consequentialist* terms if it results in organisations that contribute to, or do

not harm, the public interest; a justification that does not depend on our understanding the real motives and intentions of people in the organisation (which *would* matter to a follower of Kant). It should also be acknowledged that organisations are increasingly subject to (or voluntarily sign up to) trans-national or industry-wide codes, such as the UN Global Compact or the UK Supermarkets' Code of Practice. The constraining effects of such higher-level codes on corporate control over ethics may raise the same issues as are addressed in this paper, but that will not be pursued here. Tesco plc, for example, as well as being subject to the Supermarkets' Code, has a separate Code of Ethics for its staff, covering employee conduct and internal reporting mechanisms that individuals are invited to use when appropriate.

Even assuming that control can be justified in the terms just noted, objections remain. These objections tend to focus on two issues: first, the moral rights of the individual and, second, the threat to society presented by large-scale organisations. Kant's case for individual moral autonomy provides an argument that we shall draw upon concerning the first of these. Meanwhile, over the years, concern regarding the wider social and environmental impact of large organisations has been expressed by a number of writers, such as Weber (1947), Bendix (1966), Whyte (1960), Blau & Schoenherr (1971), Milgram (1974) and recently Bakan (2005). We shall draw on some of these.

The Kantian case against control

Kant's principle of respect for persons and the demand for universalisability are especially relevant where control over others' (or one's own) *moral* judgement is concerned. Apart from overt forms of control, including the 'coercive' enforcement of ethics codes (Laufer & Robertson 1997), there is the covert, manipulative effect of many strategies and techniques available to management. There is a long history of critical debate on manipulation generally (e.g. Rogers & Skinner 1956, Noggle 1996) and in relation to management, organisation and the labour process (e.g.

Schein 1961, Overvold 1987, Hart 1988, Nielsen 1990, Barker 1993, McKendall 1993) and applied social science (Kelman 1965) specifically. The strict Kantian criticism of such behaviour assumes there is an intention to manipulate others, and of course as suggested earlier it may be argued that many managers simply do not see their actions in this light; they may not reflect deeply on the ethical implications of their practices. However, it is reasonable to assume that in practice most employees' individual freedom is likely to be compromised under conditions of group pressure, cognitive dissonance or other forces that underpin the human relations and related approaches to changing beliefs and attitudes. So there is a need for attention to such situations, and, should managers really want to support the ideal of individual moral autonomy, they should take steps to counter such undesirable effects. Writers such as Kelman (1965) and Nielsen (1990) have identified ways forward here, emphasising the need to encourage all participants to express their true values on issues that concern them and for them to be given a fair opportunity to input these views into decision processes in a non-threatening environment. We return to this later.

The problem of power in organisations

For decades, concern has also been expressed regarding the wider societal implications of the control that organisations hold over their members (Whyte 1960, Blau & Schoenherr 1971, Milgram 1974). Today, we only have to look at the manner in which large corporations can sidestep the constraints of democratic societies, with adverse consequences for human rights, the environment or consumers, to appreciate the threat. For those alert to the force of this message, it is all the more discomfiting to realise that this 'discourse of control' (Maguire 1999: 110) now extends beyond the merely technical to the regulation of *ethical* behaviour in the workplace. Codes and other means of control can of course contribute to organisational ethics, as we have seen, but we need to be wary of the dangers posed. Too often, the imperative nature of the language used reinforces the 'hierarchical power relation-

ship' (Farrell & Farrell 1998: 598) so that a code meant to address *ethics* is seamlessly connected to the functional organisational bureaucracy, and does nothing to 'liberate moral and ethical resources' within the individual (Farrell & Farrell 1998). As a number of writers have implied, the assumption that employees should follow such heteronomous ethical codes would appear to confine them to what Kohlberg termed the 'conventional' level of moral development (see e.g. Warren 1993). And insofar as the code is enforced with threats of disciplinary action, this may even force people down to the 'pre-conventional' level, where actions are not guided by any sense of morality at all, but by fear of punishment (Laufer & Robertson 1997). Moreover, if employees are discouraged from engaging in their own moral judgement and instead are subjected to a managerially defined 'ethical' agenda, this may well limit perceptions, rather as in Merton's 'bureaucratic personality' (Merton 1952). Denis Gioia's experience at Ford regarding the Pinto case illustrates this point (see Treviño & Nelson 1995: 101–105).

