Business Ethics as Practice

Stewart Clegg, Martin Kornberger, and Carl Rhodes
University of Technology, Sydney, PO Box 123, Broadway, NSW 2007, Australia
Corresponding author email: Stewart.clegg@uts.edu.au

In this article we develop a conceptualization of business ethics as practice. Starting from the view that the ethics that organizations display in practice will have been forged through an ongoing process of debate and contestation over moral choices, we examine ethics in relation to the ambiguous, unpredictable, and subjective contexts of managerial action. Furthermore, we examine how discursively constituted practice relates to managerial subjectivity and the possibilities of managers being moral agents. The article concludes by discussing how the ‘ethics as practice’ approach that we expound provides theoretical resources for studying the different ways that ethics manifest themselves in organizations as well as providing a practical application of ethics in organizations that goes beyond moralistic and legalistic approaches.

Introduction

In recent years, business scandals, ranging from Enron to the Parmalat disasters, have once again redirected the attention of both managers and organization theorists to a consideration of ethics and the moral dilemmas corporations face in the context of contemporary capitalism (see Donaldson, 2003; Johnson and Smith, 1999; Parker, 2003; Porter and Kramer, 2002; Soule, 2002; Tonge, Greer and Lawton, 2003; Veiga, 2004; Weaver, Trevino and Cochrans, 1999b; see also Werhane, 2000). Despite such a renewed focus, as Donaldson (2003) suggests, the theoretical tools employed to analyse and understand ethics require further development. In the same vein, as Wicks and Freeman argue, ‘organization studies needs to be fundamentally reshaped . . . to provide room for ethics and to increase the relevance of research’ (1998, p. 123). It is an aim that we subscribe to. The goal of this article is to develop a theoretical framework with which to explore ethics in organization theory that moves beyond being either prescriptive or morally relative. To do so, we argue that ethics is best understood and theorized as a form of practice. Our approach is concerned with theorizing ethics in relation to what managers actually do in their everyday activities. We argue that such practice is central to how ethical subjectivity is formed and contested in organizations, as it is circumscribed by organizational rules, norms and discourses.

It has long been recognized that the discipline of organization studies needs to enlarge its role in debating and discussing complex cases of ethics (Saul, 1981; Zald, 1993). Continuing such discussion is critical to the development of the field because ‘systematic attention to the moral dimension of business is necessary to a coherent and constructive notion of organization studies’ (Wicks and Freeman, 1998). However, as Donaldson argues ‘one problem preventing us from taking ethics more seriously is a form of scientific naïveté, where we regard ethics as worse than “soft” because it lacks a theoretical foundation’ (2003, p. 363) The theoretical disdain may occur because ethics have been viewed as an extraneous incursion from a moral realm outside ordinary practice and orderly theory (Feldman, 2004), an incursion from a transcendent and barely grasped tradition.

We approach ethics through a theoretical framework focusing on how ethics play out in practice, not pragmatically, but through an emphasis on the context and interpretation of ethics, the discourse in which they are enacted and their relation to organizational subjects. With this concept of ethics as practice we are able to conceptualize the relations between: rule
following and rule violation; the interplay between subjects and rule systems, and the active and discursive construction of ethics and the power such discourse exercises. We are aware of the risks entailed in this approach and we will seek to avoid them, especially the slander that the position, like any postmodernism, is a form of ethical relativism (Feldman, 2004). Rather than stress the relativism of ethical practices, we suggest that they will be conducted in a situation of ethical pluralism, one in which moral choices are made, often in unclear situations and against potentially conflicting standards (see Bauman, 1993). We thus view ethics in organizations as an ongoing process of debate and contestation over moral choices – as Bauman argues, ‘being moral means being bound to make choices under conditions of acute and painful uncertainty’ (Bauman and Tester, 2001, p. 46). In the suggested ethics as practice framework, uncertainty and ‘bounded moral rationality’ (Donaldson and Dunfee, 1994) are accounted for rather than being replaced with an unwavering moralistic model prescribing what organizations and their members should do in order to be ‘ethical’, such as subscribing to some transcendent notion of ‘tradition’ (Clegg and Feldman, 2005; Feldman, 2004).

In the next section we will situate ethics as a key concern for management and organization theory. Second, we describe our use of the concept of practice and its focus on the way that organizational members engage in ethical choices and decisions facing ambiguous, unpredictable and subjective contexts of action. Third, we examine how ethical choices can be understood as defying predetermination by ethical models, rules or norms; ethics are both unpredictable and future oriented. Fourth, we locate the practice of ethics as situated within organizational discourse. Then, we examine how ethics as practice relates to managerial subjectivity. Lastly, we apply our approach to the analysis of ethics in organizations and conclude by pointing to possible future directions that the study of ethics as practice might take.

Philosophy, ethics and the rule of organizations

Philosophically, our approach originates with Kant’s deontological ethics (see Kant, 1998, p. 30). Rather than defining a set of values that should guide action, Kant developed a process that could be employed to prove whether an action is ethical or not. He does this with the idea of the categorical imperative, proposing that one ‘act only on that maxim whereby you can at the same time will that it should be a universal law’. The categorical imperative is not intended to provide any specific ethical values but a process by which anyone, anytime, anywhere, can verify their action as ethically sound. We agree that a deontological ethics is important in that it marks an important step away from an ethics based on certain and predetermined values. However, such an ethics based on duty does not take into account the changing socially and discursively constituted environments in which people enact their sense of duty. As Byers argues, the categorical imperative can also be taken as a case where ‘given the infinite particularity of the situations from which the maxim is generated, the range of maxims subjected to universalization is itself infinite’ (in Byers and Rhodes, 2004, p. 159).

