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Business Ethics versus Ethics in Business?

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Abstract

This chapter poses the question: Is there a contradiction between business ethics and ethics in business? and proposes a reconstruction of some features of L. Kohlberg's theory in order to find the answer. The relationship between Kohlberg's conventional and post-conventional levels is viewed within the framework of the conflict between egocentrism and decentering defined by Piaget. After reviewing several studies containing guidelines designed according to this perspective, the chapter proposes that the relationship between the two levels be re-thought by establishing a dialogue between deontological ethics and the ethics of virtue. The conclusion drawn indicates that the difference between business ethics and ethics in business should not be considered a contradiction but a means of clarifying and complementing a process of personal and organizational development.

Introduction

In a thought-provoking article Richard De George emphasized that:

"What is gaining such success and popular attention is not business ethics in the academic sense, but ethics in business. . . . Businesses, on the whole, are not interested in the academic field of business ethics. Many of them are interested, however, in inculcating conventional morality in their employees. . . . Instruction in business ethics as an academic subject aims to produce critical ethical thinkers. But this is not what many who call for business ethics courses want."¹

I feel that a critical reading of Kohlberg's theories can help solve this problem that De George stated so clearly and which is so relevant to the work of teachers and consultants.

The Piaget Connection

As we know, Kohlberg's theory has its roots in the work of Piaget and is marked by the desire to clarify and explain the processes that go into shaping valid knowledge (Coll and Gillerion, 1989). Seen from this angle, the knowledge attained should not be regarded as a sort of "portrait" or "revelation" of the nature of things done by human beings, but as something constructed by human beings in their interaction with the objects and realities that make up the world in which they live.

This direct relationship between knowledge and learning should be understood in constructivist terms: knowledge is the product of a learning process (and is not just passively received); learning is a problem-solving process in which the learner takes an active part, and the learning process is directly shaped by the opinions of the learners (Habermas, 1983). Thus, the subjects become progressively and steadily more involved with their surroundings as the result of a continuous process of self-regulation on the part of the subject.

According to Piaget, there is one cognitive process that is absolutely essential to understanding moral development and that is egocentrism. Here, this is not a moral category but simply means cognitive and emotional concentration on one's own point of view: a concentration that is repeated in an ever more complex fashion at the beginning of each stage of development, which development in turn requires the subject to become increasingly decentered, which is in itself an ever more complex process. Egocentrism is a kind of basic matrix for understanding the world – although it can form part of broader views. It is always present and can always be activated (or returned to) as a cognitive process for understanding the world – even the world of morals.

Piaget further maintains that there is a close link between the cognitive processes which have defused the immediate and egocentric initial point of view, in order to situate it within an increasingly broad framework of relations and notions, eventually adapting this particular viewpoint to an increasingly broad reality.²

In one of the 20th century's most important works on psychology and ethics (*Le jugement moral chez l'enfant*, Piaget, 1932), the author makes a distinction between two groups of phenomena: the application of rules and the awareness of rules. He states that awareness develops in a sequence that moves from heteronomy to autonomy, repeating itself constantly at every level of consciousness and thought and therefore also in moral rules. However, according to Piaget, the big difference between obligation and cooperation, or between unilateral and mutual respect is that the former imposes set beliefs or rules which must be adopted in block while the latter only proposes a method of reciprocal control and verification on the intellectual plane and discussion and justification on the moral plane. Regardless of whether cooperation is a cause or a result of reason or is both at once, reason needs cooperation inasmuch as being rational means accepting that the individual is subordinate to the universal. Mutual respect thus appears to be a necessary condition for autonomy in both the intellectual and the moral sense of the word.³

One of Piaget's major contributions was the distinction he made between verbal

thought and active thought. Active moral thought is gradually shaped through action involving the issues and decisions that make up the subject's outlook. It is the discourse that accompanies the actions and decisions being taken. There also exists a theoretical or verbal moral thought which is linked to active thought by all manner of degrees, but which is as far removed from it as thought can be distant from immediate action. This verbal thought occurs whenever a child is obliged to judge activities of others which do not interest him or state general principles which concern his own behavior independently of his actual actions.⁴ Verbal thought usually lags behind active thought.

Piaget thus considers that morals governing cooperation and autonomy (as opposed to morals imposed by moral realism and heteronomy) involve exchanging an absolute and egocentric set of morals for morals based on a relative concept in which the individual is capable of seeing things through others' eyes and therefore shifts from a code of morals based on duty to a code based on what is in the common good. Reciprocity and cooperation between equals is the key to moral autonomy. In order to move towards autonomy we must be able to establish reciprocal social relationships based on equality and mutual respect.

In his study of the development of moral judgement in children, Piaget found that physical and mental maturity are every bit as important as social factors in shaping a moral conscience. Intellectual and moral development are so closely linked that we can talk about moral cognition, albeit a cognition that is contingent on social relationships. Without social processes, the individual is egocentric and egocentrism only produces anomie. Authority-based social relations can only give rise to a heteronomous moral structure. Only cooperative relations, which permit formal discussion between equals (mutual respect) allow the individual conscience to develop morality as an autonomous quality and accept the laws of reciprocity as their own.⁵ There are thus three key factors in moral development: cognitive development, relations between equals and overcoming the coercive aspects of adult authority.

