Organizational Paradoxes and Business Ethics:

In Search of New Modes of Existence

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At the beginning of the 1980s, Organization Theory experienced a paradigmatic rupture that projected the arrival, apparent or real, of the post-modern society and the new popular recipes and tools in the business world (Clarke and Clegg 1998). Since then managers and scholars began to question the technical rationality because of their effects, and pointed out the importance of considering a more human world in which the construction of sense, the permanent change and the presence of dilemmas and contradictions, constituted the normality of the organizational reality (Peters and Waterman 1982; Peters 1991). New preoccupations emerge, such as the consideration of culture and emotions as factors decisively influencing the behaviour of individuals and the result of enterprises (Deal and Kennedy 1982; Ouchi 1981; Schein 1985); also, the recognition of the political-cultural context factors that produce and reproduce the structure of organizations, affecting the way the things are done (Meyer and Rowan 1977; DiMaggio and Powell 1983); or finally, the absence of control over interconnected realities that are in permanent movement, reproducing their own instability (Perrow 1984; Weick 1993).

In front of the managerial and organizational knowledge of most of the XX century, who centred its preoccupations in the analysis of the structures and its results as expression of the universalism of bureaucracy, the new theories reclaimed the
interpretation of organizational forms locally constructed, in which the subjective sense that the individuals gave to their actions played a fundamental role. This implied a displacement of the traditional problems of the structure to the consideration of the processes and relations (Silverman 1974; Crozier and Friedberg 1980; Weick 1979).

Also, considering the global realities, the new theories began to represent organizations as nodes of networks that articulate very volatile and highly competitive spaces, giving place to the emergence of systems with blurred boundaries to favour the circulation of information and the trade in real time. This is why the new approaches consider change so important, linking it to diverse forms of organizational flexibility and with the use of new technologies in order to improve learning, adaptation and collaboration (Bartlett and Ghoshal 1989; Senge 1990; Catells 1996).

But it is not all. In the 1980s and 1990s reappeared debates about the costs and effects produced by the great transnational corporation. In a world characterized by the great contrasts, the emerging critical thinking tried to understand new problems. Some of them are the discrimination based in class, genre, race, religion, politics or some other condition that function as element of differentiation (Nkomo and Cox 1996; Prasad et al. 1997); power and the structures of domination and their relation with disciplinary regimes based on surveillance and control (Clegg 1989; Deetz 1992); the effects of the bureaucratic administration with all its arsenal of management knowledge and tools (human resources, marketing, accounting, production) in social life (Alvesson and Willmott 1992; Hopwood and Miller 1994; Townley 1994); the appreciation of technical rationality and
bureaucratization as means for alienation and de-humanization of work (Schwartz 1990; Sievers 1994); the transactions and interactions between organizations that explain the growth and concentration of wealth in periods of bonanza or the recession and socialization of looses in periods of crisis (Clegg et al. 1983, 1986); and the interpretation of the role of the State as apparatus of regulation of economy and society (Laumann and Knoke 1987; Clarke and Newman 1997).²

The strength that the great corporation have been acquiring during the last century, has been related with the loss of balance of its dilemmas: great fortunes in few hands are accompanied by increasing poverty, which has extended without respite until it overtakes its global dimension (Bauman 1998); due to its tendency to hyper-specialization that reduces and fragments realities that are not sufficiently understood, the impressive scientific and technological development increases risks and lack of control over complex systems that become autonomous producing unexpected effects (Giddens 1990; Beck 1996); the comforts in the planetarium era contrast with the irreversible destruction of the planet, expressed in wars between nations and in the destruction of nature, evidencing the great tragedy of “development” that confronts homo sapiens with homo demens (Morin and Kern 1998). As a result of all this, it appears that for each step forward that society takes there are always others in the opposite direction.

In sum, the 1990s marked the recognition of paradoxes as a consubstantial characteristic of society, giving place to a post-modern thought that rejected the univocal relation between forms of representation and the “real world”. A great deal of authors
began to point out insistently the paradoxical character of management and organization within work, economy and culture (see, for example, Peters 1991; Handy 1994). With all this, it appears that finally managers and scholars understood the dynamics that govern organizations, establishing the conditions to solve the dilemmas they confront, thanks to a renovated management approach that accepts the normality of the inconsistencies of rationality.

