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Technical “Must”, Ethical “Ought”: A Moral Philosophy for Management

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TECHNICAL "MUST", ETHICAL "OUGHT"

A MORAL PHILOSOPHY FOR MANAGEMENT, Benjamin M. Selekman. New York: McGraw-Hill Book Company, Inc., 1959. 219 p.

This is a thoughtful and thought-provoking book by a student and teacher of labor relations during the past quarter century at the Harvard Business School. His theoretical knowledge was sharpened and refined by years of experience as an arbitrator, adviser, and administrator in industrial and communal affairs. Though written for the American scene the thesis of the book holds true for any country living under a democratic system and fostering free enterprise.

As in an earlier work, *POWER AND MORALITY IN BUSINESS SOCIETY*, Professor Selekman is here preoccupied with the importance of morality in business. He is a realist writing from experience, and his hard-hitting book analyzes management's responsibilities to labor, to itself, and to society.

His key idea might be stated thus. Management is an institution of enormous power. It intimately affects the lives of most of the people in the nation. It wielded this power with the independence of a despot in the past, when such independence seemed justified by Adam Smith's doctrine as formulated in *THE WEALTH OF NATIONS*, by the dire predictions of Malthus, by Ricardo's iron law of wages, and by the rugged individualism which Social Darwinism encouraged. Another factor was the traditional philosophy behind the Poor Law which branded public relief of the poor as demoralizing and degrading and encouraging shiftlessness and indolence. All of these conspired, together with the failure of mercantilism, to keep the State from regulating, controlling or interfering in any way with the economy. The State not only maintained a hands-off policy but strengthened the despotic power of industrialists by legislating against the right of workers to form unions.

But those days are gone forever. During the past century two other giants have arrived on the scene to challenge the power of management, and they are here to stay: the Welfare State and the Unions. The Great Depression hastened the advent of the Welfare State. More and more nations today are assuming an ever increasing responsibility for the economic well being of their people. The Depression destroyed men's confidence in big business. Big business was accused of being interested only in profits and not in the welfare of the nation or of the people. Never again will it be trusted to work out independently the plans that affect the lives of millions. In fact, it must prove that such power can be safely

left in private hands rather than surrendered to the community in some form of socialism or nationalization. Another Depression may destroy what confidence is left.

The Unions have fought their way to power and have hammered out an institution in the process. They have had an uphill fight but the tide turned when the Roosevelt Administration supported Labor, and the war-induced labor shortage and the very exigencies of war put them in a favorable bargaining position. The continuing post-war prosperity has given them strength at the bargaining table since the economy seemed capable of supporting their demands. The Unions still have their problems, as Congressional investigations have revealed, and the romanticism engendered by their status as under-dog, and their role as defender of the poor and the weak, has backfired in the form of exaggerated public indignation when a certain amount of evil and corruption was uncovered. At the moment, Labor is in the dog house, just as Business was in the 1930s, but this is a passing phenomenon. This young giant is here to stay and business has to learn to live with him.

As Selekmán points out, people who have enjoyed power for a long time do not give it up gladly. They may be willing to practice benevolence and generosity, but they resist when the things they have been giving are demanded as rights. Industrial management is no exception to the rule. We might add that there is hardly *any* exception to the rule, as we see the various strongholds of paternalism fighting to the bitter end. However, Management has accepted Labor in the U.S. and they have worked out a constitutional approach to their mutual problems. Raw power has given way by and large to civilized forms and means of settling differences and disputes. Arbitration through neutral outside parties is now an accepted procedure and the strikes of today no longer assume the violent forms of the past but are more often carried out by token pickets enjoying coffee and doughnuts and listening to a ball game through the courtesy of the management. Full-blown strikes are a luxury few can afford and the Unions find it more and more difficult to sell a strike to the rank and file while the modern non-owner managers of big business are willing to grant the demands of the Unions as long as they can pass the added burden along to the public in the way of increased prices. The resulting evil of inflation is one of the vital moral problems facing both Labor and Management, with the State vitally concerned as the guardian of the material prosperity of the people.

In solving this problem and countless others the modern business man is torn between what Selekmán calls the "technical *must* and the ethical *ought*". The solution must be found within the framework of the Judaeo-Christian moral tradition and American

democracy, at the same time that business is kept efficient and profitable. Morality cannot be substituted for success nor should it stand in the way of technical progress. Here Selekmán points out the dangers of self-righteousness, cynicism, and perfectionism on the part of management. He emphasizes the essential weakness of the tools at the disposal of the business man today, not excepting even the most advanced methods of accounting, which do not give him certitude and always leave him open to the possibility of making a decision that could spell failure. No one has solved the basic problems of modern industrial society as is proven by the frequent reference to future recessions and by the conflicting theories of the experts as to how to forestall such occurrences.

The businessman must be aware of the dangers confronting him when striving for ethical standards. Justice is basic to any such striving and Selekmán shows how it can be accomplished. A framework is needed, a constitutional framework dominated by justice and equity. The earlier writings of John Commons are singled out as pointing the way towards a type of tripartite administration where Business, Labor and Government, through advisory committees, would hammer out by negotiation a code of acceptable procedure for each problem set before them. In such an arrangement the three power units would work together instead of seeking their individual goals. The main pit-fall to be avoided would be the State yielding to the more powerful group at any given time. This plan of Commons, endorsed by Selekmán, cannot help but remind the reader of the papal Industry Council Plan where just such a tripartite administration is proposed. The Government representatives would have to be drawn from both Management and Labor as well as Government to forestall the very real danger of high-pressure lobbying.

Though the Philippine economy shows all the colors of the economic spectrum, running from examples of pre-capitalism to highly organized modern industrial firms, it is pledged to a policy of industrialization. In reaching for that goal it is going to be faced with the same basic moral problems that confront American Management, Labor and Government.

GERALD W. HEALY

TRENDS IN ASIAN TRADE

ECONOMIC SURVEY OF ASIA AND THE FAR EAST, 1959.
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