The Kohlberg Model

The Kohlberg model for moral education differs from the traditional model, the model based on the "clarification of values" and the model based on virtue.

From the standpoint of ethics, Kohlberg is part of the deontological tradition, calling on the rational or liberal tradition of moral philosophy and, more specifically, the formalist or deontological tradition that embraces philosophers ranging from Emmanuel Kant to John Rawls. One of the basic postulates of this school is that a proper morality is based on principles, i.e. that judgements are made in terms of universal principles applicable to all mankind.⁶

Kohlberg belongs to this tradition not only because of his theory of ethics, but also because it systematizes the most important feature of this theory: his definition of the stages of moral development in cognitive-structural terms.

Kohlberg takes Piaget's premises still further. While Piaget divided morals into heteronomy and autonomy, Kohlberg's division is more complex and attempts to further clarify each stage of moral development and the processes that make it possible to move from one stage to another. His work is particularly notable because it unveils the perspective and structure of moral judgement. Taking Piaget's work as his point of departure, Kohlberg has described six stages of moral judgement with the aim of making these stages transculturally valid. What these stages involve in terms of content, rate of growth and level vary depending upon how individuals interact with their surroundings.

When Kohlberg proposes that we place an emphasis on moral judgement, he is proposing that we direct our attention to the moral discourse that always accompanies any decision made. He understands moral judgement as a cognitive process by means of which we select the relevant elements of a determined situation, reflect upon them and/or rank them in order of the values which really guide us, and make a decision.

Hence morality is not a statement of values, but the decisions made. This means that we must concentrate on the thought processes involved in the decisions made and on our thoughts about the decision-making process. The decision made by a subject is the context of his moral judgement on that particular situation. The reasoning that leads to his decision defines the structure of his moral judgement.⁷ Thus, as far as the decision is concerned, moral judgement does not affect the axiological or value content but the formal structure of reasoning.

Dividing the development of moral judgement into stages⁸ means that moral thought appears to behave like all other types of thought. The progression through the different moral levels and stages is characterized by an increasing differentiation and integration. As it develops, moral thought can be said to partially generate its own relevant facts or at least expound on these facts in a balanced and coherent manner so that the moral thought embraces an increasingly broad range of experiences.⁹

The social perspective adopted plays a key role in each stage. Kohlberg considers role-taking to be of primary importance. The ability to adopt another's viewpoint is a cognitive skill that is essential to developing moral judgement. We cannot understand what distinguishes each stage of moral development unless we take into consideration the subject's social perspective at that particular stage.

Kohlberg divides the six stages of moral development into three levels or categories, which he calls pre-conventional, conventional and post-conventional (Kohlberg, 1975; Hersh et al., 1979; Rubio, 1989).

Level I: Preconventional. Stage 1: Punishment and Obedience

At this stage what is correct or incorrect is always viewed in terms of literally obeying the rules of authority in order to avoid punishment and damage to either people or property. This is morality understood as "follow the rules and you can't go wrong". The reasons for doing or not doing something are always related to the rules

and the power of the authorities. Obedience is valued in and for itself, and adherence to established rules is valued only because failure to abide by these rules would result in punishment. The prospect (or unlikelihood) of punishment alters one's judgement about what should or should not be done. It can be safely said that individuals who are at this stage confuse their own viewpoints with those of authority.

Level I: Preconventional. Stage 2: The Instrumental Relativist Orientation

At this stage what is correct (or good) is understood as satisfying one's own needs or the needs of others through concrete exchanges. Everyone has interests and needs and aims to satisfy them while still accepting that others also have needs to be satisfied. Individuals who are at this stage of development see things in individualistic terms, separating their own interests and viewpoints from those of others and those of authority. Because they acknowledge that everyone has interests and needs to satisfy and that in specific cases these may clash with the interests and needs of others, what is good is always what is good for the particular individual. People at this stage of development handle conflicting interests by voluntarily exchanging goods or services in order to achieve their own ends.

Level II: Conventional. Stage 3: Mutual and Interpersonal Expectations, Relations and Agreement

At this stage what is correct or incorrect is defined in terms of establishing good personal relationships with others. Being good is being "a nice person". If you act the way other people expect you to act, you are acting correctly. This is what Kohlberg refers to as the good girl/good boy approach: doing what is expected of one in one's various roles. From this point of view "being good" is a value per se, but in the sense of having good intentions, feelings or motives which are expressed as consideration for others. Individuals at this stage of development view society as a matter of relationships with other individuals. When they confront problems they are aware that there are shared feelings, agreements and expectations that go beyond their immediate interests as individuals and have a certain priority over these interests. They relate different viewpoints to a specific Golden Rule. Although they are capable of putting themselves in the positions of others, they have no general overview or perception of the social system as a whole.

Level II: Conventional. Stage 4: The Law and Order Orientation

This stage involves a broader horizon of moral reference. What is correct is now defined in terms of society: one must meet one's obligations and commitments to the society in which one lives. People at this stage of moral development think in terms of maintaining social order, helping make their social group work and guaranteeing its welfare. They therefore apply their moral criteria to fulfilling the obligations (in the broadest sense of the word) they accepted upon becoming members of

a certain social group. Hence, laws must be obeyed, except in those extreme cases where they conflict with other social rights and obligations. What is good or correct is therefore whatever preserves society or a particular organization as a whole. Individuals are now aware of the social and organizational consequences of their actions: "What would happen if everyone acted like me?" People at this stage are able to distinguish between the viewpoint of society or the organization and the viewpoint of interpersonal relations or motives. They are capable of adopting the viewpoint of the system that defines the roles and rules and therefore view individual relationships in terms of their place within the system. The socio-centrism of the previous stage has become broader and is expressed and experienced in organizational, social, cultural or national terms. The viewpoint of one's own social group does not admit the viewpoint of any other.

