ABSTRACT. Many popular business strategies, such as re-engineering, core competency, and value engineering, may achieve short-term profits by antagonizing workers and alienating customers. We contend that self-actualized companies must create an ethical business environment grounded in three ethical principles. To suggest these principles, which characterize all “volitionist companies”, we first review two typical problems and the questionable ways that some companies resolved them. Then, we discuss these principles and compare “volitionism” to three well-known normative ethical theories. Finally, we show that these principles form the core of at least four popular management theories.

Since the 1980s, managers intermittently pressured by increased globalization, recession, high resource costs, and the like (Carnall, 1986), often adopted popular business strategies, such as re-engineering (Hammer and Champy, 1993; Johnson, 1988), core competency (Porter, 1980), value engineering (Clawson, 1970; Fram, 1974), and quality circles (Lawler and Mohrman, 1985). These managers probably argued that their strategies yielded large quarterly profits or revived failing companies. Nonetheless, these popular strategies are exclusionary, and thus often produced short-terms profits by antagonizing workers and alienating customers. Once relations soured among managers, workers, and consumers, belligerence characterized their efforts: managers often resorted to employee surveillance, preferred part-time or temporary employees, and threatened to relocate abroad; workers often struck, spouted anti-management rhetoric, supported protectionist lobbying, and threatened legal action; consumers often threatened to vote for higher corporate taxes and stricter (safety and pricing) regulations.

We contend that companies can avoid such fractious environments if they adopt non-exclusionary strategies that follow from three ethical principles. To suggest these principles, we first review two typical problems and the questionable ways that some companies confronted them. Then, we discuss these principles and compare ‘volitionism’ to three well-known normative ethical theories. Finally, we show that these principles form the core of at least four popular management theories.

Two typical problems and questionable responses

Problem #1: Worker distress about the social contract

Workers, whose conciliatory attitude toward their employers led to many wage-and-workplace concessions in the early 1980s, began in the late
1980s to shift their growing job-security concerns from their companies to the courts and state legislatures. Sympathetic to the plight of workers in their districts, state politicians, bolstered by the U.S. Supreme Court’s failure to overturn an Indiana anti-takeover law, began passing various corporate regulations (Raiborn, Payne, and Schorg, 1991). By 1988, twenty-eight states had passed anti-takeover laws; in some states, companies closing unprofitable factories were forced to file economic impact statements (Steinberg, 1988).

With increasing prosperity, the question of who prospers reemerged. Discourses on the social contract between companies and their employees – i.e., companies’ duty to provide their employees with living wages, adequate benefits, and good working conditions – abound the popular media and academic press (Hammonds, 1996; Hosmer, 1994; Mills, 1996). While the rapid growth of CEO compensation makes headlines, U.S. workers’ price-adjusted salaries remain stagnant; in real wages, many workers who fostered this prosperity are poorer now than they were during the 1970s (Grossman and Hoskisson, 1998). Because they received little in return for their remuneration concessions of the early 1980s and their productivity gains of the 1990s, many workers believe that the social contract with their employer has been broken.

Workers’ beliefs about this broken social contract, which causes them to question the stability and permanence of their jobs (Hosmer, 1994; Quinn, 1996), encourages union organizers to target previously non-unionized white-collar workers (Chang and Sorrentino, 1991; Pynes, 1996). For example, the United Auto Workers Union is now the parent union for the National Association of Legal Services Workers Union, which represents attorneys and other legal service workers throughout the U.S. Other white-collar groups are likely to follow; current targets for union organizers include child care workers, academicians, and secretaries (The Economist, 1995).

Questionable response #1: Injudicious value engineering

To increase profits, and thus possibly to save jobs and increase wages, some companies turned to value engineering. When applied properly, value engineering encompasses both cost factors and other “qualitative factors such as aesthetics and the quality of the work environment” (Mitten, 1997, p. 332). Many companies and their customers benefitted from value engineering when the goal was to “ensure that bad costs don’t get designed into products” (Morgan, 1996, p. 17).