However, these apparently novel positions forget that the paradoxical condition of the organizational world is not a post-modern condition: the XX century is full of examples that show that modern society is characterized by its ambivalences. In any case, what we are observing is probably the recuperation of a condition of modernity that was eliminated by the rationalist thought during the last two centuries. As Marshall Berman (1988; see also Bauman 1996) comments, the recuperation of a project for modernity implies the return to the modernisms of the past, that clearly assumed the contradictory nature of reality, the importance of the self and history, and the necessary understanding of this historical epoch as a totality. For this reason, the recognition of the tensions between universal theories and local realities will help us to solve the dilemmas derived from the construction of a new social world characterised by its diversity and plurality and in which there will be space for anyone (Clegg, Ibarra and Bueno 1999). From this point of view, to talk about “post-modern realities” implies precisely to recover the paradoxical condition of modernity in order to recreate our future as a creative destruction of modes of existence that try to escape definitively from their iron cage.
Departing from the recognition of the ambivalences of modernity, in the following pages we are going to analyse business ethics considering its dilemmas and paradoxes. Our reflection will centre on the following question: Is it possible to talk about business ethics? This apparently simple question encompasses the spaces of discourses and practices. A great deal of pondering and debate is required to achieve a satisfactory answer. Our intention is to share some tentative ideas and interpretations open to consideration regarding a topic whose clarification is increasingly urgent. In this chapter, we will present the problem proposing some facts and questions that may trigger the explanation of the terms and the implications of what has been usually called “Business Ethics”, opening new paths to visualize the topic.

To fulfil this purpose, we will establish three scenarios with the intention to point out three different faces of the organizational paradoxes in the ethical terrains. The first scenario shows the paradoxes of the world of the corporation when discourses and practices are confronted; we will see that discourses and representations doesn’t correspond to practices and actions, neither the declared ends of the firm with the results it really produces. The second scenario shows the use of symbolic devices used by corporations to generate identification and to build consensus. The discourse of excellence functions as an identity fabrication device, enabling the projection of an imaginary subject that displaces the real one. Individuals in the corporation become imaginary subjects that confront permanently with –and fight and is defeated by– their own real shadow. Finally, the third scenario shows the sense of the “ethical explosion” of
the last decade of the XX century, revealing the paradoxes of the business of ethics that has been functioning most of the time as a devise to conduct conducts in the organization, maintaining consciences sleepy. This dilemma opens the urgent debate about what seems a “non-ethical-ethics”, or to put it in other way, the consideration of the ethical preoccupations in business revealing its unethical character, but also the role of resistance in order to produce a new ethics as practices of freedom.

These three scenarios will allow us to delineate in the final part of the chapter, some key ideas for the construction of a different organizational ethics that submit not to the mandates of money but, essentially, to the exigencies of a society that require spaces to act exercising freely its will. It is from this substantive ethics from which it could be possible to transform corporations from structures of subjugation and domination to spaces of equity and plural coexistence and recreation.

Paradoxical Corporations and Business [and/or] Ethics

I have been a fool all my life as far as making money is concerned.
(Cornelius Vanderbilt, March 23, 1878)

Let us start making a recollection of the United States industrialization history, the cradle of the entrepreneurial culture that dominates the global world. The American empire was founded on mechanization, on the possibilities offered, first by steel, and then by oil, and on the new inventions that transformed business management and shop work, such as the telegraph, the telephone, the typewriting machine, and the calculator (Giedion 1975;
Hughes 1989). The most algid moments of this savage industrialization, commanded by the Robber Barons (Josephson 1962), were featured in a recent book, from the expansive experience of the railroad, which by 1900, had already built 193,000 miles of railways:

The first transcontinental railroad was built shedding blood and sweat, and at the cost of political manoeuvring and fraud. The Central Pacific Railroad split the country in two, from the western to the eastern coast. In Washington, it spent 200,000 dollars in bribes to acquire 9 million acres of virgin land and 24 million dollars—36 additional million over the calculated—to a construction company which in fact was owned by it. Three thousand Irishmen and ten thousand Chinese engaged four years in the construction, being paid one or two dollars per day. (Zinn 1995: 191, Spanish edition)

Almost one century later, at the beginning of the new millennium, things do not look much different. This ancient story of the construction of the railroad empire at the end of the XIX century in the United States, appears to be a universal model—a kind of one best way of money makers—that orients the large business projects throughout the XX century, thus becoming a basic characteristic of modernity. Let us analyse some other facts.

