ETHICS FOR MANAGERS:

In a broad construction of the ethical role of the manager, managing and leading can be said to be inherently ethics- laden tasks because every managerial decision affects either people or the natural environment in some way—and those effects or impacts need to be taken into consideration as decisions are made. A narrower construction of the ethical role of the manager is that managers should serve only the interests of the shareholder; that is, their sole ethical task is to meet the fiduciary obligation to maximize shareholder wealth that is embedded in the law, predominantly that of the United States, although this point of view is increasingly accepted in other parts of the world. Even in this narrow view, however, although not always recognized explicitly, ethics are at the core of management practice.

The ethical role of managers is broadened beyond fiduciary responsibility when consideration is given to the multiple stakeholders who constitute the organization being managed and to nature, on which human civilization depends for its survival. Business decisions affect both stakeholders and nature; therefore, a logical conclusion is that those decisions have ethical content inherently and that managerial decisions, behaviors, and actions are therefore inherently ethical in nature. Whenever there are impacts due to a decision, behavior, or action that a leader or manager makes, there are ethical aspects to that decision or situation. While some skeptics claim that business ethics is an oxymoron, the reality is that decisions and actions have consequences, and that reality implies some degree of ethics, high or low. Thus, ethics and the managerial role cannot realistically be teased apart.

Ethical Leadership

The ethical role of managers, or what the business ethicist Linda Treviño and her colleagues call ethical leadership, is a combination of being a moral person and being a moral manager. Being a moral person rests on a combination of key traits such as integrity, honesty, and trustworthiness. Integrity involves not only forthrightness and honesty or truthfulness but also consideration for the soundness of the whole entity that one manages as well as of the society in which the organization is located. Integrity also means firm adherence to a code, such as an

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ethical code of conduct. Thus, being a moral person suggests that the individual has integrity and can be trusted.

In addition to these traits, being a moral person also involves behaviors such as doing the right thing, concern for people, being open, and standards of personal integrity. The essence of ethics, of course, is doing the right thing, especially under difficult circumstances, and that involves being able to reason well about what the right thing to do actually is. To be able to reason well about a difficult ethical situation, a person needs to be open to learning from multiple sources about the situation while taking care not to harm people and actually attempting to treat people well in the decision- making process or when decisions are being implemented. To be able to make good decisions ethically, an individual needs to have thoughtfully developed his or her personal set of standards or values, a personal code of conduct or integrity. Personal standards allow an individual to think through a decision with a clear rationale in mind.

When decisions involving ethical considerations need to be made, Treviño and her colleagues argue, the moral person sticks to her or his core values, tries to be objective and fair, exhibits concern for society and the welfare of those in society, and follows ethical decision-making rules. But being a moral person is not the only requirement for becoming a moral leader. Moral leadership also includes being a moral manager, which involves recognition that the leader or manager serves as a role model for others in all his or her duties. It also means providing rewards and discipline around the ethical and unethical decisions made by others, so that a clear message is sent about what behaviors are and are not acceptable in the organization or situation. In addition, moral management means communicating openly, explicitly, and frequently about ethics and values.

One question that frequently arises in considering the ethics of management is whether individuals can be considered moral leaders or managers in their work lives if they act unethically in their personal lives or vice versa. Considering that an individual's character is reflected in all his or her decisions and actions, such an inconsistency would reflect badly on the individual as a whole. The branch of ethical theory called virtue ethics explores this relationship in depth.

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