Unfortunately, value engineering fails when its sole motivation is to lower product price by cutting product cost (i.e., trying to fool customers into buying a revised product that only appears ‘as good as’ the original version) (Montanye, 1997); in fact, value engineering may reduce product value when only costs are evaluated (Scott, 1996). As a result, many changes made under the guise of value engineering led to the production of uncompetitive products and new products that never achieved their full potential (Morgan, 1990).

Harley-Davidson (H-D) provides one vivid example of failed value engineering. In the 1950s, only H-D made motorcycles in the U.S. By 1960, British and Japanese competitors had entered the U.S. market with smaller and faster bikes. Unable to produce such bikes at a profit, H-D purchased Aermacchi, an Italian maker of small bikes. Because many H-D dealers refused to sell these Aermacchi bikes, H-D continued to lose market share. To reverse its declining fortunes, H-D merged with the American Machine and Foundry Company (AMF) in 1969. AMF’s solution to H-D’s financial doldrums – to ramp up production from 14,000 bikes to 50,000 bikes per year and to reduce prices – markedly decreased bike quality; for example, these H-D bikes leaked so badly that many dealers were forced to use cardboard to absorb stray engine oil (Kester and Morley, 1992). Despite H-D’s continuing verbal assault on ‘rice burners’, i.e., the far more reliable Japanese bikes, by 1981 its share of the U.S. heavyweight bike market fell to 23 percent (Line, Hinze, Tomcuftcik, and Yates, 1998).
Problem #2: Consumer activism

Since the 1980s, consumer activism, especially concerning environmental preservation, has become rampant. When consumers voiced their concerns about commercial excesses that seemingly caused an ever-degrading ecosystem, accused companies could either adopt more eco-friendly practices and maintain sales or be labeled eco-despoilers and lose sales. For example, to enhance the biodegradability of its products, Procter & Gamble changed some ingredients in its cleaners; to enhance the biodegradability of its packaging, McDonald’s switched from Styrofoam to paper wrappers for its food products (Stisser, 1994). Consumers also began to boycott companies and industries for reasons ranging from pesticide use to labor disputes; while some consumers protested against apple growers and apple juice companies over Alar usage, other consumers successfully boycotted the Coors Brewing Company over a labor dispute (Savan, 1989). Deregulation and the markedly reduced funding of oversight agencies spurred such consumer responses (Putnam and Muck, 1991).

Questionable response #2: Patriotism and protectionism

In response to consumer activism, some U.S. companies exhorted U.S. consumers to buy domestic-produced rather than foreign-produced goods; to do otherwise was unpatriotic. Although patriotism is no substitute for quality (Maronick, 1995), companies in disparate industries – such as agriculture and the motorcycle industry – used this “buy U.S.A.” appeal to fend off foreign competitors. For example, to stem the tide of Iranian pistachios, U.S. growers called the consumption of Persian nuts unpatriotic (Karr, 1985).

Other companies and their champions advocated protectionism. Consider the positions of two recent U.S. presidential candidates. Pat Buchanan advocated protectionism to secure U.S. jobs (Brimelow, 1998). Ross Perot bemoaned that the recently ratified North American Free Trade Agreement would produce “a giant sucking sound” as U.S. manufacturing plants relocated to Mexico (Brimelow, 1998).

Unfortunately, job preservation created by protectionism produces a false economy; although jobs in the protected industry remain, the total number of jobs falls, so overall domestic prosperity decreases. An example of this false economy is the U.S. steel industry, which in 1984 requested and received a restriction on steel imports that was meant to save 10,000 U.S. steel-workers’ jobs. As a byproduct, the increased prices and concomitant lower demand for derivative goods cost many U.S. auto workers and others their jobs. In addition, the restriction on steel imports cost U.S. consumers more than one billion dollars (Buchholz, 1995).

Protectionism also stifles innovation. Companies often lose sales when a competitor develops a better product; in some cases, such innovations can bankrupt laggard companies while spawning new growth and creating new industries. Consider IBM and its development of the personal computer market. Imagine if Smith-Corona or Wang had successfully lobbied legislators and regulators to stifle IBM’s efforts (Buchholz, 1995).

The alternative

These problems – worker distress and consumer activism – and the suboptimal strategies used to address these problems – injudicious value engineering, patriotism, and protectionism – were fostered in climates characterized by distrust among managers, workers, and customers. Although many companies underachieved in such climates, their shortfalls suggest a better way.

