

MANAGEMENT AND ACTING  
“BEYOND THE CALL OF DUTY”

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## **MANAGEMENT AND ACTING “BEYOND THE CALL OF DUTY”**

### **Abstract**

This paper uses a real-life case from political history, recounted by Vaclav Havel, President of the Czech Republic. Three times in its history, when faced with a serious problem such as invasion or insurrection, this country’s leaders opted for a “more realistic” solution (giving way) rather than a “more ethical” one (offering resistance, knowing the high cost in human lives this would entail). This note analyses the relationship between heroism (adopting a “more ethical” solution), management and leadership. It pays particular attention to the morality of the “more ethical” decision, the obligation –or lack of it– to put this decision into effect, and the relationship between a “more ethical” line of conduct and leadership in the firm.

Keywords: consequence, courage, decision, ethics, heroism.

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## MANAGEMENT AND ACTING “BEYOND THE CALL OF DUTY”

### Introduction (1)

Can we ask of an entrepreneur or manager that she be ethical? Yes, of course. Indeed, if she is not ethical, we can say that she is “blind” to a certain aspect of reality, namely, that which refers to her own development as a person and, therefore, to her ability as a manager (2). Because, in my opinion, that ability has a fundamental bearing on what comprises the core of ethics applied to business: the capacity to understand how one’s actions affect one’s own being and consequently how they affect other people and, consequently, how a manager should take into account, in her behaviour as a manager, the effects of her actions on others, whether they be colleagues, subordinates, customers, suppliers, citizens or other stakeholders.

Therefore, I do not think I will be very wrong if I conclude that an unethical manager is unlikely to be a good manager. That does not mean that she will not achieve large profits or maximise the value of her company’s shares, but she will be neglecting other dimensions of her task as a manager. And this will ultimately lead to a decline in the company’s capacity for producing and selling useful goods and services on the market, goods and services that provide a genuine service to its customers, and which, therefore, form the basis of an attractive mission for the people who work in the company and for its external stakeholders. As a result, the people management function –her central task as a manager– will not take sufficiently into account these people’s needs, and she will not be able to develop sufficiently the organisation’s distinctive competencies. And, lastly, her strategy will have opportunistic elements and will not fully attain the company’s other goals: perhaps it will succeed in maximising value for the shareholders in the short term but it will undoubtedly fail in developing the human team or guaranteeing the company’s continuity (3).

However, the purpose of this paper is not to explain why a manager should be ethical, but to reflect on ethics in an extreme situation: can one ask an entrepreneur to be heroic in her approach to ethics in business? (4) Or –to break the problem down into smaller

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- (1) A previous version of this paper (“Leadership, heroism and management”) was presented to the 13th Annual EBEN Conference, Cambridge, 12-14 September 2000. I am grateful to Joan Fontrodona, Juan C. Vazquez-Dodero, Henk van Luijk, Luk Bouckaert, participants at the 13th EBEN Conference and two anonymous referees for useful comments. The generous help of the José and Ana Royo Foundation is gratefully appreciated.
  - (2) To do good, one must know reality.
  - (3) I have developed these subjects in Argandoña (1994, 1999, 2000). See also Pérez-López (1993, 1997, 1998).
  - (4) The “classic” concept of the hero in Greek culture identified it with the guardian, the protector or the brave man. Here I am referring to a more popular sense of heroic as “hazardous remedies but worth trying” (*Oxford Advanced Learner’s Dictionary of Current English*, 1974), that is to say, a behaviour whose consequences could be very harmful to the agent, but that she considers is her duty. Sometimes we refer to heroism as acting beyond the call of duty, but the decisions we are discussing in this paper are governed by duty – by a higher sense of duty, i.e., duty according to more demanding principles. From this point of view, heroism would be the behaviour of “superior” people – superior in a double sense: (1) as acting according to the more demanding principles and despising the possible harmful consequences of the decision for herself, and (2) as not being required from ordinary people (i.e., people without well rooted virtues) in ordinary circumstances.

parts— can a manager be “too ethical”? Can a manager be asked to be ethical come what may? And what relationship is there between heroic behaviour and leadership?

