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INTERPRETATION AND JUSTIFICATION OF RULES FOR MANAGERS IN BUSINESS ORGANIZATIONS: A PROFESSIONAL ETHICS PERSPECTIVE

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Abstract

Managers' roles and corresponding obligations in business organizations are well-established. If a conflict in competing obligations arises, then the concerned manager is generally advised to consult and apply rules as they exist in the form of various laws, policies and guidelines in the country, the profession or the industry, and the organization. These three sets of rules are formulated to help explain an organization's work to managers and others so that they may understand and arrive at judgments to act in the given fact-situations appropriately. However, the rule-following of managers, it is argued, ought to be ethically correct for its own sake and for the sake of the ethical environment in the organization. For this purpose, the managers ought to interpret the rules for their correct applications, in fact-situations, instead of just following the rules. They ought to look for a rational interpretation of rules so they do not compromise their

managerial responsibilities, as it is a question of understanding not only letters of rules but also the spirit of rules. The argument continues that apart from understanding the reasons for the rational interpretation of rules, there is also a need to assess the ethical justification of rules because, for example, a professional manager may come across a rule regarding gender discrimination or else he may not find any rule regarding unjust dismissal from the job in his organization. Given the above, I argue in the paper that the rule-following of managers in the organization is ethically required to be rooted in their ability to interpret and ethically justify rules rationally.

Keywords

Managers, Business Organizations, Roles and Obligations, Formal Rules, Justification of Rules

1. Introduction

Managers in business organizations are professionals who go through extensive training that is predominantly loaded with intellectual component to provide important service in society. These managers are privileged to have a certain level of autonomy related to decision making in their area of work because they possess credentials regarding intellectually predominant training to prove their expertise in the field. (Bayles, 2003, pp. 56-62)

However, the decision making of managers is complex because they happen to interact with and constantly try to balance the interests of various stakeholders in the organization such as owners or employers, investors, colleagues and other employees, suppliers, customers, local community, government agencies, etc. (Solomon, 2003, p. 361) With the result, the roles of managers invite host of obligations which they fulfill keeping in mind the existing set of formal rules.

In view of the above, I wish to emphasize the need for managers to be able to interpret and justify such formal rules in accord with objective ethical truth for the sake of moral correctness in their conduct in the organization.

2. Roles and Obligations

Right from the beginning of our lives, we play different roles as brothers or sisters, sons or daughters, friends, students, neighbours, and others. We start playing, and as a matter of our social training, we learn about the intricacies of those roles. For example, when one joins a hostel,

he knows about his role as a hosteller and a roommate, and things to do and not to do also start coming to him. Likewise, broadly, we talk about the role of a citizen and the role of a member of the human community.

When we learn about those roles, we also learn about our obligations. According to those roles, we try to make sense of that also. This is the first thing we may consider to understand the link between ethics and managers in business organizations. When discussing these roles and obligations, what could be a student's obligation, like he is under an obligation to study and appear for exams? In general, this is an example of an obligation of a student. So likewise, a manager, has an obligation to balance price and quality of the product on the one hand and paying fair wages to employees on the other. However, we cannot understand the role and obligations of managers without knowing more about their specific role. (Boatright, Smith and Patra, 2018).

We are talking about roles and obligations, and there is a possibility of a conflict in obligations also. (Rowan and Zinaich, 2003, p. 2) There are possibilities that you are a brother or a student or this and that. Similarly, you are playing the role of a manager, a lawyer, an engineer, etc. And there can be a conflict among obligations in playing these role(s). It is the responsibility of a lawyer, for example, to speak the truth in a court of law when he is representing his client to ensure legal justice. He should be telling the truth in a court of law, but he realizes he can win the case if he bends the truth to some extent. He can obtain some advantage for his client and do well in his career as a lawyer. He can be a successful lawyer, and he can win the case for his client also just by making some changes in the statements that he is making in the court of law, some bending of the truth, but at the same time coming to the point of being loyal to his client.