We contend that self-actualized companies must create a moral business environment grounded in three ethical principles. The adoption and diffusion of these principles underlies our Volitionist’s Manifesto.

What is a volitionist company?

A volitionist company may arise when a genetic research team is formed or when a factory begins
to produce Model Ts. The essential features are always identical: A volitionist company is a moral environment wherein people freely agree to mutually beneficial exchanges that promote worthy purposes. A volitionist company is not a charter, nor is it a collection of people, nor is it the sum of capital assets, nor is it any earning potential (Seabright and Kurke, 1997; Weaver, 1998). Any form of fraud or deception destroys the foundation of a volitionist company. Every manager’s responsibility is to nurture a volitionist environment by his or her example (Hosmer, 1994; Singer, 1994; Weaver, 1998).

Volitionism is the doctrine that follows from a simple premise: A volitionist company is a morally-driven entity. We assume that companies have moral responsibilities because they are intentional systems with coherent beliefs and desires (French, 1979; Weaver, 1998). For us, companies are not the summation of their employees’ acts; rather, they are unique entities with “personalities, tendencies, blind spots, character flaws, character strengths, exceptional abilities, misconceptions and dreams” (Weaver, 1998, p. 88).

Why volitionism and the Volitionist’s Manifesto? The definition of ‘volition’ is “the act of willing, choosing, or resolving,” and the definition of ‘manifesto’ is “a public declaration of intentions, opinions, objectives, or motives, as when issued by a government, a sovereign, or an organization” (Webster’s Encyclopedia Unabridged Dictionary of the English Language, 1989, pp. 1600 and 872 respectively). Volitionist implies voluntary, and clearly companies are not required to create moral environments. Manifesto implies broadcasting the thoughts and likely actions of managers. One cannot identify volitionist managers by their behaviors; both volitionist and non-volitionist managers may act similarly for different reasons. Sans proper identification, one may destroy the trust requisite to relationships with volitionist managers and their companies. Because managers who choose to create a moral environment wherein people freely agree to mutually beneficial exchanges that promote worthy purposes must broadcast that choice, these two words provide appropriate descriptors.

The nature of volitionist companies

The three most important ethical principles about volitionist companies are:

1. all affected parties (or their representatives) must be considered and included;
2. participation by all affected parties (or their representatives) must be voluntary, and
3. the distribution of benefits among affected parties must be non-prejudicial.

We now discuss each principle in turn.

Inclusive consideration and participation. Interactions among people create that environment called a company. Some scholars posit that this nexus of interactions extends to all company stakeholders (Korsgaard, Schweiger, and Sapienza, 1995). These scholars define stakeholders either narrowly – parties vital to the company’s survival – or broadly – all “groups and individuals . . . each with (a) the power to affect the firm’s performance and/or (b) a stake in the firm’s performance” (Jones, 1995, p. 407). On this view, stakeholders typically include “consumers, suppliers, government, competitors, communities, employees, and . . . stockholders” (Buchholz and Rosenthal, 1997, p. 182), and a company’s success depends on more than shareholder satisfaction and employee morale.

In contrast, a volitionist manager must consider more than the traditionally identified stakeholders. The worthy purposes clause in the definition of volitionist companies implies that a volitionist manager is ethically bound to safeguard the long-term stakes of all currently affected and morally significant parties – whether or not they can negotiate directly (e.g., other complex beings) – and all subsequently affected parties, such as people born in 2050 A.D. For example, it is not a worthy purpose to kill whales so that people have a less expensive source of food and fuel; neither is it a worthy purpose to clear-cut forests so that people have a less expensive source of lumber, when to do so reduces future biodiversity.

Volitionist managers must avoid decision-making processes that identify self-serving solu-
tions. Rather, these managers should model their decision making after the adjudication of cases in civil law, wherein all sides are considered, consequences are weighed, benefits are distributed, and burdens are balanced.