In organization studies, researchers have sought to determine whether ethics is an individual or an organizational issue. Opinions vary; some researchers argue that ethics is a fundamentally individual responsibility (Ibarra-Colada, 2002; Soares, 2003; Watson, 2003), whereas others insist that ethics is guaranteed in and through bureaucratic structures (du Gay, 2000, 2004). We align ourselves, broadly, with those social scientists, such as Gilligan, who focus on ethics not as a matter of the ‘moral agent acting alone on the basis of his [sic] principles’ (Gilligan, 1987, p. 304); we see morality as grounded in the ‘daily experiences and moral problems of real people in their everyday life’ (Tronto, 1993, p. 79) where the ethical maxim cannot be generalized beyond the particularity of the situation. In relation to business ethics this suggests ‘a need to recognize the complexity and disorder of real life management practice and adopt methods of investigation and theoretical and conceptual frameworks that allow for this’ (Bartlett, 2003, p. 233; see also Maclagan, 1995). As Bauman puts it, ‘in the face of moral dilemmas without good (let alone obvious) choices’, we recognize the ‘excruciating difficulty of being moral’ (Bauman, 1993, p. 248). It is the practical aspects of such complex ethical processes that we see as
critical to understanding the lived reality of ethics in organizations.

A key point of contestation defining the ‘excruciating difficulty of being moral’, one that cuts across the body of literature(s) on business ethics, is the question of whether ethics and organizational practice are, or can be, aligned in the pursuit of business goals such as profitability, competitive advantage and so forth (Francis and Armstrong, 2003; Jones, 1995; Joyner and Payne, 2002; Raiborn and Payne, 1996). Such issues date back to Adam Smith’s (1863) argument that maximizing personal advantage will lead, through the mechanism of self-interested actors competing in the market, to a maximum of collectively beneficial outcomes. Marx (1976) had a clear rebuttal of such views through his extension of Ricardo’s (1969) labour theory of value, which critical approaches to ethics in organizations have followed in questioning the possibility of essentially exploitative profit-seeking organizations being able to be ethical (Jones, 2003; Stormer, 2003). Nonetheless, as a basis for further enquiry neither blanket condemnation of all organizations as amoral because of the form of life of the economy and society that constitutes them, nor as moral when they are composed only of exemplary ideal agents, seems useful. Each view tends to close off enquiry through an excess of philosophical idealism and a lack of realism, rather than open it up.

In realist terms, it is still widely recognized empirically that the most common action formally taken by organizations to deal with ethical issues is the development and implementation of ethical rules through codes of conduct and values statements (Jackson, 2000; Kjonstad and Willmott, 1995; Stevens, 1994; ten Bos, 1997; Warren, 1993; Weaver, Treviño and Cochran, 1999a), together with the appointment of ‘ethics officers’ who design and enforce them (Donaldson, 2003). Indeed, it is reported that 78% of the US top 1000 companies have a code of conduct (Nijhof et al., 2003). Such contemporary discussion of rules and translation of ethics into practice derives from the modernist premise that universal moral codes can and should be applied to social groups in order to judge and foster ethical conduct (Bauman, 1993). Such a conception of ethics often not only informs organizational practice but is also prevalent in research methodologies based on the precept that the various actions of managers and organizations can be scrutinized by an observer in order to determine whether they are ethical or not (e.g. Brass, Butterfield and Skaggs, 1998; Gatewood and Carroll, 1991; Lewicki and Robinson, 1998; Schweitzer, Ordonez and Douma, 2004). Such conceptions rest on a theoretical normativism that assumes that the ethical distinction between ‘right’ and ‘wrong’ can be codified and then applied in order to ascertain whether certain actions or behaviours are deemed ethical or unethical. There is a rule, and things ether fall within or outwith the rule. The observer passes judgement from a safe distance of presumed impartiality, a position which is ‘condemned to see all practice as a spectacle’ by excluding ‘the question of the (particular) conditions making experience possible’ (Bourdieu 1997, pp. 1, 3).

**Understanding ethics as practice**

In contrast to normative, moralistic conceptions of ethics, there is an emerging body of literature that recognizes that ethics will always be situated and contextual in character (Andrews, 1989; Jackall, 1988; Kjonstad and Willmott, 1995; Paine, 1994; ten Bos, 1997). For instance, Victor and Cullen (1988) found in their empirical study that ethical climate is determined by contextual factors, including the wider sociocultural environment, the organizational form and the specific history of an organization. Other researchers, including Kjonstad and Willmott (1995), Rosswou and Vuuren (2003) and ten Bos and Willmott (2001), make a similar point that while the prescription of moral norms may ensure compliance it does not guarantee morally sound behaviour.

The work of Bauman helps to theorize ethics beyond such rule-based approaches. As he argues, ‘being moral means knowing that things may be good or bad. But it does not mean knowing, let alone knowing for sure, which things are good and which things are bad’ (Bauman and Tester, 2001, p. 46). What this suggests is that ethics will be enacted in situations of ambiguity where dilemmas and problems will be dealt with without the comfort of consensus or certitude. Indeed, if making decisions and taking actions were merely a matter of applying a simple calculation or process then it could hardly be said...
that a person would have undergone any of the deliberations or anxieties that accompany the acceptance of ethical responsibility for difficult decisions (Derrida, 1992). Non-trivial ethics defy codification as ‘looking up the rule for the case and applying the rule [as] a matter of administration rather than ethics. Ethics begins where the case does not exactly correspond to any rule, and where the decision has to be taken without subsumption’ (Bennington, 2000, p. 15; see also Munro, 1992). The study of ethics needs to account for real organizational issues (Stark, 1993) in all of their complexity, ambiguity and perspectivality. The reality of lived experience defies easy conceptualization as a series of rational, cognitive choices (Ellis and Flaherty, 1992). As we know, much organizational action is framed by incomplete information, bounded rationality, and messy, ‘garbage can’ decision-making processes (Cohen, March and Olsen, 1972). Confronted with such complexities, an incompatibility between ethical certainty and business reality seems unavoidable – when such a certainty is invoked, it can be expected to be less about ethics and more about ‘a promise of freedom from moral anxiety when in fact it is that anxiety that is the substance of morality’ (Bauman, 1993, p. 80). The result is that ethics can appear incommensurable with management practice (Jackson, 2000; Stark, 1993) understood not as following predefined judgements but as dynamic real-time interaction in relation to local, culture-specific and industry-specific contexts (Donaldson and Dunfee, 1994).