*The Robber Barons, before and now*

Who can deny the existing relationship between the wealthiest men and the newspaper headlines that narrate the juiciest scandals of the last century? The captains of industry, exemplary represented by Andrew Carnegie, John D. Rockefeller, Cornelius Vanderbilt, and J. P. Morgan, have yielded their place to the new yuppies of money. Let us think of
Robert I. Maxwell, a publishing businessman who illegally used the pension funds of his employees to face the financial difficulties of his mass media empire; Michael Milken, the financial speculator who became famous thanks to his junk bond invention, interest-yielding speculative bonds where high risk is offset through diversification; Ivan F. Boesky, who built a large financial empire in Wall Street by purchasing confidential information which he eventually used as an illegal advantage for his financial transactions; Mario Conde, former chairman of Banesto in Spain, accused of unduly taking hold of 600 million pesetas and of traffic with false documentation; and his fellow citizen Mariano Rubio, executive of Banco Ibercorp accused of bribery, swindle, and illegal appropriation. And just to give some space to Mexico, my own country, let us mention Carlos Cabal Peniche —known as King Midas—, Angel Isidoro Rodríguez —alias El Divino—, and Jorge Lankenau Rocha, whose endangered the Mexican financial system according to the official stories that received the broadest communication. In this brief tour, Raúl Salinas de Gortari —known worldwide as the "uncomfortable brother" or the "ten percent man"— cannot be forgotten, and the same applies to the new narcopolitical actors, led by Mario Villanueva Madrid, former governor of the state of Quintana Roo and actually in prison. So, this is an endless list.

Taking these facts into account, is it possible to talk about business ethics? Let us quote the opinion of a well-known North American celebrity, who gave an early diagnosis of this situation:
Today, people no longer respect anything. Before, we placed virtue, honour, truth, and the laws on a pedestal. Corruption is embedded in the American life of our times. Where no other law is observed, corruption becomes the only law. Corruption is weakening this country. Virtue, honour and the law have vanished from our lives. (Quoted in Galeano 1998: 1, Spanish edition)

An illustrious businessman made this public statement on October 17, 1931, being still relevant to our times. We are referring to Al Capone, some days before he was arrested and imprisoned.

Before this dark scenario, the leaders of the business world increasingly associated with politics and drug traffic share a presumed ethical vocation, translated into heroic philanthropic acts, showing clearly the public virtues while concealing their private vices. Some of the names we have mentioned before now appear as the names of foundations that make contributions and donations to foster education and research; to fight terrible diseases, such as cancer or AIDS; or to support the miserable and the helpless who have received a marginal part of the benefits produced by the wealth gathered by these gentlemen. No action has been spared to publish their altruism and kindness, through ad hoc advertising campaigns, films, and heroic books that turn out to be best sellers. The device, as an arrangement of symbols and artifacts, can operate thanks to the logic of common sense: who could imagine that behind such exemplary behaviour lays the ethical absence so widely denied?
**Corporate Predators, from the centre to the periphery**

But let us shift from individuals to corporations. In this case, the scenario is not more encouraging. Suffice to refer to the classification made every year by *Multinational Monitor*, the magazine that highlights the ten worst corporations of the year. In its 1997 and 1998 lists, well-known brands were present, including Philip Morris, Nike, Chevron, Coca Cola, General Motors, Mobil, Monsanto, and Wal-Mart (Mokhiber and Weissman 1999: 83-85 and 115-118). The necessary charges to be awarded this distinction are varied, from paying miser wages to Congress lobbying so that laws that do not hinder their business interests are passed, without neglecting the destabilization of those governments that are opposed to their operations, or the support given to dictatorships whose support their business with unrestricted benefits and unlimited concessions. Environmental destruction, sale of proven harmful drugs, child labour exploitation, and modification of feeding habits of children are some other usual charges. Besides, what economists know as "externalities" —which release those guilty from blame—, caused by the indiscriminate automobile use, alcohol and tobacco consumption, or damage caused by the excessive cellular phone use, can be added. Before these facts, is it possible to talk about business ethics?

These stories are not alien to the Mexican entrepreneurial and governmental environments. Suffice to mention the scandals associated with the sale of radioactive milk in Mexico by a public enterprise (CONASUPO), the profitable businesses —which have not been fully disclosed— made thanks to the support of the "ten per cent man" (the
already mentioned Raúl Salinas) consisting of the privatisation of state-owned corporations, such as the Telephone corporation (Telmex), or the huge frauds made under the umbrella of the Banking Rescue after the economic crisis of 1995 (Fobaproa). In this latter case, the cost that will be borne by the nation has been estimated in 85 billion dollars, a sum equivalent to the external public debt of the country in the last 170 years (Fernández-Vega 1999). While all of us cover these embezzlements, 180,000 or 2.5 million suits have been filed against the “defaulting” debtors of the banking system, depending the sources we consider: official data or the data provided by the debtors organization called El Barzón.

This cascade of events indicates that the maxim of the entrepreneurial behaviour has been and still is "business is business", meaning that when dealing with businesses and money, the end justifies the means, and that there is no rule whatsoever in these cases which is not for purposes of convenience. It appears that the inherent opportunistic behaviour of the business world leaves no room to ethics, unless ethics is basically considered as a rhetorical complement of always acting for one’s own interest.