Because managers’ decisions affect many parties, and because all affected parties cannot be present to represent themselves, managers must represent the best interests of all affected parties. As a result, even volitionist managers are ripe for moral hazard and agency problems. (Note: Relationships between Boards of Directors and shareholders or between employees and managers are called principle-agent relationships. Moral hazard occurs when employees (or Boards of Directors) act in their own best interest while disregarding the interests of their companies (or shareholders) (Buchholtz, Young, and Powell, 1998; Metzger and Dalton, 1996).) Fortunately, companies can install safeguards to reduce agency problems and self-interested behavior. For example, companies can use compensation packages that align managers’ and employees’ goals or monitoring devices that insure contract compliance (Whitener, Brodt, Korsgaard, and Werner, 1998).

Voluntary participation. All affected parties (or their representatives) must want to and choose to participate. Coercion of any sort defeats the purpose of a volitionist company, and ultimately destroys it.

Volitionist companies do not coerce their workers. For example, after the re-engineering boom of the 1980s, many companies operated with fewer non-salaried workers. To compensate for a smaller work force, these companies required non-salaried workers to work overtime sans additional remuneration. Anxious about keeping their jobs, most of these workers were reticent to complain or to ask for overtime pay. The result: in 1997, such pay jacking has cost non-salaried workers $82 million (Armour, 1998).

Volitionist companies do not coerce their suppliers and customers. For example, Wal-Mart is the current star of American retailing. At what price has its success come? Wal-Mart is revered for its efficient distribution system, yet is reproached because its suppliers, whose margins are squeezed unduly, pay excessively for this efficiency (Bowman, 1997). Furthermore, rural consumers should welcome the greater selection and lower prices provided by a new Wal-Mart store. Yet, rural Wal-Mart stores often bankrupt many area retailers, which ultimately shrinks the local tax base (i.e., the new Wal-Mart store pays lower taxes than all the defunct area stores), turns viable downtown shopping areas into ghost towns (i.e., no new businesses available to occupy the now-vacant buildings), decreases total wages (i.e., ex-employees of defunct area stores become lower-earning Wal-Mart employees), and increases prices (i.e., without competition, Wal-Mart can eventually raise prices). As a result, some rural communities block Wal-Mart from locating a store in their area (Morris and Gerlich, 1995). Unlike Wal-Mart, volitionist companies know that they exist in social as well as economic environments (Hosmer, 1994).

Non-prejudicial distribution of benefits. Not all companies can be volitionist companies because the goal of volitionist companies is to reward all affected parties non-prejudicially. For example, some non-profit, volunteer agencies do not follow this blueprint because their sole concern is to fulfill end-users’ needs.

Neither can all profit-driven ventures be volitionist companies. If a venture is undertaken simply to create short-term profits, then increased expenditures on employees and customers merely increase costs. But suppose, after some initial success, this same venture persists. Its managers begin to transform it from a myopic gamble into a farsighted concern; they introduce pension and profit-sharing plans for employees, or they acquire new technologies and services for customers. Only when a venture begins to distribute benefits non-prejudicially among all its participants may it grow into a volitionist company.

One of the central issues in the recent United Parcel Service strike was the use of part-time workers (Triplett, 1997). The use of part-time workers or independent contractors is now commonplace. For companies, such workers reduce labor costs: part-time workers receive few
if any benefits and can be dismissed more readily than permanent employees (Carre and Tilly, 1998); independent contractors are unentitled to benefits because they are not classified as employees (Employee Benefit Plan Review, 1998). Relative to balance sheets, use of lower-cost, part-time, and contract labor reduces production costs. But is this enough? “Since all economic relationships are social relationships, it follows that the alienation of labour has direct social ramifications” (Giddens, 1990, p. 12). These social ramifications can be more costly in the long term than the benefits gained in the short term. When the bottom line is no longer the sole performance measure, then environmental awareness, ethical conduct, citizenship, employee relations, and other similar considerations, become important components of a company’s overall performance (Jacobs and Kleiner, 1995).