But is it appropriate to ask these questions? Yes, if we see that a situation’s ethical burden is understood when it is taken to the limit.

Here I will present a real-life case that is not taken from business experience but from the history of a country. I found this case in an address given by Vaclav Havel, President of the Czech Republic, in Barcelona, when he was given the Catalonia International Prize in 1995 (1). The title of the address is “Ethics and Politics”, and I will reproduce here the paragraphs that are most relevant to my purpose, using Havel’s arguments for the discussion, as if it was a case study in business ethics (2). I will first explain the case and the arguments given by President Havel, after which I will turn to the problems raised by the implementation of “more ethical” but more difficult (heroic?) solutions in the firm: whether they are morally acceptable, whether they are mandatory for managers, and the relationship existing between “heroic” behaviours and corporate leadership (3).

## **The case of the Czech Republic**

### *The facts*

“The fiftieth anniversary of the end of the Second World War led me to reflect, once again, on the turbulent modern history of my country. And once again, I realise that, in fact, the central theme of this history is one which is always present, and one which has always greatly interested me: the relationship between morality and politics. (...)

“There have been several key moments in this history when the leaders of our country were confronted with the same overwhelming dilemma: to harm the population by submitting it to a dictatorship, or to harm it by not submitting to this dictator. Invariably, they chose the first alternative (...)

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- (1) The Catalonia International Prize was instituted in 1989 by the Generalitat de Catalunya (the autonomous government of Catalonia). It is awarded by the Institut Català de la Mediterrània d’Estudis i Cooperació (Catalan Mediterranean Institute of Studies and Cooperation). In 1995, the prize was awarded to the writer and President of the Czech Republic, Vaclav Havel, and to the lawyer, former mayor of Berlin and former President of the German Republic, Richard von Weizsäcker, for the profound ethicality of their political careers.
  - (2) Cfr. Havel (1995). The addresses were published in Catalan, Spanish, French, English, German, and Czech.
  - (3) Vaclav Havel was born in Prague on October 5, 1936. In 1960 he began working at Prague’s Theater on the Balustrade, first as a stagehand and later as an assistant director and dramaturg. From 1962 to 1966, he studied dramaturgy at the Academy of Performing Arts in Prague. Vaclav Havel actively opposed the Russian invasion and the resulting hard-line Communist policies. His work was banned in Czechoslovakia in 1969. In 1977 Havel became a co-founder and one of the first three spokesmen of the Charter 77 human rights initiative. He was incarcerated several times for his beliefs. In November 1989 he became one of the leaders of the Civic Forum opposition movement, which helped bring about the end of Communist rule. On December 29, 1989, Vaclav Havel was elected President of Czechoslovakia. After the June 1992 parliamentary elections, it began to be clear that the Czech and Slovak federation was heading for dissolution, and Havel resigned from the federal presidency on July 20. On January 26, 1993, Vaclav Havel was elected the first President of the Czech Republic. Keane (1999) offers a recent (and controversial) biography of Vaclav Havel. Some of Havel’s recent articles and speeches have been published in Havel (1986, 1991, 1998). An overview of Havel’s views on anthropology and ethics can be found in Ericson (1998).

“The first terrible dilemma was faced by Eduard Benes, the president of Czechoslovakia at the time of the Munich Pact. He was well aware that the Pact represented the aggression of a madman sanctioned by the approval of our allies of the time, who not only betrayed the agreements that they had signed, but also the values they professed. Benes knew that, from the point of view of national honour and the salvation of the moral integrity of our national community, the correct response would have been to refuse to yield before the dictatorship and to opt for the defence of the country. At the same time, he also knew that this decision would have meant the death of thousands of people, the destruction of the country, and probably its rapid military defeat by a much stronger rival. He knew that such a decision would undoubtedly have met with the incomprehension and opposition of the democratic world, which would have accused him of being a destroyer of peace, a provocative and reckless gambler who stupidly hoped to drag other nations into an absolutely unnecessary war.