This tension between entrepreneurial and/or political pragmatism and the ethical ideal based on individual freedom has been properly illustrated whenever the aid offered to victims of natural accidents or contingencies is rejected. Mexico is full of examples. Among some of these events, the powder explosions in the city of Celaya last year, the recent floods in different states of the Republic, the severe consequences of the earthquakes in cities like Puebla and Oaxaca, or even the explosions which occurred
several years back in Guadalajara or in the district of San Juanico at the north of Mexico city, come to our minds. Surely there are many other examples in each of the countries of the world.

Generally, the argument brandished in this neoliberal times is that the government, considered a liberal enterprise having a human face, does not want to be disrespectful to the "dignity" and the "capacity" of those affected, whose will be able to show their fortitude and initiative when they succeed in overcoming adversity. While this is argued in official declarations, these same governments at another window grant soft credits for corporations affected as a result of these very same events. As we can see, the convenience rule operates efficiently; but those it act ethically? Before these facts it is necessary to reiterate our key question: is it possible to talk about business ethics?

Management devices and societal risks

Let us change gears once again. What can we say regarding the implications of crucial decisions, which for the effects they have, place many people and families at risk? Let us briefly remember, using some illustrating data, the results of one of the most celebrated management tools when was applied during the last decade, re-engineering (Hammer and Champy 1993; cfr. Grint and Case 1998): General Motors has closed down 21 factories in the United States, which means that 20,000 workers and 10,000 employees have been laid off, leaving a total of 30,000 families without the possibility of cover their most essential
sustenance needs. IBM downsized by 20,000 jobs; Digital Equipment by 10,000. The industrial world in its eternal search of the "correct" size of their business and corporations, always considers the pockets of their shareholders and the high salaries of their managers, has caused increasing unemployment and paying starving wages for huge sectors of the population. Only in January 1994, the most important American corporations laid off 108,000 workers (Rifkin 1994).

According to data submitted by the World Bank, in Latin America there are 196 million people who survive with 60 dollars per month, and 94 million people in extreme poverty levels, struggling to survive with one dollar a day. And if we analyse the situation of the countries of opportunities and justice, the cradle of illustrated rationale, the situation is of no less concern: in Europe, there are more than 50 million poor people and 20 million unemployed people (Ramonet 1998; Forrester 1999). And among those who have a job, income differences are inconceivable: in the United States, at the end of the 1980s, the CEO of a corporation earned an average of more than 2 million dollars annually, only 93 times the wage of a worker of that same facility (Reich 1992).

In terms of our modern global condition, this planet is inhabited by 800 million unemployed or underemployed people, which translates into 5 billion poor people, compared to the 500 million wealthy individuals who manage the economy at their convenience through 37,000 transnational corporations and their affiliates (Rifkin 1995; Ramonet 1998; Korten 1996). Expressed in different terms: the total wealth of the top 358 “global multimillionaires” equals the incomes of the 2.3 billion poorest people, that is 45
per cent of the world population (Bauman 1998: 70). Before these facts, is it possible to talk about business ethics?

“**In Search of Excellence”**: Artificial Identities or the Killing of the Self

In fact, so strong is the need to have meanings, that most of the people relinquish a reasonable degree of freedom to the institutions that can provide these to them. The outstanding corporations can be distinguished for their very intense culture; so much so that either its rules are accepted or one is free to leave. There is no middle ground. (Peters and Waterman, *In search for excellence*, 1982)

Let us establish our second scenario. The entrepreneurial activity has always been supported on discursive games that exalt the highest values of the ideal businessman and manipulate the symbols of success. Businessmen, as prestigious entrepreneurs that personified the ethics of work and innovation, represent mythical figures installed in the social imaginary as exemplars to follow. One of their most successful versions, seeing the effects it has generated, is that of the so-called literature of excellence, born in 1982, when Peters and Waterman had an impact on the business world and on management with the publication of their book *In Search for Excellence* (Peters and Waterman 1982). The book sold 122,000 copies within two months of its publication, surpassing at present the amount of five million copies sold in the whole world (Clark and Salaman 1998: 140). Its importance lies on the rupture before the rationalistic paradigms that had so far dominated management, replacing in each of its pages the traditional rules of logic with practical recommendations consistent with the prevailing circumstances of the moment. This book
differed because it exalted the indetermination, the heterogeneity, and the ambivalence that characterized the business world at the turn of the century and because it proposed new paths to take advantage of the paradoxes and ambiguities of our post-modern world, having the collaboration of the members of the organization.