**Conflict resolution**

Conflicts among parties are inevitable; thus volitionist companies must have ways to resolve such conflicts without compromising our three ethical principles. Alternative dispute resolution (ADR) programs, which were conceived as mechanisms for resolving management-employee disputes, may be adapted for this purpose. Rather than relying on formal punitive mechanisms, ADR programs resolve conflict via “arbitration, mediation or some combination of the two” (Wittenberg, Mackenzie, Shaw, and Ross, 1997, p. 131). Relative to litigation, ADR is faster, cheaper, more confidential, and produces more customized solutions (Wittenberg, Mackenzie, Shaw, and Ross, 1997). Because ADR programs assume companies with a culture of mutual trust and respect (i.e., all parties believe that they will be treated justly), they are ideal for volitionist companies.

Volitionist companies could adapt ADR programs to all affected parties. Volitionist companies encourage relational exchanges that foster “purposeful cooperation” and enduring, mutually beneficial relationships among parties (Gundlach and Murphy, 1993). Because such relationships “endure for reasons beyond reliance on the law”, they “require administrative mechanisms not found in contract law” (Gundlach and Murphy, 1993, p. 41). Although some litigation may be unavoidable, ADR-inspired programs should minimize the use of litigation to resolve conflicts.

**Volitionism versus other normative theories of business ethics**

Business ethicists often discuss three normative theories of business ethics: stockholder (i.e., neoclassical) theory, stakeholder theory, and social contract theory. Stockholder theory assumes that managers are stockholders’ agents who are obligated to pursue profit by all legal, non-deceptive means. Stakeholder theory assumes that managers should give “balanced consideration . . . and attention to the legitimate interests of all stakeholders” (Hasnas, 1998, p. 25). Social contract theory assumes the existence of a social contract, which is defined as “an implicit agreement between society and an artificial entity in which society recognizes the existence of the entity on the condition that it serves the interests of the society in certain specified ways” (Hasnas, 1998, p. 29).

As Table I shows, volitionism differs from all three normative ethical theories, but it differs most dramatically from stockholder theory. Regarding managers’ actions and the mechanisms for controlling relationships internal and external to a company, stockholder theory posits that

1. legal strictures and stockholders’ preferences alone dictate managers’ actions, and
2. formal and legal mechanisms control relationships.

Stakeholder theory posits that

1. the balancing of stakeholders’ needs dictates managers’ actions, and
2. both relational and formal contracts control relationships.

Social contract theory posits that

1. the honoring of the implicit social contract between a company and society dictates managers’ actions, and
### TABLE I
Volitionism versus leading normative theories of business ethics

<table>
<thead>
<tr>
<th>Theory</th>
<th>Stockholder&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Stakeholder&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Social contract&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Volitionism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current popularity</td>
<td>Lowest</td>
<td>Highest</td>
<td>Moderate and growing</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Manager’s role</td>
<td>To be stockholders’ agent</td>
<td>To consider all stakeholders’ equally; when interests conflict, ensure firm’s survival by balancing them optimally</td>
<td>To enhance society’s welfare by satisfying consumer and employee interests without violating rules of justice</td>
<td>To create a moral environment wherein people freely agree to mutually beneficial exchanges that promote worthy purposes</td>
</tr>
<tr>
<td>Manager’s ethical and fiduciary obligations</td>
<td>To stockholders only</td>
<td>To safeguard the long-term stakes of all current stakeholders (i.e., customers, suppliers, owners, employees, and local community)</td>
<td>To honor implicit contract between the company and a society which grants the company the right to exist</td>
<td>To safeguard the long-term stakes of all currently affected parties (including all complex beings) and subsequently affected parties (e.g., people born in 2050 A.D.)</td>
</tr>
<tr>
<td>Socially responsible&lt;sup&gt;3&lt;/sup&gt;</td>
<td>No; all resources used at stockholders’ discretion</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Constraints on managers’ actions</td>
<td>Must not use illegal or deceptive means to pursue profits</td>
<td>Must: (1) respect stakeholders’ autonomy; (2) honor all contracts; (3) live up to representations freely made to local community</td>
<td>To abide by social welfare terms of social contract, must minimize: (1) pollution and depletion of natural resources; (2) misuse of political power; (3) worker anomie</td>
<td>Must: (1) consider and include all affected parties; (2) urge voluntary participation by all affected parties (or if impossible, by their representatives); (3) distribute benefits non-prejudicially among all affected parties</td>
</tr>
</tbody>
</table>

<sup>1</sup> Stockholder: Manager’s role is to be stockholders’ agent, and to consider all stakeholders equally. Stakeholder: Manager’s role is to safeguard the long-term stakes of all current stakeholders (i.e., customers, suppliers, owners, employees, and local community). Social contract: Manager’s role is to honor implicit contract between the company and a society which grants the company the right to exist. Volitionism: Manager’s role is to create a moral environment wherein people freely agree to mutually beneficial exchanges that promote worthy purposes.