As a conceptual starting point, we may refer to Max Weber's seminal work on bureaucracy, where he distinguished between 'officials' (middle and junior managers) and leadership (Bendix 1966: 440). For Weber, officials are presumed to possess technical competences that constitute the criteria for, and thus the rationality of, their appointment in the modern organisation. Their subordinates, in turn, recognise the legitimacy of such officials' authority in that context. However, competence at exercising *moral* judgement would appear to be excluded from the criteria for such appointments (Weber 1947: 329–340). Instead, Weber confined the possibility of moral judgement (or value-rational action) to the leadership. Admittedly, he did make a further distinction between political and bureaucratic leadership, noting that there may be circumstances under which a lower-ranking official can exercise discretion, but this would always be subservient to a higher authority when conflict arose between organisational values (i.e. the values that the organisation is expected by its 'owners' to realise) and the individual's own principles (Bendix 1966: 431–457).

It is important to note that in this model of organisation, Weber was articulating what he understood to be the mind-set of typical administrators whose intention was the rational design of organisations (bureaucracies) in the modern world. *He was certainly not approving of this*, other than harbouring a grudging admiration for bureaucratic efficiency, and (reminiscent of the earlier writings of Marx) expressed his revulsion at the prospect of a world populated by 'little cogs, little men clinging to little jobs and striving towards bigger ones ...' (Weber, quoted in Bendix 1966: 464). As Bendix observed, 'Weber was preoccupied with the problem of individual autonomy in a world that was increasingly subjected to the inexorable machinery of bureaucratic administration' (1966: 464). A different, psychological, perspective on the same issue is found in Milgram's report on obedience to authority (Milgram 1974), which he attributed to the 'agentic shift', whereby individuals' subjective interpretation of the hierarchical situation results in their own moral sense being displaced by a sense of duty to the authority figure. Although motivated primarily by the horrors of the holocaust, Milgram placed his research in a more general context, describing obedience as '... the dispositional cement that binds men to systems of authority' (1974: 1). He added that '... for many people obedience may be a deeply ingrained behavior tendency, indeed, a prepotent impulse overriding training in ethics, sympathy, and moral conduct' (Milgram 1974).

The warning in all of this is that large organisations are enormously powerful. Blau & Schoenherr (1971) followed Weber in seeing part of this threat to society as residing in the domination of people by the very organisations in which they work. However, they went further than Weber in noting various contemporary forms of 'insidious control' in organisations that are potentially more powerful than the exercise of bureaucratic authority alone. These include participative, manipulative, styles of management as discussed earlier, which, paradoxically, result in a 'tightening' of what Weber called the 'iron cage' of rational administrative control (Barker 1993). Moreover, Whyte (1960) and Baritz (1960) have

highlighted the way in which mid-twentieth century social scientists responsible for such methods were themselves absorbed into the service of corporate bureaucracies. If writers such as Blau & Schoenherr (1971), Overvold (1987), Hart (1988) and Schein (in Coutu 2002) are to be believed, then many employees will not have views of their own. They will have been 'brainwashed' by the corporation into believing that it can do no wrong, so that they are unable to initiate action in the wider public interest (Schein 1961, Coutu 2002).