This proposal has laid the basic foundations to govern the behaviour of individuals in the organization, fabricating their identities. Its guiding idea indicates that organizations must build a scenario which provides individuals with a figurative sense of themselves as subjects of excellence, making them directly accountable for the fate of the organization; the introjection of this image, founded on the exaltation of the narcissistic perfection and on the entrepreneurial capacity, will enable organizations to take advantage of all the energies of individuals, who will work on the verge of their capabilities with the only goal in mind "to be the best".

This approach shows the usefulness of language and of symbols as tools used to shape behaviour, allowing us to acknowledge once again the importance that ethics discourses have on the corporation. In fact, this type of discourses becomes a main component of a strategy that pursues the idealization of the organization through the value of excellence. Its strength originates in, and this is what is really important, the operating capacity it produces, by projecting a representation system that does not have a specific referent point: excellence is a diffuse idea, so it is difficult to be against it. Therefore, its translation into specific practices is protected from potential criticism.
For this reason, when the value of the individual is exalted as a personification of the ideal of the organization, let us say as an employee of excellence [highly productive, disciplined, with initiative, always available, that is, literally committed to death], this type of proposals greatly facilitated the re-engineering processes applied in organizations in the last two decades of the XX century.

In this way, successful corporations stress the need to create corporate cultures where individuals are involved, maintaining the organizationally built autonomy and initiative of a "champion", supported on an informal environment that allows the unconscious exteriorisation of values, a type of behavioural code to reach the highest fulfilment levels. To attain its goals, the concern of the corporation should be to produce the individuals that lead it along the "appropriate way", conducting their thoughts, beliefs, and values. In short, they must be responsible to find the good way for the owners of money we have already alluded to.

In accordance with these positions, the effective organizational control rests on the capacity the corporation has to build such a scenario where individuals acquire a figurative sense of themselves, as free individuals to govern their own destiny. This strategy is based on the results of some recent psychological studies about the need of self-determination, which has shown that:

[…] those who think that they have a modest personal control on their fates persist in their tasks. They develop them better and engage in them with more zeal. […] The fact, once
again, of believing that we have a little more free will makes much greater our commitment. (Peters and Waterman 1982: 102-103, Spanish edition, *italics in the original*).

This figurative sense is founded on the exaltation of individualism, the entrepreneurial capacity, initiative and leadership, which would represent the values desired by the champions of excellence, the "self-made men" prepared to always do the maximum as their only task. In this way, when all the responsibility is laid on the conduct of individuals, the corporation is released from the blame for their failure, even though it was responsible for defining the rules that limit their actions and practices. In this context, failures will be attributed to the individuals, successes to the organization.

So, we are living times where excellence is quietly disseminated through the minute pores of the social capillaries, outlining not only the precise performance terms for individuals in each of their vital spaces, but also the actions of corporations and all types of organizations as well, including of course the performance of the so called New Public Management and politics (Rose 1989; Ibarra 1996). The magnified presence of the discourse of excellence evidences the strength of language as a tool to mould and conduct conducts (Foucault 1971). In fact, it operates as a discursive strategy associated with specific practices that pay tribute to the advantages offered by individual performance to justify, with its ethical code at hand, the exclusion of the large contingents. Merit acknowledgment makes it possible to find some justification to exclude those who are different and follow their particular mode of existence, always beyond this idealized image of the “outstanding individual”. The absence/exclusion from the selected groups of
excellence is explained by the low individual performance of the excluded; the message conveyed indicates that those who have been excluded are to be blamed exclusively for their own exclusion. The permanent reinforcement of the modes of existence or life styles that excellence presuppose, lies on the reiterated exaltation of the expertise and the total devotion of the few individuals who have been able to qualify, being displayed as examples to follow.

As we already said, the term "excellence" has no specific sense. Therefore, it becomes a highly operative symbolic arti-"fact": its concrete meaning is always given to it by the institutional contexts where it operates, representing in these limited environments, the senses permanently negotiated by the agents. Therefore, excellence is amorphous, self-shaping and extremely flexible. It can be anything, because its sense is acquired based on the specific devices from which it operates.

Nonetheless, the values projected as ethical values have also produced their own costs and externalities. The consequences of these new ways to manage corporations have been very severe, as has been documented by several studies (Aubert and De Gaulejac 1993; Downs 1995, 1997; Kets de Vries 1994, 1995; O’Neil 1993). The executives have been subjected to social behaviour rules where everything is valid so long as the maximum level is achieved, regardless of the sense that this goal entails. In these cases, stress and anguish operate as the fulfilment force: these are individuals literally devoured by the organization, they are usually workaholics having the corporation as their only family and whose only satisfaction is to go further on, although frequently the direction is
not clearly known. Is it possible to talk about business ethics under the rules of excellence?