<sup>2</sup> All stakeholders are equally considered.

<sup>3</sup> Socially responsible: No; all resources used at stockholders’ discretion.
<table>
<thead>
<tr>
<th>Theory</th>
<th>Stockholder$^1$</th>
<th>Stakeholder$^1$</th>
<th>Social contract$^1$</th>
<th>Volitionism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls</td>
<td>Formal, legal mechanisms govern internal and external relationships of firms</td>
<td>Depending on stakeholders and situation, varies from relational to formal contracts</td>
<td>Bound by the social welfare and justice terms of the social contract</td>
<td>Voluntary participation assumes trust among all parties. Remedies for trust violations are negotiated between managers and relevant parties. Failure by relevant parties to negotiate in good faith terminates the relationship, unless termination is legally precluded. If so precluded, then courts (or arbiters) determine remedies.</td>
</tr>
<tr>
<td>Teleological argument</td>
<td>Utilitarian arguments of free market economists</td>
<td>Ceteris paribus, “firms that contract... with their stakeholders on the basis of mutual trust and cooperation will have a competitive advantage over firms that do not... [in terms of reduced] monitoring costs, bonding costs, search costs, warranty costs, and residual losses” (Jones, 1995, p. 422)</td>
<td>Society should permit companies because they are: (1) more economically efficient; (2) provide stable output and distribution channels; and (3) create more resources to pay workers and to compensate injured consumers</td>
<td>(1) Anthropocentric and strong-animal-rights theories of moral responsibility to the environment (i.e., environmental ethics); (2) Possible empirical evidence: superior performance of volitionist companies</td>
</tr>
<tr>
<td>Deontological argument</td>
<td>Ethically bound to treat all people with respect; people are not means to an end (Kant)</td>
<td>(1) Being unjust in a just world may benefit one but hurts others (i.e., common good approach); (2) Social contracts bind each person to society; (3) One is duty-bound to honor contracts (promises); (4) Rawls' theory of justice (i.e., original position and veil-of-ignorance argument)</td>
<td>(1) Ethically bound to treat all people with respect; people are not means to an end (Kant); (2) Golden Rule; (3) Rawls' theory of justice (i.e., original position and veil-of-ignorance argument)</td>
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<td></td>
</tr>
<tr>
<td>Major criticism</td>
<td>Negative externalities</td>
<td>(1) Can only “represent” interests of all stakeholders; (2) Non-coercion of stakeholders does not imply voice in company's operations; (3) Stockholders not treated with respect when their money is spent in unauthorized ways; (4) Given stakeholder may belong to more than one stakeholder group</td>
<td>(1) Social contract is quasi-contract rather than an express or implied contract (i.e., no “meeting of minds” between members of society and business owners); (2) Companies can negatively affect consumers and workers (e.g., pollute environment, deplete resources, misuse political power, cause worker anomie)</td>
<td>Can only “represent” interests of all affected parties</td>
</tr>
</tbody>
</table>

Notes:
1 Content adapted predominantly from Hasnas (1998).
2 As per Jones (1995), stakeholders are “groups and individuals . . . each with (a) the power to affect the firm’s performance and/or (b) a stake in the firm’s performance” (p. 407).
3 As per Hasnas (1998), defined as “those ethical obligations, if any, that businesses or business persons have to expend business resources in ways that do not promote the specific purposes for which the business is organized” (p. 21).
(2) the social welfare and justice terms of the social contract control relationships.

In contrast, under volitionism

(1) a company’s moral environment dictates managers’ behaviors, and
(2) all but the most extreme conflicts among affected parties are negotiated informally.