While, as noted earlier, a minority of employees are resistant to this sort of control and will speak out, there may be others who also have beliefs on what constitutes ethical corporate conduct, but suppress these views while at work. It is important to stress that such views need not be confined to matters only affecting employees themselves, such as discrimination or equitable pay. Such a limited perspective, seen for example in Van Buren (2005), falls short of the wider-ranging concern suggested here, which could include *any* aspect of corporate ethics and responsibility. This possibility has been noted by McMahon (1989: 36, 1995: 297), MacLagan (1998: 77–78), Sonenshein (2005) and others, and we need to consider whether and in what way such employees should be helped to express their views. Even where a code of ethics exists, it may not cover the matters of moral concern to the employee, or may even indicate action that actually conflicts with the individual's conscience in a particular situation. McMahon suggests that '... the exchange of labor for wages ... involves a promise on the part of employees to accept the directives of managers' (McMahon 1989: 35). But he then asks whether the single promissory obligation to obey managerial authority outweighs other personal moral considerations that employees may introduce, concerning the social and environmental implications of their work (McMahon 1989: 36, 1995: 297). He raises the question as to 'whether managers generally have a correct view of the public good ...' (McMahon 1989: 43), suggesting that ordinary employees' 'moral perception' as alluded to above is likely to be just as acute. Thus, McMahon concludes that managers' 'promissory rights' (to be obeyed) 'are incapable of providing a basis for

the routine exercise of managerial authority' (1989: 43).

According to McMahon (1989) (and in keeping with Abrahamsson (1977), noted earlier), only if ultimate authority was vested in those who were also subject to it, as in democratic organisational arrangements (which he defines as public or employee ownership of productive resources), could what he calls 'maximal legitimacy' of managerial authority exist. This surely applies to the management of business ethics even more than it does to technical aspects of organisation. Unless they are formulated and managed through a genuinely representative process, codes and other methods for controlling ethics are susceptible to challenge by employees exercising their own moral judgement. Thus, McMahon subsequently amplified his position in terms of 'co-operation facilitating authority' representing the collective rationality of the employees as moral agents (1995: 297). He argued that managers 'should try to answer the moral questions they confront in making policy decisions by weighing the relevant considerations from the standpoint of [employees]' (1995: 302). Similarly, and following Habermas on discourse ethics, Brinkmann & Ims (2003) state that 'code ethicalness requires that the code is a product of, and revisable by, a fair and open dialogue among all parties affected ...' (2003: 266). If this is done, then we can argue that just as citizens of democratic states should always obey the law, likewise employees who have had a voice, direct or indirect, in formulating the ethics and goals of their organisations should similarly obey orders. (However, we should note a further argument that, just as conscientious objection and even civil disobedience may be morally justifiable in some circumstances (Frazier 1972), non-compliance, whistleblowing and other expressions of dissent may be justified in the workplace, even when employee participation is present.)

Conclusion: reconciling control and autonomy

We have, then, two competing paradigms for the 'management' of ethics within organisations. One

is characterised by an emphasis on control and the other by concern for individuals' potential as autonomous moral agents. The question is, can these two positions be reconciled? Clearly, some administrative control and coordination is necessary in organisations so that services, products and profits may be delivered to stakeholders, whatever else is demanded by way of social obligations. Meanwhile, with regard to ethics and corporate responsibility, wrongdoing must be prevented and so regulation would also appear to be justified in that context. However, this dominant approach to business ethics, which is consistent with a natural managerial tendency to seek control over events, is opposed by those people who insist on the value of individual moral autonomy. Kant's categorical imperative provides theoretical support for this position. *Ipso facto* it also provides a critique of managerial influence and control over individuals' moral judgement and conduct. Furthermore, sociologists, political theorists and social commentators have registered concerns regarding the nature and legitimacy of managerial authority and the problem of powerful organisations in society. In that context, there is something doubly disquieting about unilateral top management control over *ethics*, as distinct from purely technical controls in the functional organisational context.