“He opted for capitulation without a struggle because he felt that this was more responsible than risking a subsequent capitulation which would have entailed immense sacrifice.

“The same man found himself faced with a similar situation in February 1948, when he could have opposed the leaders of the Communist coup, who were supported by the powerful Soviet Union and a section of the population, thereby running the risk of a bloodbath that would have only served to forestall an inevitable Communist victory. The alternative was to withdraw without resistance and voluntarily open the door to the many long years of totalitarian government. And Benes –an old, ill and disillusioned man– once again opted for capitulation.

“The political representatives of Czechoslovakia capitulated for the third time after the Soviet invasion of our country in 1968, when they were all taken to the Soviet Union where, after several days of humiliations and threats, they all –with just one exception– signed the Moscow Protocols, which legalised the occupation of Czechoslovakia and constituted the first decisive step towards the shamelessly denominated ‘normalisation’ which followed.” (Havel 1995, 128-130)

### *The arguments*

In his assessment of these decisions, Havel clearly states his opinion. After asserting that “(i)nvariably they [the Czech politicians] chose the first alternative”, that is, surrender, he says, “and I always thought that this was a fatal error. I still think so today” (p. 128). Let us take a closer look at his arguments (1).

- 1) Havel defines the problem faced by the Czech people and decision-makers in the following terms:

“In each of these three dilemmas the people who were trapped could opt for a ‘more ethical’ solution, but one that entailed the risk of inestimable loss of life and incalculable human suffering; or they could opt for a ‘more realistic’ decision, which was unlikely to cause such great direct losses. They were confronted by two opposing dimensions of political responsibility: on the one

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(1) It is not my intention to confer any special moral authority on Havel. However, his analysis of these moral problems seems to me to be particularly suggestive and apt.

hand, responsibility for the moral integrity of society, and on the other, responsibility for human lives. This must be a terrible dilemma, and one that cannot be judged easily by anyone who has never faced such a situation.” (p. 131)

- 2) He also points out that one cannot force a parallelism between the three historical situations:

“Drawing comparisons between different historical situations is obviously risky. This is also true for the cases that I have just mentioned, where different people with different experiences, in different international and national conditions had to take decisions on very different matters. Volumes of words have been written about each of these three dilemmas –eyewitness accounts, books of memoirs and historical analyses– and anyone who has taken an interest in these three events knows very well that it would be gratuitous to attempt to equate these three dark moments of our modern history in any way.” (p. 130)

And yet, “some general analogies that can be found between them cannot be ignored” (p. 130), because experience forms part of the pool of prudence which should be used to take decisions:

“These three decisions had very similar consequences: a profound upheaval of society and its long term demoralisation. It might even be said that these three events are connected by a fine –almost invisible– thread of causal relation or continuity: without the trauma of Munich, the conditions which were relatively favourable to the Communist offensive –to which the democrats finally succumbed– would probably not have existed after the war; and if the victory of the Communists in 1948 had not been so easy, it is likely that the reformist Communists of 1968 would have put up more of a fight. I do not think that the Czechs, or rather the Czechs and the Slovaks, are morally any worse than any other nation. I do feel, however, that the decades since the signing of the Munich Pact in 1938 have marked our country with a very specific moral frustration, and that the three political decisions that I am talking about here had a decisive influence on this frustration, on its origin, its development and its intensification. Our democracy, or rather our desire for democracy, was given up without a fight on three occasions, a fact that has been profoundly imprinted upon the consciousness of our society leaving behind a sinister stigma.” (pp. 131-132)

- 3) The paragraphs I have just reproduced summarise the core ideas of Havel’s reasoning. All three decisions had negative effects on the citizens, their political representatives and their leaders; effects that were not only political or sociological but above all ethical. They had surrendered their rights –which, in these cases, were also duties– too easily, without a fight. They did not value highly enough the country’s freedom and independence, and all that that signifies (1). In addition, each time they surrendered that right, they diminished their ability to defend it in the future, through a negative learning process, first

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(1) There were, of course, other values at stake: above all, the lives of many citizens. Havel acknowledges them, but places the emphasis on values which he considers no less important, and which, in his view, were not given due consideration in those decisions.

in themselves, as they waived virtues such as courage, strength, love of freedom and a healthy patriotic pride, and started to acquire the opposite vices, and second, in their enemies, as by displaying their weakness, they became an easier and less dangerous target for future attacks.