“The Business of Ethics”: Is it Ethical?

[...] the issue is not only to be ethical, but to look ethical. And it is difficult to appear ethical in a culture where little public trust exists.
(Tom Hurka, Calgary University)

The 90’s could be termed the phase of ethical effervescence. Some data illustrate this escalation. For example, if we use an Internet browser and we ask it to detect the sites containing the terms *business ethics*, it will immediately start displaying hundred thousands of pages having to do with this topic. On the other hand, according to a recent report, throughout 1999, only in Canada 5,000 meetings on business ethics were organized. This figure gains importance if we compare it to the one hundred meetings held five years back. Besides, since the publication of the best seller by Blanchard and Peale (1988), *The Power of Ethical Management: Integrity Pays*, which shows its non-sense from the very title itself, more than 1,500 books dealing with similar topics with very different postures have been published. The same thing happens with the articles found in specialized magazines, which are being constantly published with no end in sight. The most important magazine on this topic, *The Journal of Business Ethics*, has already been in the market for 21 years. The circle is closed with the increasing incorporation of business ethics courses, as a part of the Management curricula, and with
the proliferation of workshops and open courses on the same topic. But, what is the reason for this growing ethical concern?

This explosion can be partly explained as a reaction to the scandals occurred in business, politics, showbiz, and sports worlds, evidenced by the classical Watergate case, the so-widely discussed murky businesses of Banco Ambrosiano, the Lewinsky case, the O. J. Simpson trial, or the local soap opera featured by one of the most popular singer and her manager —Gloria Trevi and Sergio Andrade— who are now imprisoned in Brazil accused of kidnap and rape of minors and waiting to be extradited to Mexico. All these acts and much others have awakened the interest in "ethical investment", expressed in the adoption of behaviour codes specifically made to fulfil these purposes, with the advise of an increasing number of consultancy corporations.

Some authors have even stated that the function of religion is being replaced by these ethics meetings (Heelas 1996), thus generating, as we have already mentioned, a strong feeling of community, group belonging and faith in the corporation. To express it in different terms, this concern might seem a reaction to the sense fragmentation and loss undergone by our current world; the ethical representations operate as the glue that promises to restore this sense of community in a society governed by fragmentation, nonsense and individualism.

If we took a more radical position, we could state that we are in times when the business of ethics became a reality. Those who are in the quest for the ethical one best way that could maintain them far away from scandals —or at least that could quiet them
down—, have placed in their showcases the normative prescriptions which promise to orient the "good" human behaviour. Its formulas, highly quoted and increasingly demanded at present, intend to reinforce the ethical profile of businesses, projecting a corporate image that deals with the highest ideals of society those ideals defined and defended by the enterprise under the formula of progress/consumption, indicating the rules that we should all observe when fulfilling our obligations in the corporation obligations, as we already saw, also defined by the corporation. The sale of ethical prescriptions, thus, is a palpable reality, which provides consultancy with a new face, formerly exhausted before the decreasing effectiveness of its financial and strategic planning models. The new consultants of souls in business make their own business by offering ethical medicines and advices, promising to build strong corporate unitary cultures, promoting co-responsibility and exemplary behaviour. And when this fails, there will always be an Ace under the sleeve that makes it possible to face contingencies and to reduce the costs a scandal could generate influencing on their stock prices. This new discursive arsenal and its codes, formulas and practices, protect and cover what everyday behaviour in businesses cannot prevent, the battles for money at any cost.

In this sense, the growing ethical concerns that feature the business world nowadays escape from all ethical vocation. They are assumed because, as the subtitle of the book of Blanchard and Peale (1988) indicates, integrity pays. All this movement that has attempted to bring together the concepts of ethics and business has clearly faced its
ambivalence, reediting that intellectual schizophrenia that has characterised for so long the positive administrative and organizational knowledge.

In sum, ethics as business with its store of values, codes and commandments for sale, recipes and fashionable representations condensed in books, conference papers and web pages, and with all its counselling (or coun-“selling”? ) clearly shows its role as a device to hidden practices that respond only a bit to the supposed universal values discursively assumed and exalted. Considering all this, could it be possible to talk about the business of ethics as an ethical activity?