Given these dynamics of interaction, the breadth of possible business contexts, the ambiguity of everyday life situations and ‘bounded moral rationality’ (Donaldson and Dunfee, 1994), if there is anything that we can claim to know with any certainty about ethics it is that they are always subject to contestation. In recognizing the complexity of ethics in practice it is Jackall (1988) who has perhaps gone furthest in analysing ethics in the context of everyday business. Jackall’s approach was to research the occupational ethics of managers in terms of the ‘moral rules-in-use that managers construct to guide their behavior at work’ (1988, p. 4). As he argues,

What matters on a day-to-day basis are the moral rules-in-use fashioned within the personal and structural constraints of one’s organization. As it happens, these rules may vary sharply depending on various factors, such as proximity to the market, line or staff responsibilities, or one’s position in the hierarchy. Actual organizational moralities are thus contextual, situational, highly specific, and, most often, unarticulated. (Jackall, 1988, p. 6)

Jackall’s research is broadly consistent with the turn towards a practice perspective on organizations (see Ortner, 1984; Reckwitz, 2002; Schatzki, Knorr-Cetina and von Savigny, 2001) and stresses the contextual and situational factors that shape ethics in organizations. Recently, management scholars have applied this practice perspective to fields such as strategy (Chia, 2004; Jarzabkowski, 2004; Mintzberg, 1973; Samra-Fredericks, 2003; Whittington, 1996). More generally, such a concept of practice has its antecedents in sociology (Garfinkel, 1967; Schütz, 1967) and philosophy (Wittgenstein, 1968). Recent social theorists such as Foucault (1977) and Bourdieu (1997) also address practice explicitly.

A practice focus can be applied to the study of ethics in organizations (see Andrews, 1989; Kjønstad and Willmott, 1995; Munro, 1992; Stevens, 1994; Paine, 1994; ten Bos, 1997; Warren, 1993). Rather than prescribing a particular set of values, a practice approach to ethics echoes the Kantian interest in the condition of the possibilities of ethical conduct. Rather than prescribing essentialist positions, the ethics as practice approach asks what people actually do when they engage with ethics at work. We thus suggest the need to understand ethics as practices that constitute realities – including ethical realities (Keleman and Peltonen, 2001). Our attention to practice echoes Czarniawska’s (2001, 2003) concern, following (Bourdieu, 1990), with the way that the abstract and formally logical character of theory does not adequately account for the concrete, discursively incomplete, and somewhat incoherent ways practice is conducted. Czarniawska suggests that practice is best understood in terms of how:

[It creates its own rules in each instance of its use; it favours verbs over nouns; it focuses on relationships rather than attributes and it employs performative definitions, which means that the understanding of things depends on their use (Czarniawska, 2001, p. 256)]

The logic of science prizes organizational certainty and control of knowledge in place of
ambiguity and spontaneity: that way points to prediction and an interest in control. A focus on practice allows one to embrace the active, unpredictable, subjective and not fully controlled ways that organizations operate (Czarniawska, 2003), in an interest more oriented to interpretative understanding (Habermas, 1973). In terms of practice, it is in human action that we find structure reproduced; however, such reproduction is never simply or totally achieved (Giddens, 1984). In this way, an 'ethics as practice' approach directs attention not towards models that define, predict or judge ethics in and of themselves, but rather towards an examination of how ethics are differentially embedded in practices that operate in an active and contextualized manner. If we follow Giddens, that social action occurs in the relationship between structure and agency, then it follows that action ‘cannot be understood or significantly influenced without addressing the context within which they are formulated’ (Dillard and Yuthas, 2002, p. 51).

In pursuing such an approach, it is important to consider the relation between notions of morality and ethics. Following Bauman (Bauman, 1993, 1995; Bauman and Tester, 2001) morality concerns choice first of all – it is the predicament that human beings encounter where they can or must make a selection amongst various possibilities. On the basis of those choices they deem what is likely to be ‘good’ or ‘right’, or ‘bad’ or ‘wrong’. Morality emerges from the realization of the ‘primary condition of knowing that things could be different from what they are’ and that as moral beings people are ‘bound to make choices under conditions of acute and painful uncertainty’ (Bauman in Bauman and Tester, 2001, pp. 44, 46). As Lukes (1974, 2005) argues, the exercise of power, making a difference, always involves moral responsibility (see also Lukács, 1972; Nietzsche, 1969). It is in such recognition of different futures that people can realize that their actions and choices may be good or bad, rather than merely leading where the past predicts. In relation to such a morality, ethics can be understood in social terms where ‘society engraves the pattern of ethics upon the raw and pliable stuff of morality’ (Bauman and Tester, 2001, p. 45).

We understand ethics as the social organizing of morality; the process by which accepted (and contested) models are fixed and refixed, by which morality becomes ingrained in various customary ways of doing things. Ethics is a practice of choice and evaluation circumscribed by socially established ethical models that never fully guide moral conduct; the reasons are threefold. First, where a person’s actions are fully determined by predefined external criteria then moral agency is denied to that person, even if that agency is only directed towards the choice of one model over another. Second, in practice people encounter a plurality of ethical models for conduct that are not necessarily consistent with each other, such that to follow one model might always be a means of disregarding another. Third, amidst the volatility of practice, novel situations can never entirely be predicted or captured by the model: some interpretation is always required in order to make decisions about moral conduct. Together this suggests that in practice there will always be (at least) a residue of moral agency.