Level III: Post-Conventional (or Principled). Stage 5: The Social-Contract Legalistic Orientation

At this stage moral decisions involve considering the rights, values and principles which are or could be acceptable to all those individuals who make up a society in which they want to live in accordance with rules which are fair and beneficial to all. Priority is now given to maintaining the rights, values and basic resolutions of a society even when they conflict with the values and criteria of the specific group to which the individual belongs. People who have reached this stage are aware that there exists a variety of values and opinions and that many of them – including one's own – are peculiar to one's particular group rather than absolute, universal or normal. Nevertheless there are some values and criteria which are not relative. This is true of life and liberty, which must be maintained and protected regardless of majority opinions and/or criteria. Beyond these fundamental (often constitutional) rights, what is correct is a matter of personal opinion and values. Situations and conflicts are experienced and analyzed in terms of respect for and protection of one's own rights and those of others. Hence, laws must be judged in terms of their usefulness: what is right is what is best for the greatest number of people. The outlook of people at this stage has changed: they give priority to society and acknowledge that certain values and rights take precedence over all commitments and contracts.

Level III: Post-Conventional (or Principled). Stage 6: Universal Ethical Principles

This stage involves acting in accordance with universal ethical principles which apply to all humankind. At this stage everything is judged in the light of these principles and laws are only valid if they are established in accordance with these principles. Should laws violate these principles it is the principles which must be upheld. They are principles of universal justice: equal human rights and respect for the dignity of human beings as individuals. They are abstract, ethical principles

(among them, the Golden Rule, the Categorical Imperative) rather than specific moral rules such as the Ten Commandments. This is not merely a question of recognized values, but one of principles on which individual decisions are based. Reasons for a particular action are thus rooted in the fact that as a rational being the individual has acknowledged the validity of these principles and has committed himself to abide by them. This validity is not subjective: it stems from formal standards of equal rights and universality. And the motives behind the action are "conscientious" ones: the key is one's own moral approval or rejection of these principles. The social perspective adopted is intrinsically moral, i.e. people at this stage of development act in accordance with the fundamental moral principles from which all norms and values derive. Their viewpoint is that of rational individuals who recognize that morals and acts should be based on the premise that one respects others and that morals are intrinsically important and not just a means to an end.¹⁰ This is an extremely formal stance that involves being guided by obligations that are regarded as imperatives for any rational being acting as a moral agent.

Individuals progress from one stage to another as the result of interacting with their surroundings. In certain situations this interaction provokes a cognitive crisis at the stage in which one normally operates and opens the door to the next stage. Kohlberg has arrived at the conclusion that it is more likely that moral change takes place when discussions succeed in triggering cognitive conflict among the participants. One does not simply change one's stance, but instead begins restructuring one's way of reasoning about moral issues.¹¹

Viewed from this angle, teachers and consultants are not specialists in moral content, but people who stimulate interactive reflections on moral content. These reflections always begin at the subject's current level of moral development. This means that the same problem cannot be handled in the same way for everyone. The relationship of the teacher or consultant with the individuals involved is vitally important because cognitive conflict on certain issues can be painful, involving personal crisis and the need to reorder one's beliefs. It is not easy to question what people think about moral dilemmas and decisions and even less easy to question how they think about them, and we teachers and consultants must be capable of providing more than just cognitive support in this process.

Some Critical Observations on the Kohlberg Approach

The Kohlberg approach has been criticized on various grounds, many of which have nothing to do with the crux of the problem discussed here, i.e. the relationship between the conventional and post-conventional levels of moral development in the organizational world.

The post-conventional level has been questioned on the grounds that it somehow rephrases western philosophical categories in terms of moral psychology. It has also been alleged that the model has a sexist bias which elevates masculine patterns to a norm. Kohlberg's approach has even triggered discussion as to whether there are

two moral orientations: one which focusses more on rights and justice (a more masculine concern) and a second which focusses more on care and responsibility (a more female concern).

More interesting to us is the "adolescent regression" that is evidenced in the step from the conventional to the post-conventional levels. It has two basic characteristics: one is a mixture of skepticism and relativism and the other is moral egocentricity. According to Kohlberg, this is understandable if we analyze what leaving the conventional level behind means to an adolescent. It means entering a stage where one's moral reasoning is no longer conventional but has not yet become post-conventional. It is relativistic because it does not consider the possibility of universal agreement (or objectivity) on ethical principles. What counts is the affirmation of one's personal options: decision, commitment, etc. There are no reasons for deciding on alternative moral criteria and the subject's viewpoint becomes an absolute. Inasmuch as all moral values are relative, we all have to deliberately act the way we honestly believe one ought to act so long as this does not hurt anyone. Hence, the departure from conventional morals might at first involve regressing to pre-conventional morals.