**Ethics in Organizations: Towards New Modes of Existence**

Maybe the target nowadays is not to discover what we are but to refuse what we are. We have to imagine and to build up what we could be to get rid of this kind of political “double bind”, which is the simultaneous individualization and totalization of modern power structures. (Michel Foucault, “The Subject and Power”, 2000)

The three scenarios already placed let us appreciate diverse faces of the paradoxical character of management and organization within work, economy and culture. These scenarios clearly show the ambivalences of modernity, those that confront discourses and practices, glorifying values that rarely are put into practice. The accumulation imperatives of the corporations has nothing to do with presumably universal values that guarantee the realization of the project of modernity, that abstract progress that is invoked so frequently in the discourses and representations of the future. We have been talking about the condition of modernity in which concepts and practices that represent antithetical projects
survive. As already established, this paradoxical condition is exemplary represented in the confrontation between business and ethics: how can business and ethics coexist if they represent opposite projects in tension when it is appreciated that the realization of the first one inevitably obstacle the realization of the other?⁵

The solution of this dilemma demanded the des-ethisation of ethics, that is, the detaching of its own ethical content, enabling its functioning as a devise for the conduction of conducts in order to facilitate accumulation and discipline, but hoisting at every moment the promise always delayed of progress and social well-being. Ethics was converted into a lucrative investment because of its contribution in the production of profits by the imposition of a moral order in the corporation, but also because ethics itself become an independent enterprise that accumulates its own dividends, by selling the symbols and values integrated in its ample catalogue for the introjection of the good conducts.

This project required a conception of ethics constituted as a will of truth, that is, as true knowledge capable of confronting the attacks of the critics and to invent an absolute identity as a synthesis of the nature of the subject in modernity. This “true self” –natural, coherent and transcendent– would clearly indicate the way in which oneself must conduct him or herself, transforming individuals into moral agents that do exactly what the ethical code prescribes (Foucault 1985: 26-27, Spanish edition).

In its joint venture, corporations and ethics have assumed that the individual must find the ways to use its natural capabilities at the maximum, considering the universal
values that everybody most obey, those values that support human condition. The existence of a superior moral order, it is assumed, demands the commitment of the individuals to fulfil the given objectives of the corporation. This is the only viable option to reach progress and well-being of society. In this way, business ethics tries to conduct the behaviour of individuals by the imposition of rules and practices that reduces their margins of freedom. It provides a set of rational rules of government to manage and restrict the individual freedom of choice in the organization, allowing some conducts and discouraging others.

Additionally, the multiple and variable modes of subjection imposed by business ethics projects an idea of the corporation as a natural order disposed for the realization of the great promises of modernity. The own concept of “organization” helps this conception because it was conveniently introduced to name contrasting and diverse realities, making them appear as the same or equivalent. “Organization” is an empty concept that took the place of less fortunate terms as those of “corporation” and “bureaucracy”. Its use eliminates substantive differences among organizations, giving almost exclusive attention to their structures and technical functioning, considered always as the only [one best] way to organize. The purpose of “organizations” —it doesn’t matter if they are giant corporations, public agencies, hospitals, prisons or schools— was reduced to its efficient performance, without considering the values that orient its specific ends. In sum, it appears that technical rationality defeated substantive rationality and private accumulation defeated the free self-determination of the subject.
However, in order to advance in the search of a new ethics it is necessary to think very differently. Firstly, it is necessary to emphasize the impossibility to think in a business ethics if it is appreciated as a moral problem; generally, it is reduced to the capacity of individuals to discern between “good” and “bad” as absolute values in front of which there isn’t any alternative. Ethics cannot be seen as a set of universal values that regulate behaviours of passive individuals who have the only option to live obeying the rules. On the contrary, ethics is the contingent outcome of the relations between active individuals and groups that maintain dialogues and conversations, inventing in this way life styles that make possible renewed practices of freedom.

The consideration of ethics as practices of freedom is sustained in the recognition of identity as an historical invention produced in accordance with specific conditions of possibility. It is not beforehand determined, neither it obeys a supposed incremental perfectionism logic that result in “making better persons”. On the contrary, subjectivity is the result of relations between forces under conditions of life that haven’t been elected but that can be transformed (Foucault 1997a: 116-117). Through its reflexive acting, individuals can invent and transform their selves, and always beyond any naturalized identity imposed by the organization.

In this way, ethics is related with practices of freedom and the exercise of the reflexivity of the subject. It is a mode of objectification that operates through practices that allow individuals to recognize themselves as subjects. Individuals constitute themselves as moral subjects having a self-ordered knowledge that allows them to
discover themselves as responsible of their own actions. Consequently, they are free individuals that can displace the limits that mark them as subjects, modifying some conducts to transform themselves in a different manner (Foucault 1985: 28, Spanish edition).

If we consider ethics in this way, we are recognizing the transformation of subjectivity as possible. Following Foucault, power relations are crossed by a multiplicity of mobile and transitory points of resistance, that displace unities and produce realignments, indicating the possibilities of the inversion of the situation. The operation of the transformation processes imply mobile, revertible and unstable relations between forces, precisely because there exists possibilities of combat and resist (Foucault 1987a: 116-117, 1990: 116-117, Spanish edition); or, to put it in other words, because there exists active subjects that find multiple possibilities of resistance and re-creation associated to practices of freedom and modes of existence of each one in front of themselves and in front of others (Foucault 1997b).