But what about being honest to his profession as a lawyer, so there is an obligation, to be honest to his profession, to be honest as a lawyer, and then there is an obligation to be loyal to his client. So, if there is a conflict, what should he be doing? How can he go through that? One view is that he should consider what is morally right for society and profession. If his client is guilty, then he should not support him. He should say what is the truth; he should not bend it. In the case of law, he cannot think whether his client is guilty. All he must do is present the facts of the case as they are in the most truthful way possible. The judgment is not upon him; it is upon whatever the jury or the judge hearing the case. But most often that is not happening in the real world. When we look around and see what people are doing, what lawyers are doing or what clients

are asking them to do. And if one is not doing this, then there is always an option for the client to opt for another lawyer who is always ready to work in favor of his interest instead of truth.

The question arises, what should be the morally correct point to guide him? The morally correct point should be what it means to be a good human being. That should guide him to know, what is it to be a good lawyer, a good engineer, a good teacher, or a good manager. (Aristotle, 1976, I.7)

3. Obligations and Three Categories of Formal Rules

If there is a conflict in obligations, a manager may look at the formal rule, which can help him to come out of conflict because every time, he cannot spend too much time on the conflict in his obligations. He tries to look for the concerned rule. Now from where the rule will come to guide him, the rule can come from three sources. The rule can come from three sources because formal rules are found in these sources, which guide his conduct in the business organization.

There are three sources in general for a professional manager to look for: one, laws of a country that prevail in the geographic area. Two, there are rules for specific professions and industries. His business industry, software industry for example, or even his engineering profession, teaching profession, profession of medicine, or profession of law. So that is also giving him some rules. Three, if he is employed, the policies and guidelines of his organization will also offer to him a set of rules.

So, these are three broad categories that always inform professional managers about the rules, and they are helping to resolve the conflict in obligations. Which one is the appropriate obligation for him in this situation? He can know from this. The other important point is that when he talks about the rules of specific professions and industries, it is well assumed that he complies with the country's laws. That they are compatible with the laws of the country, and similarly, the rules referring to policies and guidelines are compatible with the rules of specific professions and laws of the country. Essentially, the second set of rules is compatible with first, and third is compatible with second and first. This is required for internal coherence in the working of organizations and overall well-being of mankind. (Rowan and Zinaich, 2003, pp. 2- 3)

4. Interpretation and Justification of Formal Rules

If there are rules to guide a manager then, why does he require ethics in the fulfillment of managerial obligations? When rules are there, they can guide him. Why does he require to learn about the connection between ethics and managerial obligations. Rules are there; laws are there, policies are there, and they can guide him; what is the problem?

There are two reasons. The first reason consists of a morally correct interpretation of rules because rules are general and commonly at risk of misinterpretation under the influence of self-interest. For example, freedom of expression, which is a very general rule. It may be there in the organization; it may be there in the profession; it may be there in the laws of a country. But how to interpret the general rule of freedom of expression in the given situation? A manager may misinterpret this rule either in a deficient or in an excessive manner, which is a sign of vice in the conduct of a person. He may be too rigid or too permissive instead of rationally disposed to respond to the rule of freedom of expression. (Aristotle, 1976, II.8)

The need to interpret general rules in a morally correct manner is one strong reason for a manager to know about the connection between professional ethics and managers because ‘thinking and behavior of managers in problem-situations to apply rules is not a simple affair.’ (Hartman, 2003, pp. 1-3). Since professional ethics is all about an ability to think logically and clearly, it gives a manager the ability to think critically and the ability to think in a democratic manner. (Rowan and Zinaich, 2003, p. 4) That is why he requires this; it is all about the ability to think correctly and morally in the correct way. He gets to learn, to see that when he is interpreting the rule, he interprets it in the morally correct way. He can connect ethics and profession in his thinking. Because otherwise, he may not be doing it in the right way.

The second reason for a manager to critically analyze situations is linked to see whether rules themselves are ethical or there may be a need to judge whether ethically appropriate rules are existing in the organization. (Ibid, p. 3) It is the ethical justification of rules because he should be able to see that some rules may not be ethically justifiable at all in the organization, in the profession or maybe even as laws of a country.