Table I also compares and contrasts the teleological and deontological arguments for these four normative ethical theories. Although volitionism does share stakeholder theory’s Kantian argument (i.e., people are not means to an end) and social contract theory’s Rawlsian theory-of-justice argument (i.e., original position and veil-of-ignorance argument), and it may share both theories’ teleological argument (i.e., companies of this type outperform companies not of this type), it alone allows directly for theories of moral responsibility to the environment (i.e., environmental ethics).

Finally, volitionism is more robust that stakeholder theory. Under stakeholder theory, a company is socially responsible to its stakeholders; thus, a company’s definition of stakeholder breadth determines the scope of its social responsibility. Because only volitionism speaks directly about managers’ ethical obligations to either non-human beings or future human beings, it is more inclusive than stakeholder theory.

Volitionism: The core of several new management theories

Seemingly, many business scholars share our belief about the value of volitionism. Our evidence for this claim: several innovative organizational forms approximate our volitionist ideal (Cheney, 1997). Specifically, these business scholars posit several new frameworks for successful companies: Theory Z (Ouchi and Johnson, 1978), good companies (Galbraith, 1996), the learning organization (Senge, 1990), and the virtual organization (Donlon, 1997). Under these frameworks, companies replace their traditional hierarchical structures with flatter and more organic structures that encourage greater worker involvement in decision making and the treatment of workers as whole beings. Furthermore, the greater levels of commitment and trust inherent to these frameworks foster closer relationships with suppliers and other stakeholders. Such inter-framework similarities are unsurprising because, as Table II shows, the basic principles of each framework are reducible to the first ethical principles of volitionist companies.

The common perspective among these new frameworks is that successful companies must recapture “the memory of the whole” (Kofman and Senge, 1993), i.e., that no company is an island. This non-insular view of a company means that managers must stop thinking about competitiveness, fragmentation, and reactiveness (Kofman and Senge, 1993), and start thinking about “bringing values to employees and customers” (Bencivenga, 1995).

Implications for volitionism

The key to a company’s success is the ability of its managers to find the equivalent of Aristotle’s golden mean (Aristotle, 1962) among the needs of all affected parties. Volitionism, as an approach to seeking this mean, is advisable for managers, employees, customers, other affected parties, and directors of institutional ethics programs.

Value to managers

Many business scholars now argue that successful companies must create a sense of community that is only possible among highly trusting stakeholders (Korsgaard, Schweiger, and Sapienza, 1995; Whitener, Brodt, Korsgaard, and Werner, 1998). Clearly, company success depends on building and maintaining trust among all parties (Lester, 1998), yet to insist that managers must form a trusting relationship with each stakeholder and then merely to offer them a laundry list of innovative management practices is insufficient. Our three ethical principles for volitionist companies should help managers to clarify the elements essential to building and maintaining trust.
### TABLE II
Volitionist principles: The ethical core of recent management theory

<table>
<thead>
<tr>
<th>Management theories</th>
<th>Volitionist principle</th>
<th>Inclusive participation</th>
<th>Voluntary participation</th>
<th>Fair distribution of benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory Z</td>
<td>✓ Establish clan-like and kinship-like relationships that include all participants ✓ Make only inclusive decisions</td>
<td>✓ Encourage long-term voluntary involvement of all members ✓ Make clan and kinship relationships the norm so values align into a homogenous culture</td>
<td>✓ Merge personal goals, corporate goals, and the goals of the larger society</td>
<td></td>
</tr>
<tr>
<td>Learning organizations</td>
<td>✓ Create communities of commitment ✓ Recognize inter-dependencies and communal relationships among all stakeholders</td>
<td>✓ Encourage continuing learning and growth among all members ✓ Encourage meaningful contributions by all members ✓ Encourage mutual respect among all members</td>
<td>✓ Merge personal goals, corporate goals, and the goals of the larger society ✓ Assume organization is indistinguishable from macro-environment ✓ Minimize goal conflicts</td>
<td></td>
</tr>
<tr>
<td>Good companies</td>
<td>✓ Provide employment and opportunities for all members ✓ Provide mutually rewarding associations with trading partners</td>
<td>✓ Replace bureaucracy and its associated disciplinary mechanisms with social decency and intelligent action</td>
<td>✓ Equate personal achievement with ability and ambition ✓ Ban forms of financial gain that create externalities</td>
<td></td>
</tr>
<tr>
<td>Virtual company</td>
<td>✓ Remove horizontal and vertical boundaries ✓ Make company part of a value chain</td>
<td>✓ Allow only self-selecting parties to join the company</td>
<td>✓ Make creating value for all value-chain participants the primary goal</td>
<td></td>
</tr>
</tbody>
</table>