“Is it not true that the consequences of what we might call these ‘less moral’ decisions were, from a political point of view, profoundly pernicious? Did the moral traumas caused by these decisions not have serious political consequences in the long term? We do not know what the consequences of the alternative decisions –the so-called ‘more moral’ alternatives– would have been. We can, however, easily imagine that they would not necessarily have had such pernicious, profound, lasting and fatal consequences. It is probable that, in the short term, there would have been greater loss of human life and more material damage, and that more people would have had to endure physical suffering. However, one may ask: would these alternatives not have prevented other losses –less visible, but deeper and more prolonged– that ended up wreaking havoc on the moral integrity of our national community? It is very difficult to weigh up the different types of losses and judge how many human lives it is worth sacrificing –and how many it is not worth sacrificing– for the long-term health of society and its prolonged immunity against new evils.” (p. 132)

- 4) Beyond political and economic arguments, Havel’s appraisal is based on anthropological and ethical arguments, since

“(n)one of us knows, nor will we ever know, what would have happened if the people who took these three decisions had opted for the alternative course of action. History is characterised by the phenomenon which physicists call ‘singularity’: there is only one succession of events, there are no alternatives that we can compare, there is no conditional ‘what if’. For this reason, it is necessary to use great caution and objectivity in evaluating decisions which have been taken and to avoid overly simplistic judgements.” (p. 131)

- 5) Therefore, Havel shows that the role of ethics in decision making does not consist of obtaining a certain result, but in living a certain way and being a certain person (1).
- 6) From this, it is to be inferred that ethics must be directly present in all decisions, that is, there are no economic, political or ethical decisions but just decisions, in which we always find these three dimensions. So it cannot be argued that the actions being considered by Havel were solely political.

“My aim here is to show how difficult it is to counterpose politics and morals (...) (M)orality and immorality have direct political consequences, and, vice versa, political decisions have direct moral consequences. So I believe that it is foolish to separate politics from morality and to declare that they are two different and unconnected things. To state such a thing, or, with even greater

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(1) Socrates said that it was worse to cause injustice than to suffer it, because the person suffering injustice receives it from without, while the person who carries out the injustice creates injustice within himself and becomes an unjust person. Cfr. Plato, *Gorgias*, 527b.

reason, to put it into practice, is –paradoxically– not only profoundly immoral but also, at the same time, politically erroneous. Morality is omnipresent, as is politics; and politics that distances itself from morals is simply bad politics.” (p. 132) (1).

- 7) Havel also points out the factors that must be taken into account when making a decision from an ethical viewpoint – and, therefore, when judging it:

“In this situation [of not knowing the effects of their decisions] they [the Czech politicians] could only rely on their own judgement and suppositions. Fundamentally, everything depended on the depth of their understanding of the particular situation and on their own imagination in foreseeing the consequences of their decisions, whatever these might be. They were all aware that they had to choose between two evils, and they all tried to weigh up the arguments to decide which would be the lesser of the two evils.” (p. 130)

However, his approach is not confined to considering the consequences. Or rather, in his consideration, he introduces a very wide range of consequences, in which the effects of the previously stated negative learning are apparent. Thus, all the ingredients of a prudent decision are given: 1) an action that is not intrinsically bad but has harmful effects (2); 2) a series of reasons or intentions (above all, seek what is good, or less bad, for the country); and 3) a series of circumstances (the attitudes of their allies and enemies, the country’s situation, the historical background, etc.), including the wide range of consequences.

“(W)hat would I do today if I were confronted with a similar dilemma, without knowing, without being able to know –just as they did not know– the consequences my decision would have?