Nevertheless, I feel that we should more thoroughly explore the consequences of arriving at a philosophical understanding of what is involved in Stage 5. As an example, we could say that Stage 5 permits us to justify institutionalizing the market's operating framework, but that the relations that take place strictly within the market, i.e. within the limits of this framework, can be perfectly well approached from Stage 2. This distinction between thinking about society and thinking about the individuals that make up this society can help us understand not only adolescent regression, but also the reason many people never get beyond the conventional level.

Habermas is one of the authors who has most questioned Kohlberg's approach. Naturally, his criticism is centered on Kohlberg's post-conventional level. In Habermas' opinion, even though Stage 5 supposedly involves rights what it actually does is elevate egocentricity to the category of a principle because it deals with the rights of individuals. Habermas criticizes Kohlberg's monological approach (and, by extension, the theories of Rawls) because he feels that the individual cannot establish universal norms unless they are the result of a dialogue. It is not enough for each individual to examine his own conscience in order to determine whether the rules he establishes can be applied on a general basis. Contrary to Kohlberg's belief, it is not enough for individuals to search for criteria that can be generally applied. The proposed norms must be discussed with someone else and jointly verified in order to determine whether they are valid as norms.

The content of universal norms not only needs to be universally applicable. It also requires a procedure that is based on and guarantees this very universality. We must emphasize that the ideal procedure involves dialogue: norms become valid when all the participants in a practical discourse agree that they are moral norms.

Habermas points out one problem inherent to all formal ethical proposals (his own as well as Kohlberg's), which is fundamental to what we are discussing here.

Formal ethics involve a distinction – or perhaps a division – between justice and the good human life, between self-determination and self-realization. This is the root of the practical problems that can be involved in a merely deontological morality. Habermas aims to maintain the distinction between the application of general norms in a given context and the issue of what these norms are founded on, but he is aware that that would cause a decline in motivation that must be compensated for. Habermas indicates that the post-conventional separation of morality and ethics signifies that the cultural evidence, the certainties of the world we live in, no longer include the fundamental moral convictions.¹² Consequently, in order to reduce the gap between judgements and moral actions, we need an internal system of behavioral control which involves moral judgements based on principles and the possibility of individual self-direction. And this system must operate autonomously. How viable is this idea in practice? Habermas himself notes that it in concrete life situations it is not normal to function in this way. But it is nevertheless an inexorable fact: the postulate of universality must act as a knife that makes a clean cut between what is good and what is just, between statements that are evaluations and others that establish norms. And this can cause a clash between conventional and post-conventional morals.

Seen from this angle, life issues become moral issues, though of secondary importance. But it is precisely these issues which reflect people's vital identities! Ideas about what is the moral life are not abstract ideals; they are ideas that are characteristic of concrete identities and form part of one's culture and personality. Habermas himself acknowledges this, but as mentioned above, he regards it as a lack of motivation (which can be compensated for) caused by the way his theory is focussed and not by any shortcoming in the theory itself: socialized individuals cannot behave in a hypothetical manner towards the life form or life history within which they have shaped their identities.¹³ But, despite this acknowledgement, he still feels that deontological ethics have no relation to axiological preferences but are linked to the validity of the rules that govern the norms of action. The question is whether, despite what Habermas says, everything dealing with the "moral life" can be pushed so far into the background when it is a matter of moral thought and life itself. This is not a question of hierarchy, but of practical relevance.

The Conflict Between Conventional and Post-Conventional Morals in Organizational Life

As we all know, the business ethics agenda has shifted from the individual to the corporation (Mahoney, 1990). One of the things which has contributed towards this shift has been the increasing analytical and practical attention given to "organizational culture". This means that organizations can be considered in terms of values, but the fact that they have adopted certain values does not necessarily imply a process of moral reflection. Moreover, more attention is being paid to organizational

and decision-making processes in companies.¹⁴ I believe that both these viewpoints are an indivisible part of our awareness that we live in a dynamic, plural society that is in a constant state of change, a society where the ability to innovate and create knowledge is of key importance (Corbí, 1992). But this means that a moral education that focusses essentially on content cannot be appropriate for either a changing society (Coleman, 1987) or for its increasingly complex organizations.

In this context, it appears that Kohlberg's conceptual framework could be a good support for business ethics. I feel that there are at least five good reasons why this is so, among them:

- a) it emphasizes the process of shaping values and objectives;
- b) it emphasizes moral discourse when this is translated into actions;
- c) it emphasizes the decision-making process and enables one to formally explore the conflicting values present in every moral decision;
- d) it draws attention to the evolution of individuals and introduces the idea that people's moral development is rooted in their actual life circumstances;
- e) it views rationality as indivisible from recognition of others, which makes moral development an open discussion with the participation of everyone involved.

Kohlberg's conceptual framework also allows us to consider one of the major paradoxes of moral education in a more operational light: the fact that the majority of moral discourses – which are usually suggested as models and presented as the only truly moral approaches – take post-conventional approaches while most people are still on the conventional level. I believe that this contradiction explains many of the shortcomings in business ethics training and the frequent feeling that ethical discourse and day-to-day life are two very different things.