**Ethics beyond predetermination**

When a member of an organization faces a novel and morally charged situation s/he does more than merely apply a formulaic model or process in order to decide on a course of action. Indeed, from the perspective that we are describing, such predetermination is anathema to a real sense of ethics because it fails to account for the choices and dilemmas that are central to its practice. The dynamics of practice imply that future oriented action cannot wholly be determined by the past. It is in this moment of ‘undecidability’ that ethical responsibility can be located – a moment that exceeds rational calculation (Derrida, 1992; Jones, 2003). The issue, from a practice perspective, is to investigate how various ethical models and calculations are used in relation to the activities of organizing and managing. Thus, organizational members have to make choices to apply, interpret and make sense of various competing models of practice (including ethical ones) in specific situations. Choice does not suggest a total ‘free play’ with regard to ethics, but implies that moral choice proposes an oscillation between possibilities, where these possibilities are determined situationally.
Munro has shown that it is competition between precepts that characterizes ethical situations as dilemmas. He argues the ‘very nature of moral dilemmas is that they arise from the existing norms of behaviour, which sometimes demand contradictory things of a person’ (1992, p. 102). Two different norms, both claiming sovereignty over ethics in their own context of application, may clash when enacted together. Predetermined ethical systems cannot account for these ethical dilemmas, since it is the way that they relate to each other in practice that creates the dilemma (Wittgenstein, 1968). Ethics are at stake when these norms, rules or systems of ethics clash – and no third meta-rule can be applied to resolve the dilemma. As Munro concludes, ‘codes are almost useless to individual employees who are faced with … particular dilemmas’ (1992, p. 105; see also Letiche, 1998; Willmott, 1998). Rather, ethical decisions emerge out of dilemmas that cannot be managed in advance through rules. Thus, ruling is an activity whereby the dynamic relationship between rules and their enactment becomes the focal point of inquiry. Looking at the relation and translation between rules and the use of rules opens up an analytical space in which ethics as practice becomes visible (Dean, 1999). However, this does not mean that codes and ethical rules become obsolete.

Ethical codes, norms and models have important implications for organizational members. While they do not determine practice they are important because they guide the enactments of subjects who exercise some degree of freedom in governing their own conduct. They become instruments that skilful and knowledgeable members can engage and play with freely in their everyday management of their own and others’ affairs. As Foucault suggests, ‘what is ethics, if not the practice of freedom, the conscious practice of freedom?’ (1997, p. 284). In this sense, freedom is manifest precisely when one does not unconsciously or mechanistically follow rules without reflection and deliberation. The moral agent is one who enacts agency rather than one whose actions are considered to be wholly determined structurally (see Lukes, 1974). One may agree or disagree with particular ethical dictates, but it is what one does in relation to them that determines the practice of ethics. For instance, it is clear that, despite sustained claims regarding the unjust treatment of women in the workforce, equal employment opportunity (EEO) legislation has not been sufficient to gain women equal status in organizations. A simplistic view would suggest that this should not have been the case – the rules should be implemented and complied with so as to produce the desired effects, including the realization of a more ethical and just state of affairs. While EEO is not pointless, in practice, discrimination remains enacted through tacit cultural micropractices of everyday organizational life that it does not reach (see Martin, 2000; Meyerson and Kolb, 2001). Such practices emerge from the relation between explicit EEO pronouncements, the enactment of gender in organizations, and the power and agency of those people who interact in order to produce gender inequality. Ethics are located in culturally embedded and context-driven enactment (Thorne and Saunders, 2002).

Codes play an important organizational role. Following Meyer and Rowan (1977), when formal systems of ethics are present, such as codes of conduct, they can be expected to function as ceremonially adopted myths used to gain legitimacy, resources, stability, and to enhance survival prospects. The practice of the system far exceeds its explicit statements. Thus, to maintain ceremonial conformity, ‘organizations that reflect institutional rules tend to buffer their formal structures from the uncertainties of technical activities by becoming loosely coupled, building gaps between their formal structures and actual work activities’ (Meyer and Rowan, 1977, p. 340). In their search for legitimacy, organizations use codes of conduct as standards to justify what they do (Brunsson et al., 2000) as well as to fulfil a narcissistic obsession with looking ‘good’.

1To take a business example: a company that produces pharmaceuticals may be committed to environmental values as well as to helping Third World countries. Each rule seems ethical and ‘good’ in itself but what if they clash? Management has at least two options: either producing at lower cost in less environmentally friendly ways and thus being able to distribute a new medicine much less expensively in Third World countries, or manufacturing according to high environmental standards and selling the medication at a higher price. In the second option, the environment is respected, but the limited economic resources of poor patients are not, meaning that many people who need the medicine will be excluded from using it.
In this sense, codes of conduct become a ‘public relations exercise’ (Munro, 1992, p. 98). Take the example of Enron, a company that won prizes for its ethics programme, albeit that it was a programme designed more for impression management than ethical thoughtfulness (Sims and Brinkmann, 2003). Such impression management practices might contribute to organizational legitimacy (Suchman, 1995) but not necessarily to the form of deliberation, decision and exercise of freedom that characterizes ethically charged organizational problems.

What needs to be investigated is how people adhere to, violate, ignore or creatively interpret formally and culturally ethical precepts such as may be contained in codes. From our perspective, it is not that codes produce people’s social actions but that skilled social actors will from time-to-time use codes to accomplish those actions that they seek to bring off. Organizational members engage with such formulations as a potential instrument of power that can be used to legitimize one’s own and delegitimize another’s standpoint in power relations. Codes offer no guarantees: compliance can lead to ethically questionable outcomes because there are no guarantees of the ethicality of rules because they are rules – if that was the case then the Eichmann defence would not have the notoriety that it has (Arendt, 1994). Therefore, interpreting and adapting rules and maxims according to local circumstances, including sometimes even contravening them, might be deemed ethically sound. Where some approaches consider ruling as a means of governing (or trying to govern) ethical activity by prescribing to other people what they should and should not do, ethics as practice shifts focus to how formal and informal rules are enacted, how they are implemented and made practical. Rules are resources to legitimize and to negotiate organizational realities; ethics as practice focuses on the use of these resources rather than on their static nature.