It seems that the Kantian concern for individuals as moral agents is more directly relevant to the *process* of managing ethics in organisations, while consequentialism is primarily relevant to the *substance* of policies, codes and actual decisions. The tendency to exert hierarchical control over individuals in effect bypasses the potential of employees to participate in the process, elevating a consequentialist moral philosophy over the Kantian. The conclusion arrived at here, and in other sources such as Nielsen (1990), McMahon (1995), Bowie (1999) and MacLagan (1999) is that some sort of participation is the way forward for the ethical management of business ethics. Through such a process, involving employees and perhaps other stakeholders (Wheeler & Sillanpaa 1997), one can then generate formal policies, codes and other instruments supportive of corporate ethics and responsibility. However, it

is important to ensure that participation is genuine. Denial of access to information, to decision processes and psychological manipulation can all affect this adversely. We noted how some twentieth-century writers in the human relations tradition such as McGregor (1960) appeared to advocate autonomy through participation, and yet have been rightly criticised for their underlying pro-managerial stance (Overvold 1987, Hart 1988, Barker 1993). Moreover, even the more impartial work of theorists such as Argyris (1964) and Herzberg (1966) does not necessarily translate into fair practice once adopted.

Kohlberg's work concerning individual moral development remains useful because, despite its contentiousness, it provides a conceptual basis for appreciating the relationship between organisational control and individuals' progression towards moral autonomy and genuine participation. One, perhaps paradoxical, implication of Kohlberg's work in the organisational context is that codes, values-statements and other apparently control-oriented corporate artefacts can play a part in putting the very idea of ethics on the agenda. This may pave the way for the emergence of what Kohlberg called the 'Just Community', where people would learn from each other how to engage in dialogue on matters of ethical significance. In doing so, they could progress to the post-conventional, 'autonomous' level. However, here it is important to note that we are not talking about *total* autonomy for the individual. Indeed, that is unrealistic. People are rarely so detached from their everyday surroundings (Sonenshein 2005). Reminiscent of the view expressed by Kohlberg and his colleagues, that individual autonomy emerges from dialogue with other post-conventional thinkers (Power *et al.* 1989), Sonenshein observes that 'business organizations develop moral standards through internal conversations' involving 'internal social critics' (Sonenshein 2005: 484).

Sonenshein (2005) illustrates how formal corporate statements of ethical principles, responsibilities or codes may serve to guide individual and collective judgement on ethical matters. Using the case of Johnson & Johnson's *Credo* (a statement

of the company's values and responsibilities), he notes how this only provides 'markers' that people must interpret using their own judgement in concrete situations. However, while this is certainly true in many cases, in others, as Farrell & Farrell (1998) demonstrate, codes of ethics are worded in the imperative language of hierarchy, which inhibits employees from engaging in free and equal debate with senior management. Here we should note that it is possible to install codes that emphasise a moral reasoning procedure, thus encouraging people to engage in their own moral judgement processes (Hyman *et al.* 1990).

This paper has addressed a range of matters concerning the tendency for organisational management to seek control over individuals' moral judgement and conduct, with particular reference to the ethics of such practice. Of necessity, discussion has been condensed, although we have dwelt longer on some key ideas from ethics, sociology, psychology, political and management theory, in an attempt to provide commentary on key recurring themes in the relevant business ethics literature. Of fundamental significance is the critique of hierarchical control over employee ethics, offered by many writers (e.g. Nielsen 1990, Bowie 1999, Maguire 1999, Warren 1999, Schwartz 2000). Then, there is the call for 'community' in organisations (e.g. Power *et al.* 1989, Warren 1996, 1999, Bowie 1999) and discussions of how, perhaps with a little help from enlightened management, 'control' might lead to 'autonomy' in such organisational cultures (e.g. Srivastva & Cooperrider 1986, Power *et al.* 1989, Sonenshein 2005). Finally, there are specific suggestions as to how corporate social policies and moral judgements might be arrived at in organisations where 'community' and 'autonomy' are valued (e.g. Srivastva & Cooperrider 1986, Nielsen 1990, Wheeler & Sillanpaa 1997, MacLagan 1999, Sonenshein 2005).

If there is one essential message with which to end, it is this: control over ethics, particularly unilateral control, stifles individuals' potential for moral imagination (Werhane 1999), for a sense of moral responsibility and their capacity for personal moral judgement. Yet, as well as the Kantian objection, there is the practical point that these

are the very qualities employees need if they are to anticipate and deal with ethical issues in – or caused by – contemporary organisations.

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