In recent years, a number of studies have examined the moral language of executives without necessarily relating the results to Kohlberg's theory. Gellerman (1986) systematically studied cases of senior executives (previously considered as "good" executives) who had made decisions which were deserving of censure and which had had disastrous consequences. His conclusion was that there were four major lines of argument used to justify these decisions and all of them were on what Kohlberg had identified as the pre-conventional level and therefore confirmed the hypothesis that adults who are in the first stages of the process are more likely to behave in an immoral fashion.

Another significant study was carried out on Canadian executives (Bird et al., 1989). The objective was to study how moral discourse served as a link between the people involved and focussed on the use they made of this discourse in their interactions. This confirmed Piaget's theory that verbal thought and active thought do not usually coincide and that there is not necessarily any correlation between the use of moral expressions and the actual focus of behavior.

Last but not least, Nielsen's study (Nielsen, 1988) attempted to examine the limi-

tations of moral reasoning as opposed to moral action and how executives perceived these limitations.

All these studies assume that the people being studied actually have a theory that moral action consists in putting this "theory" into practice. The idea is that one has one's own moral ideas or principles and then puts them (or doesn't put them) into practice. This idea appears to be the opposite of Kohlberg's approach. Kohlberg maintains that you should start with practice or rather, with the structure of the moral discourse which is always at stake whenever one is faced with making a decision that involves a choice between conflicting preferences, and see if from there it is possible to develop a formal moral attitude that affects the very structure of the judgement involved in the actual process of judging and deciding.

As mentioned above, Kohlberg's studies demonstrate that it is quite common for adults not to go beyond Stage 4, if they even get that far. A survey (Wood et al., 1988) of 2,267 executives and 205 management students who had taken courses in business ethics provides some significant information. Not only did the great majority of the responses not go beyond Stage 4, but the responses that could be classified as pre-conventional accounted for an important part of the total. Given the limited number of post-conventional responses, we should think about whether it would be feasible to approach moral training solely from the angle of universal moral principles, inasmuch as indications are that in many cases people are simply incapable of using them as a basis for operational reasoning.

A study limited to second-year business administration students (Weber & Green, 1991) attempted to determine if it was true that students were at Stage 4 or higher even before receiving training in moral principles. They found that almost half the students were in the pre-conventional stage and less than 2 percent had reached a post-conventional stage of reasoning.

As we know, Stage 4 is characterized by the fact that the individual reasons as a member of a group, viewing himself within the framework of the society (or group) to which he belongs and adopting its viewpoints when establishing his ideas. Keeping the society (or group) viable becomes a basic moral tenet. However, it can happen that as an individual member of a company an executive will reason on a Stage 4 level but when his viewpoint is that of the corporation (i.e. when for all practical purposes he identifies his social group as the company or organization) the same executive might well reason on pre-conventional levels and act accordingly.¹⁵ I therefore feel that it is essential to discover if people able to reason on Stage 4 as private individuals risk losing this ability when reasoning as executives.

Not all studies agree on the lines described above, but it can be safely stated that they basically coincide on a number of points which will form the hypotheses for future research (Trevino, 1986). I feel that the most important of these points are the following: a) on job-related issues most executives are in a conventional stage of reasoning (Stages 3 and 4); b) the few executives who have reached a post-conventional stage (Stages 5 and 6) are more consistent in their judgements and actions than executives who are at a lower stage of reasoning; c) Executives reason at a

lower stage on issues involving their own professional activities than on hypothetical issues. Last but not least, moral development is significantly higher among executives with a higher educational background than among their less educated counterparts. What is the reason for this?

Among adolescents and young people it is day-to-day interaction with others that provokes the cognitive conflict. Later on, it is less likely that this will be the case and around the age of 25 one's level of maturity tends to stabilize unless a destabilization is triggered by something other than daily interaction. The most important destabilizing factor is education: it has been confirmed that education is a requisite for reaching Stages 5 and 6.¹⁶ If that is actually the case, then perhaps education should deliberately aim to provoke this cognitive destabilization (assuming that this destabilization is the cause of the most stable moral growth).

This is important inasmuch as some researchers appear to suggest that not only is it rare for students in the first years of their management studies to have gone beyond the conventional level of reasoning (or in many cases to even have reached Stage 4), but there are actually studies (Conry & Nelson, 1989; Weber & Green, 1991) which reveal that students attending management schools are at a lower stage of reasoning and that the education they receive in these schools does not produce the amount of moral growth normally associated with university-level studies. If that is true, it sheds a certain amount of light on our problem: the demand for conventional moral education predominates in the business world because that is the level of moral development actually attained.

L. K. Trevino (1986) allows us to consider some aspects of conventional morals in terms of organizational culture, which is understood to be "a common set of assumptions, values and beliefs shared by the organizational members. Organizational culture influences thoughts and feelings, and orients behavior."¹⁷ Because, as we have seen, most adults reason only on a conventional level (Stages 3 and 4), the working and cultural context of their organization plays a decisive part in their moral behavior within the organization and shapes their moral judgement.

It should therefore come as no surprise that a conceptual model of moral development that is specially adapted for organizations has now been designed (Reidenbach & Robin, 1991). This strikes me as a logical consequence of the aforementioned theories. If we view moral problems (in terms of both judgement and implementation) within the framework of organizational culture we could conclude that the moral development of a corporation is determined by the organization's culture and, in reciprocal fashion, helps define that culture. In essence, it is the organization's culture that undergoes moral development.¹⁸ The problem now is to clarify the link between moral development and organizational culture.