Ethics and discourse

The ethics as practice approach proposes a strong link between ethics and their enactment in and through discourse. In particular we understand discourse, following Foucault (1972), as the taken for granted ways that people are collectively able to make sense of experience. Discourse categorizes experience by dividing it into meaningful units. Such divisions, however, are ‘always themselves reflexive categories, principles of classification, normative rules, institutionalized types; they, in turn are facts of discourse . . . [that] . . . have complex relations with each other, but they are not intrinsic, autochthonous, and universally recognizable characteristics’ (Foucault, 1972, p. 22). Discourses provide the means with which reality, including ethical reality, can be understood – each is ‘a framework and a logic of reasoning that, through its penetration of social practice, systematically forms its objects’ (Alvesson and Skoldberg, 2000, p. 224). It is such frameworks that become instantiated in both written and spoken as well as verbal and non-verbally communicated texts that are constitutive of organizational social realities (see Keenoy, Oswick and Grant, 1997; Putnam, Phillips and Chapman, 1996). Discourse is central to the social construction of reality and the negotiation of meaning in local contexts – it provides the means through which experience is ordered and sense is made (Alvesson and Skoldberg, 2000, p. 224). Discourse is central to the social construction of reality and the negotiation of meaning in local contexts – it provides the means through which experience is ordered and sense is made (Alvesson and Skoldberg, 2000, p. 224). Discourse is central to the social construction of reality and the negotiation of meaning in local contexts – it provides the means through which experience is ordered and sense is made (Alvesson and Skoldberg, 2000, p. 224). Discourse is central to the social construction of reality and the negotiation of meaning in local contexts – it provides the means through which experience is ordered and sense is made (Alvesson and Skoldberg, 2000, p. 224).
them, enabling them to judge their relative ‘goodness’. Studying ethics in business can be recast as a concern with understanding the different discursive frameworks that people in organizations draw on in order to make value judgements and decisions. Discourse provides the means through which ethical sensemaking can occur. In Weick’s (1995) terms, sensemaking concerns invention rather than discovery in its constructions, filtering, framing and creation of facticity. It is these that make intersubjective realities materially tangible. Ethics can be seen in overarching discourses that make sense of organizational phenomena; as the good, the bad, and the ugly; the moral, shameful or lewd, or that which is just or unjust and so forth. To understand the ethics of an organization is to understand how its members use categorization devices (Sacks, 1972) and how such discursive formulations frame judgements.

The ethical discourses that circulate in and around organizations can be expected to be multiple, often contradictory, and likely to change with the viewpoint of whatever reflective glance enacts their occasioned use. The accounts that circulate in meetings can take on a very different meaning when called to account in subsequent juridical enquiries, for instance. The focus on discourse is not intended to be opposed to one on behaviour – indeed, discourse constitutes the frame within which behaviour can be conceived as action that is more or less ethical or unethical in the first place. Ethical problems and unethical action do not exist per se but are enacted in and through discursive processes of sensemaking. To call behaviour unethical is already to have categorized it as a piece of social action; to call behaviour unethical implies a discursively defined set of values. The definition of what is good and bad becomes the focus of analysis rather than the judgmental act of agreeing or disagreeing. For instance, Nick Leeson, who was held responsible for the collapse of Barings Bank, worked in an environment in which his actions and his behaviour were discursively tolerated and encouraged. Only after his fraud was discovered and new data formed a different narrative of Leeson as an irresponsible gambler did the judgements about his behaviour rapidly change. In this case, his risk-taking attitude was first discursively made sense of as innovative, competitive and timely; later it was framed as irresponsible (see Drummond, 2002).

How do discourses provide the preconditions or justifications for possible ethical determinations and how do different discourses constitute these judgements? How do people work within and between such discourses in formulating their ethical practice? These are the issues for a practice-based approach. Discourses provide different possibilities, different determinations, for ethical action in situated contexts, albeit with some being more dominant and powerful than others, but, as we have been at pains to point out, they do not wholly determine practice. Thus, understanding ethics as practice implies analysing those discourses that enact particular ethical attributions in relation to concrete practices and actions.

Rather than judging whether a given behaviour is ethical or not, from an a priori standpoint, we suggest understanding those discourses that nurture what are taken to be ethical sensemaking processes in specific situations, thus creating the conditions of possibility for notions of ethics to be applied in the constitution of particular types of social action (Schütz, 1967). Considering ethics as practice requires an analysis of those discourses that frame situated judgements; in particular, the ways in which those actions deemed ethical or unethical are the result of

---

2The ethical import of discourse can be briefly illustrated at the macro and institutional level through looking at broad historical changes concerning what has been seen to constitute a ‘good’ worker. In the 1950s, the type of employee who was valorized was the ‘organization man’ (Whyte, 1956). What Whyte identified in post-war American work was a situation where managers were increasingly beholden to a social ethic of conformity, servitude and scientism, appropriate for belonging to a paternal organization. More recently it has been argued that this social ethic has been replaced as a result of enterprise culture and discourses of excellence. The discursive shift is from bureaucratic to entrepreneurial styles of management. In this new order, the ideal worker is an enterprising person who actively works to pursue organizational goals through a ‘judicious mixture of centralised control and individual autonomy’ (du Gay, 1996, p. 61). In each case discourse constitutes the nature of work and its ethics in a different way – it creates different justifications and legitimations of what actions can be defined as being ‘good’. Indeed, du Gay’s enterprising worker would be seen as anathema to Whyte’s organizational man. The same action would be judged ethically different in these two different discursively constituted contexts.
member’s categorization device as they are applied in particular contexts (Sacks, 1972). Furthermore, it requires an examination of the ways such discourses change and leave traces in subsequent discourses. Ethics always draw on legitimatory discourses enacted through the devices of categorization of membership and action that are embedded in specific contexts. The evaluation of behaviour as a specific type of social action (whether it is ethical or not) is based on discourse. Understanding this discourse and analysing its reality-constituting power are necessary to understand ethics as practice.