“I think that I would try to weigh up objectively all the possible circumstances surrounding my decision, that I would seek the advice of many people who had my complete confidence, I would make a global analysis of the situation, and would try to calculate rationally the various possible consequences of my actions. If after doing all of this I still did not know what I should do, then most probably I would recur to the final arbiter, one which, while perhaps not totally reliable, has more than once been shown to be the surest guide, namely my conscience, my ethical intuition, that which I bear within –at least that is how I feel about it–, that something which is greater than me as a person.” (p. 133)

And, in the light of all this, Havel explains the responsibility of the person who has to take the decision:

“We all know what are called pangs of conscience. The strange and unpleasant sensation of having betrayed something in ourselves, or something higher than ourselves; the sensation of having sunk into a kind of mud, or of having soiled ourselves with something repugnant, the feeling of having done something that we must explain to someone who resides within us or above us; accompanied

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(1) This implies that management that distances itself from morals is simply bad management.

(2) Note that the alternatives available were not radically bad because of their purpose but because of their consequences.



by the feeling that the longer we continue to do it, the less convinced we feel of our cause. This represents a state of profound existential pain, it is the contact with what philosophers call nothingness. And on the other hand, we are all familiar with the exaltation we feel when we choose something that bring us no visible benefit, but which we are sure is in consonance with the demands that –through our conscience– the so-called universal moral order imposes on us.” (p. 133) (1)

- 8) Havel does not consider decision-making as a collective activity, that is, in the context of a government or a Parliament, but as a personal responsibility of the individual who presides over such a collective body or, more likely, as the shared but equally personal responsibility of each of the individuals who make up the body. Collective “heroic” decision making undoubtedly involves specific difficulties, but in the main they are difficulties for individual persons.
- 9) Interestingly, Havel does not try to formulate a political or moral judgement of those events, because “(t)he people who took these decisions obviously did not know what we know today; that is, they did not know what the consequences of their actions would be; and in general, they did not know what course history would take in the wake of their decisions.” (p. 130)

And when he asks himself again “the question as to what I would have done had I found myself in the place of my predecessors, faced with the dilemmas that they were confronted with” (p. 132), he answers:

“I confess that I do not know. I can only say I believe that I would probably not have taken the decision that they did.” (p. 133)

This means that he not only acknowledges the difficulty that such a decision entails but, above all, that the person taking the decision does so in accordance with the dictates of his own conscience, using the information available to him and applying his powers of judgement. Ethical decisions do not consist of applying rules but formulating careful, methodical, accurate judgements, governed by the virtue of prudence (2). Hence his statement: “today I feel a greater understanding for the weight that bore on the people who had to take those historic decisions” (p. 129).

### **Demanding decisions and corporate leadership**

Without seeking to establish a parallel between the dilemmas of the Czech politicians and the decisions made by entrepreneurs, there is no doubting that they, too, often find themselves faced with ethically difficult problems, which may have very important consequences for them, their companies and other stakeholders. Examples would be decisions to promote or allow a merger or takeover, close the company, make massive layoffs, withdraw from markets where there are endemic corruption problems, etc.; and from a positive viewpoint, decisions to create employment or develop the local community or the

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(1) The conscience is the subject of the whole process, and not just of this last step.

(2) Cfr. Pieper (1966). I use here the word “prudence” in the classic sense of the term, not as “what is practical”, which is its modern concept, and less still as a synonym of astuteness.

country when times are hard, empower subordinates, drastically change the organization when there is a crisis, etc. And management literature has dwelt on these difficult decisions and the characters of the men and women who make them, though almost always the emphasis is on the uncommon and highly personal nature of such behaviours (1).

Our purpose in this section is to build on the arguments advanced by Havel to discuss to what extent managers can and/or should act in a way that goes “beyond the call of duty” (2).

*Can it be unethical to be “too ethical”?*

The first question we must ask is: is Vaclav Havel’s stance “too ethical” – and, therefore, dubiously ethical, or clearly unethical, particularly when we apply it to the company?

When viewed from the point of view of the “consequentialist ethics” or the “ethics of responsibility”, the answer would probably be yes: the “ethics of convictions” may be undesirable because of its results (3): in the Czech case, because of the loss of human lives and the destruction; in the company, because of the financial losses, the destruction of organisational capital, unemployment, etc.