It is precisely this openness that allows us to think of individuals as conscious and free subjects that are capable to act in order to transform the organizational realities that subject them and in which they participate. They will operate their capacities in association with others to impose limits to the “behavior of the organization”, impelling some rules and practices and discouraging others. In this sense, from their reflexive singularity, individuals can encourage new identities in order to transform their particular
modes of existence, allowing them to abandon their conditions as subjects to begin to be free (Ibarra 2001b).

From this point of view, organizations could constitute themselves as spaces of relations in which the actions of some of their participants will function as modes of regulation of the actions of others. These relations rely on the mediation of the reflexive dialogue that permits to structure the possible fields of action and, at the same time, to determine the substantive finalities of the organization, going beyond the specific interests of each one of their participants. The idea is to reconsider organizations as spaces of government that articulate knowledge, powers, and modes of existence or ethical projects, operating under certain rules constantly negotiated (Clegg 1989: 209-211, 1994). It opens the possibility to fabricate new organizational realities liberated of any kind of moral codes and “appropriate behaviours”; they will be the result of new practices of freedom that constitute individuals as ethical subjects acting in some contingent fields of actions.

We are in search of new modes of existence and government practices based on dialogue and reflexivity. It implies the acceptance of plurality and diversity that constitute society, and the recognition of diverse life styles with their dilemmas and paradoxes. But also it supposes the edification of a new kind of relations inside and beyond organizations, those based no more on hierarchy, authority and control, but rather on the potentialities and capacities of individuals and communities through their effective exercise of freedom and auto-determination.
In synthesis, we must consider organizations, no longer as places of confinement, but as spaces in which diverse groups produced a great variety of desires, with codes and practices that we need to understand. As Starkey and McKinlay established (1998: 239), organizations must be reconceived as a community-of-communities in which desires are expressed by forms of self-discipline that are willingly embraced. In this sense, analysis of organizational paradoxes entails modes of recognition of the possibilities of reconstruction of identities and their possible effects (Ibarra 2001b). We need new knowledge and practices to invent a new ethics in organizations — far away from business ethics —, as acts of creative destruction that allow us to recognize what we are and what we want to be. This is our opportunity to find a life style to confront dilemmas and paradoxes that function as the thermometer of a diverse society always in its permanent self-producing.

References


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Notes

1 The author is Professor of Organizational Studies at the Autonomous Metropolitan University, Campus Iztapalapa (UAM-I). Also, he is National Researcher Level II of the National System of Researchers. He coordinates the Permanent Seminar on Studies about the University at the National Autonomous University of Mexico (UNAM). As a result of the Sixth APROS Colloquium, he edited with S. R. Clegg and L. Bueno Global Management: Universal Theories and Local Realities (Sage 1999). His latest book is La universidad en México hoy: gubernamentalidad y modernización [The Present of the Mexican University: Governmentality and Modernization] (UNAM 2000), who was recognized as the best 1999 Ph.D. thesis at the National Autonomous University of Mexico.

2 In order to appreciate the diversity and complexity of the critical approaches in Organization Studies, see, among others, Alvesson and Deetz (1996), Calás and Smircich (1996), Ibarra (2001a: 201-216) and Reed (1996).

3 These scenarios, and others that could be added, will help us to show the quick sands in which business ethics is trapped. Its current theoretical treatment is a very good example of what has been called the “intellectual schizophrenia” (Reed 1985: 21) of management and organization theory. Traditionally, this kind of knowledge gathers antithetical realities under different theoretical formulations. For example, the dilemma between cooperation and authority as a coercive capacity in order to regulate conflicts, initially established by Barnard (1968: 167), is the kind of formulations that try to conceal—with out enough success—the paradoxical condition of corporations, summarized in the confrontation of its demanded economic function to its always out of sight social function. For a deeper discussion about this problem see Ibarra (2001a: 171-172).

4 Using Yahoo! search engine we found 493,000 web pages related in some way with business ethics; using Altavista we found 1,292,837 web pages. We did this exercise in August 2001.

5 Other examples are represented by the paradoxical coexistence between private accumulation and general social well-being, production of commodities and conservation of nature, and control of work and individual freedom. In order to solve these and other dilemmas it was necessary to build a set of values and representations to project these “maladjustments” as temporal accidents to be solve in the near future. In this apparent process of [di-]solution of the organizational paradoxes, business ethics has played a central role.