Sources:

In bemoaning the inaccessibility of ethicists’ work to businesspeople, Hasnas (1998) calls on business ethicists “to produce a set of ethical principles that can be both expressed in language accessible to and conveniently applied by an ordinary business person who has no formal philosophical training” (pp. 19–20). In this vein, some business ethicists have developed simple yet robust ethical checklists for managers (see, for example, Arunthanes, Tansuhaj and Lemak, 1994; Gersh, 1992; or Hyman, Skipper and Tansey, 1990). Our ethical principles suggest a three-question checklist for managers to use before finalizing their decisions:

1. Does my decision consider and include all affected parties? (Principle of Inclusive Consideration and Participation)
2. Does my decision urge voluntary participation by all affected parties (or their representatives)? (Principle of Voluntary Participation)
(3) Does my decision distribute benefits non-prejudicially among all affected parties?

(Principle of Non-prejudicial Distribution of Benefits)

As with previous diagnostic checklists, managers are encouraged to revisit decisions that produce a ‘No’ answer to any of these three questions. Because decisions that fail this diagnostic test are likely to reduce trust among affected parties – clearly an undesirable outcome – managers will be alerted to find passable alternatives.

Value to workers

Because volitionist companies assume a non-traditional view of work, they can maintain non-traditional employer-worker relationships. On this view, companies owe each worker “the chance to do well, to succeed, to grow in one's career” (Hammer, 1996). In return, workers should strive to create greater value for their customers and greater profits for their companies. Furthermore, traditional supervision of workers becomes unnecessary because managers can trust that subordinates are self-motivated to learn and to grow with their companies.

Value to customers

A volitionist company can also maintain non-traditional relationships with its customers. Because customers want more than mere products or services, a company’s goal should be to create value for its customers (Hammer, 1996). To reach this goal, a company must learn about its customers’ true preferences. Requisite to such learning is the open communication that can occur in the trusting environment fostered by volitionist managers.

Value to other affected parties

The create a moral environment clause in the definition of volitionism means that volitionist managers can consider the needs of all affected and morally significant parties regardless of their ability to negotiate directly; thus, volitionist managers have a mandate to consider more than the traditionally defined stakeholders (e.g., whales, monkeys, future generations of human beings). Furthermore, because volitionism institutionalizes environmental ethics, real improvements in environmental quality – a benefit to all life forms – should emerge (The Internet Encyclopedia of Philosophy, 1998; Prince and Denison, 1992).

Value to directors of institutional ethics programs

If companies are intentional systems with coherent beliefs and desires (French, 1979; Weaver, 1998), and if managers are prey to egotistical impulses that conflict with ethical action (Messick, 1996), then our three ethical principles can provide a framework for institutional ethics programs, especially if norm conformity is sought (Laufer and Robertson, 1997). The goal of such programs is to train managers and workers to confront ethical dilemmas and to make ethical choices; yet, these programs often require major cultural changes within companies. The Volitionist’s Manifesto can make ethics a “part of the organization’s bloodstream, not some kind of add-on. . . . [so they] permeate all policies, procedures and standards” (Collier, 1998, p. 621).

Developmental theorists such as Kohlberg contend that moral development occurs in well-defined stages. In Kohlberg’s model, higher moral reasoning produces more moral actions. Some scholars argue that Kohlberg’s theory of moral development may be applied to companies (Werber and Gillespie, 1998). As volitionism is consistent with Kohlberg’s highest level of moral development (i.e., “self-chosen principles of justice” (Werber and Gillespie, 1998, p. 467)), directors of institutional ethics programs could comfortably adopt volitionism as their framework.
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