The danger is that morals might end up being diluted by the organizational culture or becoming so identified with it that they begin to be viewed as a way of managing the organization's values. It is true that every organization has its own value system. The problem is that not all these values are moral. Furthermore, being aware of values when making decisions does not necessarily imply adopting an eth-

ical stance. Values can be reduced to no more than a pragmatic expression of corporate interests or non-critical acceptance of the values transmitted or assigned to the corporation and its executive staff by their most immediate environment.

This is why I am convinced that the line of reasoning proposed here will enable us to understand why ethical demands are expressed in conventional terms: people have either not yet reached the conventional stage or are used to operating on that level. It also allows us to think that perhaps there is no contradiction between the more conventional approaches to corporate ethics and the more critical ones and that they can be understood as two stages in a process of personal and organizational development. However, in order to clarify this we must revise our views on the ethics of virtue and relate them to the Kohlberg theory.

Towards Moral Development Understood as the Construction of Conventional Morals

The danger of cognitive and deontological approaches (like that of Kohlberg) is that they end up paying more attention to autonomy, freedom, rationality and duty than to the people who must act autonomously, freely, rationally and according to universally valid criteria. Moral development is synonymous with personal development: it is the development of people who are educated through practices and relationships which lead them to internalize not only ways of thinking and making judgements, but also ways of feeling, learning and doing which become part of their characters and personalities.

We must therefore consider the possibility that it is impossible to develop morals simply by developing moral judgement and that developing morals also involves developing virtues and educating feelings, motivations, emotions, desires and imagination, all of which are ingredients of a moral identity. We must establish certain habits because morals also involve shaping a way of being through a way of doing.

All ideas about virtue involve joining a concept of human life to an idea of what is good and what is excellent. It is here that the emphasis that the ethics of virtue places on the individual becomes truly important. The aim is to reveal the moral subject as such. As has been graphically stated (Abbà, 1987), the ethics of duty can be said to be ethics based on some outside source or third party (observers, judges, legislators) while the ethics of virtue are based on the first person (the subject). First-person ethics emphasize that every decision must have a dimension that is "attractive" rather than simply "imperative"; a dimension that seductively – and not just through regulations – reveals all the human ideals that are at stake and can be attained.

Here decisions take the form of practical wisdom, which involves using reason, knowledge, perception, action, attitudes, desires and emotions because all of them shape forms of behavior. Decisions made on the basis of practical wisdom are made within the framework of a concrete concept of life and the world. While this obvi-

ously requires knowledge, it must be the kind of knowledge that is capable of discerning things, people and events through a definite understanding of what constitutes a good human life. It is not simply a matter of will that is subject to universal standards: there is no such thing as ethics of virtue without an expressed ideal or meaningful life project. Hence, practical wisdom does not emphasize the foundation of norms. Instead it emphasizes the achievement of good in real life.

Here then the idea of a goal takes on a certain priority, which is impossible to discuss in abstract terms. It must instead be viewed in terms of specific ideals that aim to meet a particular (and in this case, conventional) goal of human nature. Unless a purpose for or ideal of human life (telos) is constructed and proposed, moral discourse will become no more than a kind of techné (deed or action performed solely with an eye to its results) or praxis (deed or action performed solely with an eye to the deed or action itself). While the telos of human life must be understood as a certain kind of life it is not something to be achieved at some time in the future, but while the complete life is under construction.¹⁹ Without a purpose, virtues become fragments of a jigsaw puzzle. But the telos is achieved in a community where one not only shares certain human goods, but also, and especially, certain practices and criteria which make it possible to excel in this achievement.

This means that an important part of all moral identity must be conventional and quite radically so (Johnson, 1981). I would therefore like to advance my considered opinion that it is possible to rethink conventional morals, not from the perspective of heteronomy (which would reduce conventional morals to no more than a step on the road towards autonomy) but from the perspective – which is equally moral! – of belonging to a life-world.

If we do not accept this possibility, we confirm the contradiction between business ethics and ethics in business, which we are aiming to eliminate. While deontological ethics always risk reducing concrete decisions to simple individual cases of universal principles, the ethics of virtue always risk taking a concrete form of life and universalizing it as a recognized achievement of virtue. It is my opinion that we cannot overcome this contradiction without taking into consideration the social context in which it occurs.

Our Socio-Cultural Context

Culturally speaking, modernization processes²⁰ involve segmenting the diverse groups to which we belong and the subjects of conversation within these groups, which produce a variety of values that are not interlinked. As Habermas explains, among Max Weber's beliefs was the idea that Western rationalism is characterized by the fact that Europe has shaped a number of expert cultures, which rethink the cultural tradition, dividing its constituent parts in a strictly cognitive, aesthetic-expressive and practical-moral sense.²¹ These divisions are not simply theoretical but also cultural: they affect life forms that are no longer organized on the basis of a single one of the groups to which we belong.

Our culture involves a pluralism that goes beyond simple ideological pluralism (of ideas or beliefs) and includes different life styles, criteria and standards of behavior and their attendant practices and ideals, all of which are an inseparable part of the different groups (professional, family, community, friends) to which every individual belongs. This type of pluralism can ultimately be internalized as a sort of aggregate of values and life stories associated with the individual's different roles.