Ethics and subjectivity

Drawing on Foucault’s (1977, 1997) conceptualization of the relationship between subjectivity and power, we consider the relation between ethical discourse and the subjectivity of people at work. Following Foucault (1972), discourse can be understood as a dividing practice that seeks to objectivize people into particular subject positions – categories that particular individuals ascribe or seek. Thus, subject positions are ‘locations in social space from which certain delimited agents can act. Subjects are socially produced as individuals take up positions within discourse’ (Hardy and Phillips, 2004, p. 302). In this process ‘discourse is the principle means by which organization members create a coherent social reality that frames their sense of who they are’ (Mumby and Clair, 1997, p. 181). Furthermore, it is people’s sense of ‘who they are’ through which they constitute themselves as moral subjects of their actions while, at the same time, being ‘disciplined’ by those very discourses into being particular types of people (Foucault, 1990, 1977).

The key concern here is the way that those ethical discourses in play in an organization give rise to the possibility of various ethical subject positions and the way these positions are taken up (or resisted) by organizations’ stakeholders. Organizational discourses contain within them various ‘moral technologies’ (Foucault, 1977) that attempt to govern the dispositions that make up identity (Chan and Garrick, 2003) and through which people can define their ethical position in relation to their everyday practice (Bernauer and Mahon, 1994; Keleman and Peltonen, 2001; Sthyre, 2001). Discourse provides the procedures ‘suggested or prescribed to individuals in order to determine their identity, maintain it, or transform it in terms of a certain number of ends, through relations of self-mastery and self-knowledge’ (Foucault, 1997, p. 87). A key part of this sees the moral predicament faced by people in organizations as being about the way that they bring morality to bear on their interaction with organizational requirements (ten Bos, 1997). In terms of subjectivity, ethics is treated as a social phenomenon that people draw on in order to define and defend who they are. The crucial issue is that ethics as practice concerns processes of self-formation amongst people at work. The subjectivity of managers, workers and other members is ethically constituted in recognizably appropriate ways; hence the salutary morality of selecting poachers to be gamekeepers – and the hard choices that poachers turned gamekeepers have to make as they cross the line from being outside the law to being its keepers.

In Foucault’s (1984; see also Davidson, 1994) understanding the ethical subjectivity that is discursively dominant in an organization revolves around the answers to four questions. First, questions of ethical substance – which aspects of organizational behaviour are considered to be concerned with ethical judgement? Second, mode of subjection – how do organization members establish their relationships to ethical rules and obligations? Third, practices of the self – what practices do people in the organization engage in, in order to be considered, not only by others but also themselves, as ethical? Fourth, aspirations for the self – what ethics of the idealized ‘self’ do people in the organization aspire to? By examining how such questions are answered in particular organizational settings, the ethical subjectivities within an organization and the dominant discourses that seek to define them become apparent.

As du Gay (2000) suggests, liberal forms of managing and governing create social actors as subjects of responsibility, autonomy and choice upon whom political institutions seek to act by shaping and utilizing their freedom. The practice of ethics links subjectivity and discourse on both the organizational and the individual level. It is not the free subject that simply chooses whether to behave ethically, but the practice of ethics that constitutes the subject. It is not a universal,
a-contextual code of conduct that forms subjectivity; rather it is embedded in day-to-day practices and discourses (Keleman and Peltonen, 2001). How do people at work relate to and enact organizational practices and how do those practices construct their conduct and subjectivity? Ethics as practice answers these questions through an analysis of what constitutes subjectivity at work. It considers how people conduct their own conduct and strive to conduct other people’s conduct through organizational practices. By implication we can consider ethics in terms of how it is linked to critical thought: it is not about defining values, rather it is a ‘historical investigation into the events that have led us to constitute ourselves and to recognize ourselves as subjects of what we are doing, thinking, saying’ (Foucault, 1997, p. 315).

As Roberts (2001, 2003) has elaborated, a consideration of ethics in relation to subjectivity needs to be considered not as a narcissistic concern with the self, but rather in terms of the relation between self and other. He proposes the constitution of ethical subjectivity as being in primary and proximate relation to the other rather than retaining a desire for the ‘fulfilment of the fantasy of being a sovereign individual’ (Roberts, 2001, p. 119). Roberts follows Levinas’ (1991) contention that the primary site of ethics is in the face-to-face relationship where one acknowledges the very particularity of the other, and realizes that it is only because of that other that one can come to see one’s self as a self. Importantly, this is not a relationship whereby the other is subsumed into the self, but rather one of ‘infinite responsibility’ to the other – one who can never be fully known in the intensity of their own particularity and to whom one is responsible without the expectation of reciprocity. For Levinas, the relationship to the other is one of hospitality and it is an attention to this hospitality that is the beginning of ethics. As such, what Roberts explains is how a consideration of subjectivity in ethics needs to be heedful that the ethical subject is not one that is foreclosed by preoccupation with self but rather takes place in terms of the self’s responsibility to others. As Bauman puts it, the moral self is ‘constituted by responsibility . . . [and] . . . answerability to the Other and to moral self-conscience’ (1993, p. 11).

Roberts (2001, 2003) suggests the need to differentiate between the notions of an ‘encrusted’, ‘reflexive’ self on the one hand and a ‘psyche’ that is the ‘soul of the other in me’ on the other (Roberts, 2003, p. 252). In terms of practice, we are less sanguine about making such absolute differences between a socially determined self and one that is pre-social. What we do take from this argument, however, is that ethics, at least, involves a preparedness to resist power relations that try to determine the self as merely an object of power. While we do not agree that beneath such a ‘crust’ there lays an unencrusted kernel of ultimate responsibility, ethics will involve subjects constituting action. Thus, we acknowledge the presence of a discursively constituted and reflexive ego, while also attesting to how a ‘moral impulse’ (Bauman, 1993) or ‘sentience’ (Roberts, 2001) might temper subject-determining discourse. Our position here, following Foucault, is that a subject can constitute itself in an active fashion through ‘practices of the self’ even when those practices, rather than being invented by the individual, are ‘imposed upon him [sic] by his culture, his society, and his social group’ (1986, p. 291).