Suppose a manager gets to hear that in his organization employers are asking employees not to date each other; the rule states that dating is not allowed amongst employees. The question arises is it a morally defensible rule in the company? It is a dilemma because he may think that everyone's personal choice is important and professional life should be kept separate from their

personal life. But suppose employers say that dating is somewhere affecting the performance of employees. In that case, a manager may respond that there should be some countermeasures like if the efficiency of an employee is falling, then he should be notified and asked to do something about it. But it appears to him that dating as such is not morally objectionable. Still, if it is existing as a rule in the organization then the rule must be correctly interpreted in the given situation. Employees should inform if they are involved. A manager may rationally assess the situation keeping in view the interest of the company and the concerned employees. He may question the appropriateness of the rule wherever possible but so long as the rule is existing, he needs to interpret the rule in the best way possible.

The other possibility that a rule may not exist to help a manager, but still, he may be required to act ethically in the given situation, for example, the rule against child labor was not existing until sometime before but he was still under a moral obligation to protect children from such exploitation. It was possible that some managers were not employing children because they were against child labor even if there was no such rule. At present, we have such a rule in most of business organizations. In the absence of this rule, some ethically informed managers were still not employing children for certain morally demanding reasons.

So, managers need these two reasons to rationally analyze situations in a critical and logical manner. This ability goes in line with the current trend of democratization of professional organizations. Because if there is a top-down approach, there is nothing like the participation of managers in making and following rules; he is just asked to obey the instructions. That is all, but when one says democratization, which is happening more and more in professional organizations, a manager is supposed to participate in making or following rules in the most informed way and never in a blind way. He is supposed to contribute also in the making of rules and policies. So that way, his participation is much more meaningful, which is now happening more and more, and that is why these two reasons mentioned above make sense.

Again, coming back to the point that a manager should be able to interpret the rule correctly, or he should be able to say that this rule is not justified. So that is why even his exposure in professional ethics can be helpful in that regard that he should be able to think in a morally correct direction instead of simply following the rule.

5. Standards of Ethical Inquiry

The ability of a manager to think in a morally correct direction while interpreting and justifying a rule brings to the fore an assumption that he can critically examine the rules according to some standard. There are standards of ethical inquiry (Rowan and Zinaich, 2003, pp. 4-6) that managers usually follow: one, prudence or well-informed self-interest that implies that a manager is judging whether the rule is ethically justified or not, whether the rule is interpreted in the correct way or not, by the standard of prudence, the standard of self-interest.

It is frequently observed that managers' decision making is largely influenced by the considerations of their career enhancement. Listening to customers or any other group of stakeholders for that matter is shaped by their calculations of self interest in the organization. However, when we examine this standard closely, we realize that every time it is not helping him to really move on to that level of ethical inquiry because ethical inquiry cannot be limited to self-interest only because, after all, there is much more than self-interest that matters in moral interest. It is not simply a matter of manager's self-interest when he talks about moral interest; it appears to be much more important than simply limiting it to his self-interest. That way, it may be argued that this standard is not a good enough standard of ethical inquiry to interpret the rule or to talk about whether the rule is justified or not.

The second suggested option is that common opinion that can be a standard of ethical inquiry. Common opinion means what people, in general, are assigning importance to while interpreting or justifying a rule in the organization. A manager may gather that opinion, and say that this is morally correct opinion. What people, in general, are saying or what his seniors or colleagues are saying holds importance in the given situation. However, this may not help him to keep it as a standard of ethical inquiry. Because, as far as, the common-sense judgment of people around is concerned, the judgement may or may not be compatible with the ethically correct application of rule in a situation because common-sense judgement generally favors the interests of employees or employers in the garb of collective interest. There is a possibility that the majority agrees with something that may ethically be wrong. There may be a common opinion in a business organization to pay higher wages to men than women or less than legally prescribed minimum wages to all newly recruited workers in the organization, but the manager may know that it is ethically wrong. He cannot adopt it as a standard of ethical inquiry.