As a consequence, there is a need for conventional morals on the one hand and on the other the contemporary plurality of the different groups to which one belongs and their fragmented, simplified frames of reference. This makes us wonder about the philosophical, social and organizational links²² between deontological ethics and the ethics of virtue.

We need fundamental, universally justified principles that permit us to morally and critically confront the variety of existing codes, traditions and practices without this confrontation being no more than the declaration of a series of parallel self-affirmations or a new version of the social contract. These universal principles must be understood as guidelines for moral understanding and reflection, guidelines that presuppose a moral option. This is what Kohlberg labels the "post-conventional" level. However, we must also assume that neither rules nor habits can be deduced from universal principles. They do not give us clues as to how to behave, how to live or what to feel in specific situations. A moral life is impossible without these habits, rules, and ways of behaving, living and feeling. This is what Kohlberg means by the "conventional" level. Hence, if we take the variety of lifestyles and moral thought into account, we are faced with the need to link principles and conventions, consensus and pluralism, change and stability on every level of existence.

It would appear that survival in a plural society can only be guaranteed by establishing certain rules based on universal rights and principles that must be observed if we are to be able to live together, and the obligation to observe them must take precedence over and transcend the different ways of thinking and of understanding life.

We can thus consider deontological ethics and the ethics of virtue as two different moral options or proposals. The ethics of virtue would publicly symbolize a concrete understanding of human life and serve as an example of the good human life. It is a moral option made up of maxims which are followed through conviction and which aims to be attractive. Deontological ethics, on the other hand, publicly symbolize the need for certain shared and common minimums which make possible existence, coexistence, dialogue and encounters between the different moral proposals. However, public life should not be reduced to the simple observance of these minimums, which have been established not just by common agreement but by the desire to shape a minimum code of ethics (Cortina, 1986). Indeed, when deontological and axiological ethics are viewed as two separate moral options, deontological ethics is usually viewed as a code of regulations that reject or prohibit while the ethics of virtue are seen as focussing on attracting or inviting people to behave ethically. Organizational ethics must strive to embrace both conventional and post-conventional approaches.

I would like to stress the fact that although we are talking about ethics that involve minimum and maximum requirements, the moral ideals of both deontological and axiological ethics are complementary. It is not that one represents a minimum code and the other a maximum, as is sometimes implied. A minimum code of ethics is nourished and legitimized by an ideal of universality, of values that condition the possibility of human life and for that very reason are expressed as irrenunciabile minimum requirements. Ethical maxims involve commitment to a life idea which is accepted as a regulation but presented as an open possibility. In this sense, deontological ethics is always a minimum code while the ethics of virtue is a maxim. Hence, deontological ethics is critical of the ethics of virtue, constantly dwelling on those aspects of its own life project that cannot be overlooked, subordinated or viewed as an absolute. Likewise, the ethics of virtue are critical of deontological ethics, constantly recalling that moral concretions have priority over ethical theory and that there is no such thing as morals (or moral judgement) without individual and group contexts and situations. The two types of ethics can therefore be said to involve complementary and irrenunciabile moral requirements and both of them have their place in public and organizational life. Deontological ethics express the moral commitment to raise the minimums, guarantee them and require them while the ethics of virtue express the moral conflict involved in proposing and committing oneself to abide by certain maxims. Both are irreducible and necessary and any contemporary approach to ethics would apparently need to strike a balance between them.

We can now close the circle and reinterpret the ethics of virtue from a constructivist point of view. Indeed, if human nature involves establishing conventions and setting goals (Wallace, 1978) that are in line with the possibilities open to human life (possibilities that fulfill the anthropological constants but which are neither part of nor defined by nature itself), then deontological ethics are the moral expression of a life project for society while the ethics of virtue are the moral expression of a project for life in society. To repeat an idea expressed earlier: first-person ethics are contingent on third-person ethics. Though the latter cannot replace the former, the ethics of virtue cannot exist today other than in the framework of deontological ethics.

In a pluralistic society the ethics of virtue, life styles or conventional morals – call them what you will – are not self-sufficient and this means that we must learn to operate on two different levels: on the one hand, according to the specific rules and precepts that are part of the moral code that prevails in a particular society or sub-group and, on the other, according to the fundamental and objective abstract principles which are often the result of philosophical thought and which are used to understand and evaluate specific rules and precepts.²³ I believe that the two levels should interpenetrate rather than confront one another.

One element that could help foster this interpenetration would be to enhance first-person ethics (the ethics of virtue) and third-person ethics (deontological ethics) with a greater inter-subjective recognition which would render each type of ethics non-absolute and help overcome egocentrism. In this sense I believe that the

constructivist concept of moral projects (understood as such) would enable us to understand moral proposals as the process of establishing conventions that serve as conventional morals.

It can be inferred from this that greater moral attention will be paid to those situations which all moral discourse aims to focus and shape. Although often overlooked, attention to the social conditions surrounding a proposed normative discourse is part of the ethical requirements. This attention cannot be given after the discourse is proposed, as though it were a simple problem of "application". The ethical understanding of decision-making processes also demands that attention be paid to the network of relationships surrounding all decision-making. The practical wisdom and discernment mentioned earlier are not some kind of subjective mystique, but the ability to open oneself to reality and accept it in all its complexity... and with all its limitations.²⁴ Morals are not simply techné nor are they simply praxis. Morals are rooted in sheer admiration for what human life ought to be and in the passion to attain this state and make it possible. Hence, morals are the recognition of the human condition by the human being. But unless attention is paid to techné and praxis we always risk paying no more than simple, gratuitous lip-service to an exalted idea of morals and indulging in barren laments bemoaning the fact that people and organizations are not what they ought to be.