Putting practice into action

According to Handy (2002), 90% of all Americans do not trust managers to look after the interests of their employees and only 18% think that they look after their shareholders properly. He argues that ‘those countries that boast most stridently about their democratic principles derive their wealth from institutions [i.e. business organizations] that are deficiently undemocratic, in which all serious power is held by outsiders and power inside is wielded by a dictatorship or, at best, an oligarchy’ (Handy, 2002, p. 52). In such a context it seems that despite the prevalence of talk of ethics, its practice is somewhat contradictory. Ethics is an important issue for organizations facing environments in which their customers, clients, employees and other stakeholders are clearly ethically sensitive. The approach to ethics that we are advocating in this article is one that, while theoretically informed, focuses specifically on what organization do about ethics rather than just on abstract principles. Such a focus is not, however, crudely pragmatic, but instead is one that emphasizes the context and interpretation of ethics, the
discourse in which they are enacted and their relation to organizational subjects.

Focusing on ethics as lived practice instead of as ‘a few good principles’ (Soule, 2002) enables one to make the specific nature of ethics (including ethical dilemmas) visible. Ethics as practice allows for a theoretical approach that examines how ethics actually are enacted and how they constitute work. In this perspective, ethical problems, dilemmas and mistakes are central. Indeed, it is by reflecting on real dilemmas, as social actors define them in social actions, that we may arrive at a more substantive appreciation of ethics in and of organizations. There will be always a conflict of interests between ethical values and, we suggest, such conflict is central to ethical vibrancy. An organization that desires a centrally controlled ethics will only stifle the possibility of a reflected and considered ethics. When ethics is something one does rather than something one has, then this ‘doing’, organizationally, is enhanced by the opportunity for debate, discussion and plurivocal exchange and dialogue. The result is not unanimity with regard to ethics, but rather an ongoing questioning of the adequacy of the organizations’ ethics in relation to the novel situations and contexts in which it finds itself. It is in this way that ethics can be enhanced by vigorous and persistent self-critique, practised through open dialogue and the creation of ethical spaces in which such issues can be discussed. A considered ethics is one that is never convinced of its own ethicality and is practised in a way that ‘is always haunted by the suspicion that it is not moral enough’ (Bauman, 1993, p. 80).

As Bauman explores, however, such a ghostly suspicion is one that organizations do not necessarily embrace. As he writes: ‘the organization’s answer to [the] autonomy of moral behaviour is the heteronomy of instrumental and procedural rationalities . . . actors are challenged to justify their conduct by reason as defined either by the approved goal or by the rules of behaviour’ (1993, p. 124). It is in this way that Bauman claims that all social organization consists of ‘neutralizing the disruptive and de-regulating impact of moral impulse’ (p. 125) and renders social action to be morally adiaphoric – a term he adopts to refer to that which is morally indifferent, such that it is measurable only by technical, and not moral, criteria. The adiaphorization is achieved by ‘the removal of the effects of action beyond the reach of moral limits’ (p. 125). Individuals are separated from the intentions and effects of their actions by a series of mediators such that one’s own job appears as a relatively insignificant part of the final results. Thus, organizations ensure that moral responsibility ‘floats’ above the individuals within that organization, entailing that the actor become morally responsible not for the overall aims and outcomes (which are far away), but rather responsible to the others in the action-chain. Furthermore, the disassembling of the object of moral action into traits means that action is targeted on the traits rather than on the whole person; thus, effects on the whole person are not considered as part of the intention, leaving the action free from moral evaluation. In this sense adiaphorization is achieved by ‘effacing the face’ of the other such that those others are disaggregated as persons to whom one might be morally bound. On this basis, action becomes rationalized and no longer subject to irrational moral urges – a heteronomous socialization that works through norms and rules. Here, obedience precludes interpersonal empathy.

Ethics as practice implies an openness to accept and discuss ethical dilemmas that are eschewed by adiaphorization. Thus, the acceptance and discussion of ethical dilemmas is one step towards more ethically informed management. Instead of reducing practice to simple wrong-right answers, we suggest ethics is ‘practised’ when ethical problems are made visible and discussed as complex problems rather than as problems that can be managed according to an economic calculus.

It should be evident that our approach does not promote the (utopian) ideal of an ideal speech situation (Habermas, 1973) in which all ethical conflicts can be resolved. Rather, we want to emphasis that ethics is always contested

3 An example of this is Bagley’s (2003) ‘ethical decision tree’. It is a business tool that exposes conflicts rather than pretends to know their answers. In this sense, when ethics is treated as a matter of the application of premade rules, scenarios or values, the practice of ethics in fact becomes stymied through an attempt to provide shelter from the burden of responsibilities – the practice of ethics is about opening up the difficult moral issues that are embodied in arduous dilemmas and conflicting moral demands (Bauman, 1993).
terrain: as Nietzsche (1969) has shown, ethics is inextricably linked with power relations. The suggested approach recognizes the contextuality and contestation of ethics and dismisses an essentialist approach based on a priori values. Furthermore, this contestation must be regarded not just as a form of debate over what is or is not ethical, but also revolves around the contestation of ethical subjectivity itself. Thus, a distinction can be made between regarding the self as an autonomous agent, the self as responsible to others (Roberts, 2003, following Levinas) and the self as produced by discourse.

A new research agenda

Our discussion poses previously unasked questions. These questions require both pragmatic empirical and theoretical consideration (Wicks and Freeman, 1998). The opportunity is to investigate how ethics works through practices that are both explicitly governed and implicitly enacted. Researchers and theorists need to know what ethics are politically constructed in what ways in organizations and how certain sorts of behaviour are enacted and constituted as (un)ethical social actions by practices of the organization, its management, its employees and the broader community. In this sense the ethical theorist is an ‘interpreter’ rather than a ‘legislator’ (Bauman, 1987) of practice, with a concern for how ethical systems come to bear on concrete practices of managing and decision-making, and how the potentially different ethical systems of different stakeholders interact with and, at times, come into conflict with each other. To propose this is not to endorse a slide into relativism: the fact that moral values cannot be expressed as simple rules of conduct increases, rather than decreases, the importance of our ethical responsibilities. Transcendent and transparent truths and absolute values do elude organizational grasp in the heat of the ethical moment. However, this does not mean that we must forsake the cognitive categories and moral principles that we cannot live without, such as right and wrong or equality and justice. There are unavoidable limitations and inherent contradictions in the ideas and norms that guide our actions, and these need to be recognized in such a way as to keep them open to constant questioning and continual revision.