The third standard of ethical inquiry is ethical truth. A manager must look for the ethical truth in his judgment that he is arriving at in the situation. While he interprets the rule; he looks for ethical truth in the given situation; for example, ethical truth is going in favor of gender equality, which may not be complying with prudence, which may not be complying with common opinion, still he says this is something correct in the situation. Additionally, it may be noted that ethical truth must be objective ethical truth. Objective ethical truth occurs when it is not dependent upon his feelings; his opinions, likes, or dislikes, which are subjective. For example, he may like vanilla ice cream that is a subjective truth, but in that case, what the problem is that we can say it is true for him and it is not true as such. In the case of subjective truth, no one can question him. One cannot say that how can he like vanilla ice cream. It is not tasty or some such reason. It is his taste. It is subjective.

Similarly, it may be that we are saying that ethical truth is relative to the group of people, something like the common opinion that is again not the idea. It must be objective ethical truth, something like mathematical truth, which is not dependent upon someone's liking. If 2 plus 2 is equal to 4, he cannot say he does not like it; he cannot say that 2 plus 2 is equal to 5. Mathematical truth must be objective, so is the case of ethical truth; that is possible if managers are thinking, reflecting, and arriving at a judgment purely at the level of being human. They need to interact and think as humans not as Indians, not as Hindus, not as Muslims. The latter will provide part of truth only, not objective ethical truth that can be obtained if they are able to logically reflect at the level of being human.

A manager may not arrive at the objective ethical truth in his judgment in the best possible way every time, just like someone has this judgment like 2 plus 2 is equal to 4. Sometimes in mathematics also, someone may get into some mathematical problem, he may not be getting the perfect solution. He keeps on trying by using methods and techniques, and it may take long for him. It can also happen in natural sciences. It can happen in humanities or in day-to-day life. The point is that so long as he is not arriving at the objective level of ethical truth he can go for approximation as much as possible. He must think critically and logically and that too at the level of purely being human. He may be mistaken when he starts reflecting as a manager and he is not really going beyond that and thinking like a human. He is not able to make it pure and simple. The point is when he can connect his role as a manager to his aspiration to live a good human life and

reflect on what it is to be a good human being, then definitely he can think objectively and arrive at an ethically correct answer.

This is something which is maintained in the proposal of ethical theories. Ethical theories provide managers the mechanism to arrive at objective ethical truth. Managers can use them as mechanisms because these theories provide some objective criterion such as Aristotle's criterion of cultivation of virtues to live a good human life, Mill's criterion of promotion of general happiness or Kant's criterion of duty to respect the moral law. (Aristotle, 1976; Mill, 1993; Kant, 2012) After all, these theories are based on the study of human nature, so they can give managers some help as logically and critically tested tools to conduct their inquiry to interpret the rule and see if the rule is justified. They can arrive at the objective ethical truth – the correct standard of ethical inquiry - in their judgment in the given situation.

5. Conclusion

Therefore, it may be inferred that managers ought to realize that an ethical judgment based on interpretation and justification of rules in the given situation is not a matter of their liking, not a matter of their feeling, not a matter of common opinion. It must be something more than self-interest or common opinion. It must comply with objective ethical truth. However, a manager may think that either he can do well in his career, he can do well for the organization, or he can do something morally right. The important point to realize is that these three approaches are complementary to each other, and more than that, in the words of Rowan and Zinaich,

“Of course, the fact that acting ethically `pays off` in these ways does not mean that this is the reason to act ethically, more philosophically, acting ethically is important not because it happens to bring about personal or professional benefits, but rather, for its own sake.” (2003, p. 10.

It is clear from the discussion that managers need to develop the ability to interpret and justify rules in their organization in a morally correct manner, which requires them to think in a clear and logical manner purely at the level of being human. More than anything else, they need this to pass through the standard of objective ethical truth for its own sake even if it helps everybody or nobody in the bargain!

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