It goes without saying that the business world is particularly sensitive to these conflicts and contradictions. This is true of both the organization as a whole and the individuals that constitute it and the reason for this may be that organizations have suffered like few others – and have caused others to suffer – the schizophrenic gap between techné, praxis and discernment. I therefore feel that the key concepts of organizational culture, decision-making processes and organizational development must be restated in terms of ethics. As I said earlier, this is by no means a suggestion that values must simply be managed. I feel that the issue of organizational development and the issue of organizations as learners must include the awareness (personal and organizational) of the moral requirements involved in the mission and objectives of every organization. I further feel that individuals and organizations must establish their own requirements and accept the responsibility for living up to them within the web of relationships in which we operate as individuals or organizations.

Consequently, teachers and consultants cannot limit themselves to teaching skills, techniques and abilities. Nor can they limit themselves to proposing values, visions and social ideologies. Moral development (or what we view as education pure and simple) is impossible without a clear definition of the characteristics of people who have been given a moral education in a pluralist society. And it goes without saying that the very lack of such a definition in itself defines a particular project: what Aristotle might have described as reducing education to the mere acquisition of techné.

Certainly, ethics in business could end up being a mere justification of conventional morals. And business ethics could end up becoming not simply critical but

also abstract and removed from reality. However, just as we have seen that in a dynamic vision of ethics, egocentrism and decentering are not antagonists but two dimensions that are present in every process of growth, we can likewise consider that the logic of ethics in business and business ethics are not antagonistic but complementary. The challenge then is to successfully link this complementary quality.

I hope that this proposal will not cause readers to react as Alice did at a particularly difficult point in her travels through Wonderland: "It sounded an excellent plan, no doubt, and very neatly and simply arranged; the only difficulty was that she had not the smallest idea how to set about it."

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Notes

1. DeGeorge, 1991, pp. 43,54,49.
2. Piaget, 1964, pp. 106-107. The italics are mine.
3. Piaget, 1932, pp. 81-90.
4. Piaget, 1932, p. 146. I believe that this distinction is very important in terms of methodology because of the consequences it will have on moral education. Indeed, there is an entire school of reflection and moral education that is quite content to emphasize verbal thought, even though it would appear that we cannot actually speak of moral education until we have reached the stage of active thought.
5. Rubio, 1989, p. 494.
6. Kohlberg, 1975, pp. 95-96.
7. Kohlberg, 1975, p. 92.
8. The general characteristics of any stage (Kohlberg, 1975; Hersh et al, 1979) are: a) a stage is a consistent way of thinking about any aspect of reality; b) every stage is a structured whole; c) every stage forms an invariant sequence; d) the stages are hierarchical integrations, i.e. in every stage the typical characteristics of the preceding stage are reordered and restructured to become part of a greater ability to reason and understand; e) every stage represents a formal qualitative change in relation to specific structural elements involved in all moral judgements; f) individuals are not stages.
9. Kohlberg, 1968, p. 314. The italics are mine.
10. The Kantian matrix of this view is evident. However, space prevents me from discussing in detail the strong resistance and objections to Kohlberg's last two stages, which I mention here only in passing.
11. Hersh et al., 1979, p. 90.
12. Habermas, 1983, p. 213.
13. Habermas, 1983, p. 129.
14. This approach (Epstein, 1987a, 1987b) should be understood more as a change of paradigm or approach that re-elaborates and restructures all the previous contributions. It continues to focus on the moral significance of individual's preferences, options and actions in terms of their responsibility in the company; it continues to focus on the consequences of organizational policies and the outcome of corporative action; it continues to focus on detecting, evaluating, anticipating and responding to all the different kinds of internal and external expectations that appear in relation to the company or organization. What is new in this

approach is its emphasis on the interrelation of all the varied elements that make up the process of constituting an organization and constructing the aims inherent to this process, not as an ideological statement but as a key to understanding the decision-making processes.

15. I feel that this approach could enhance discussion on whether moral responsibility can be assigned only to people or whether it can also be attributed to corporations.

16. Conry & Nelson, 1989, p. 14.

17. Trevino, 1986, p. 611.

18. Reidenback & Robin, 1991, p. 273. The criteria behind this model of corporative development are not mere speculations or a simple application of Kohlberg's studies. The model was developed on the basis of a documented study of a number of organizations and their actions. The classification enables us to rank several common elements in order of their importance and can at least serve as a tool for analysis. It proposes an organizational development process that is understood in moral terms and defines five types of organizations: amoral organizations, legalistic organizations, responsible organizations, emerging ethical organizations and ethical organizations.

19. MacIntyre, 1984, p. 219.

20. See Lozano, 1989 and 1990 and the bibliography cited therein.

21. Habermas, 1983, pp. 132-133.

22. In terms of the specific characteristics of each level.

23. Johnson, 1981, p. 294.

24. These limitations are sometimes no more than the limitations of a moral discourse that is incapable of setting its own limits.

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