Drawing on Dean (1999) we can formulate a research agenda for ethics as practice. First, ethics as practice analyses the precise points when a form of managing or acting becomes regarded as problematic. It is less concerned about the solutions that a certain way of organizing offers and more concerned with how behaviour is turned into an ethical problem and people start to question its legitimacy as a social action. Which institutions, which discourses, which interests collide or cohere when a way of managing is called into question? In addressing such questions an important consideration is to study the role that official and formal ethical codes play. What effects do they have on business behaviour and practice in terms of how (potential) conflicts between formulated ethics, ascribed social actions and actual behaviours are addressed and how is the gap between ethical codes, social actions, and actual behaviour experienced by organization members and other stakeholders? As we have argued, ethical responsibility can be seen to be a matter of reflection and choice amongst undecidable alternatives: thus, researching ethics can also relate to whether ethics is experienced by people as a paradox and dilemma between choice options, individual ethics, organizational requirements and environmental imperatives.

Second, instead of seeking to identify ‘who is (un)ethical’, an approach to ethics as practice would focus on the question of how organizations work in relation to ethics. It presupposes that there is a range of different elements involved that transcend individual subjects. Thus, it focuses on the complex heterogeneous web that makes organizations work: the institutions, discourses, agencies/agents, supporting technical infrastructure and so on. The research questions are whether operative ethical discourses are the result of individual or management initiatives or an expression of an organization’s cultures? Are they imposed by the environment or by the objects that shape, frame and are worked on in that environment? How are such discourses mediated and where are they embedded? And how do different agents use this discourse as a strategic resource?

Third, ethics as practice does not focus purely on the ‘grand narratives’ (Lyotard, 1979) that might support certain ways of conduct: it does not simplify complex relations to simple dichoto-
Business Ethics as Practice

mies. It looks at practices that work on a micro-level and may support paradoxically different ideologies. Scientific management, for instance was embraced by capitalists in the 1910s, while it was resisted by managers and workers at the same time, welcomed by the Soviets in the 1920s, re-embraced by the Japanese in the form of Deming in the 1950s (see Deming 1994), preparing the way for TQM and, in the 1990s, it underpinned the entrepreneurial revivalism of business process re-engineering (Hammer and Champy, 1993). Thus, it is not on an ideological level that grand narratives compete for what is good and evil, but on a level of concrete practices in use, which is where ethics are at stake.

Fourth, every organization has a future-oriented, even utopian, element to it, a certain telos associated with why it does what it strives to do. Rather than focusing on those ultimate values embodied in such discourse, and discussing whether they are good or bad, ethics as practice asks how these values came into being, and why they should be ‘better’ than others. Research will focus on how they are instrumentalized and made to work in certain contexts, and what unanticipated consequences they might bring. The discourse of empowerment, for instance, features certain rights and a certain image of what human beings are or should be but instead of judging these idealized values, an approach to ethics as practice will focus on the effects and power relations that this discourse constitutes. It asks how ethics are enacted and through which stories do newcomers learn their ethics? But also, idealized discourse provides a template to evaluate behaviour: which discourses dominate the debate about ethical behaviour? How are ethics perceived and evaluated in and through these?

Fifth, and lastly, an approach to ethics as practice focuses on local events and refrains from making universal claims such as ‘globalization is bad because . . .’. It does not believe in a one-best way solution nor does it see one big global problem that would drive diverse local solutions. Of course, globalization is a social reality, but it is played out, utilized, understood and fought about distinctly in different regions by interests that constitute themselves on the basis of such differences: thus, globalization is a plural word that needs to be analysed in specific circumstances. How does the global discourse on ethics affect local realities of organizational processes related to human resource management, marketing, accounting and so forth? Putting emphasis on the context and the embeddedness of ethics, it is important to refrain from generalizing judgements and focus on local meaning and sensemaking practices that constitute ethics.

In summary, in this article we have elaborated the value of understanding business ethics as a form of practice. As we have shown, ethics cannot be encapsulated in lists of rules that inform action; thus, there can be no ‘one best way’ in which good ethics may be guaranteed through prescription, judgement or legislation. The concept of ethics as practice cannot offer a clear black and white grid that divides the world into good and bad; things are more complicated. The approach recommended would encourage innovative directions in both research and practice, enabling organizational members and theorists to understand and manage better the difficult and diffuse ethical predicaments that they face.

References


Stewart R. Clegg completed a first degree at the University of Aston (1971) and a Doctorate at Bradford University (1974). Stewart is currently a Professor at the University of Technology, Sydney, and Director of ICAN Research (Innovative Collaborations, Alliances and Networks Research), a Key University Research Centre. He has published extensively in this and many other journals. His most recent book is Managing and Organizations: an introduction to theory and practice (Sage, London, 2005, with Martin Kornberger and Tyrone Pitsis).

Martin Kornberger is currently INSEARCH Postdoctoral Research fellow at the School of Management at UTS and post-doctoral research fellow at the University of Innsbruck. He received his PhD in philosophy from the University of Vienna. His research interest lies in ethics, learning, strategy and branding. In order to perform periodic reality checks he works for the brand consultancy PLAY.

Carl Rhodes is Associate Professor in the School of Management at the University of Technology, Sydney. He has researched and written widely on issues related to knowledge, ethics, language, culture and learning in organizations. Carl’s work has been published in leading journals such as Organization, Management Learning, Journal of Management Inquiry, Culture and Organization and Journal of Management Education.