And, yet, what Havel shows is that there are other consequences which must be taken into account and which do not appear in the analyses performed from the ethics of responsibility. If people learn from their own and other people’s actions –which is something that is beyond the scope of consequentialism–, we must consider the effects of that learning. This no doubt complicates the ethical analysis. Indeed, if the scope of an action’s effects is sufficiently defined (in terms of revenues, expenses, profits, layoffs, etc.), it may be relatively simple to perform a consequentialist calculation. However, as Havel points out, the exclusion of other effects (those deriving from moral learning) is arbitrary and may lead us to take wrong decisions which will be inconsistent when subsequent decisions are considered (4).

Obviously, this does not mean that a manager must act in accordance with a self-contained ethics of convictions, without taking into account the context. The decision preferred by Havel is not the result of an unchangeable moral conviction or the resolve to always act “in accordance with moral standards”, but it also takes into account the consequences, albeit understood in a broad sense which takes into consideration the moral learning, the internal results of decisions, as we have already said.

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- (1) See, for example, the biographies of Lee Iacocca (Iacocca and Novak 1986), Jack Welch (O’Boyle 1999), Ricardo Semler (Semler 1995), Anita Roddick (Roddick 2001), Muhammad Yunus (Yunus and Jolis 1999), Clarence Walton (Duska 1998), Akio Morita (Morita 1988), John Sculley (Sculley and Byrne 1987), T. Monaghan (Monaghan and Anderston 1986) and J. C. Penney (O’Tibbets et al., 1999). Some recent books present a varied sample of the behaviour of different leaders: for example, Teal (1989), Turner and Chappell (1999), Forbes (1998). In all these works we see at least some of the features of excellent, even heroic behaviour (determination, capacity for self-sacrifice, fortitude, perseverance, etc.), although not all of them can be offered as models of ethical behaviour.
  - (2) Obviously, other people in the company may also act heroically. If we do not mention them here it is because we are interested in the decisions made by managers and, as Havel’s texts suggest, the very top managers in the organization.
  - (3) The distinction is by Max Weber.
  - (4) An action is inconsistent if, after time has passed, it is apparent that another action would have been preferable, without any new information having appeared. It can be said that the demoralisation of society to which Havel refers became apparent after the first decision in Czechoslovakia. However, that was (expected) information that should have been taken into account when taking the first decision.

Note that I am not saying that Havel is right when he says that the decision to open the gates of Czechoslovakia to Hitler had catastrophic results since, as he himself says, that can only be appreciated by someone who has all the elements of judgement necessary for taking the decision. What seems important to me is that those possible results be taken into consideration by the person who must take the decision. And this leads us to question the terms of the debate opened by Max Weber. On the one hand, the ethics of consequences must consider the internal learning which modifies the consistency of future actions. On the other hand, the ethics of convictions must go beyond the mere observance of rules and include in its analysis the consequences associated with moral principles.

So we can now answer our question about the morality of “too ethical” decisions. 1) If they are taken strictly applying the ethics of conviction, observing the rule because the rule must be observed, they may lead to less ethical behaviours. 2) From the viewpoint of the ethics of responsibility, it is likely that most of the “too ethical” or “heroic” decisions will be considered immoral. 3) However, when moral learning is taken into account, that is, the actions’ impact on people’s attitudes, values and virtues, it is likely that heroic behaviours could be morally justified.

### *Should managers be heroic?*

We have just seen that, when faced with decisions that may have very harmful consequences for people, for the organisation and for themselves, managers can be heroic, in the sense that they may opt for the “more ethical” solutions. However, is it their duty to be heroic in such cases?

The ethics of conviction and the ethics of responsibility cannot help us come to a decision in such problems, as we have already seen. However, an ethics based on goods, norms and virtues can help us (1). It is not my purpose here to offer a detailed analysis of this approach but merely to suggest how it can help us answer our question.

Ethics has a negative component –do not cheat your customers, do not tell lies in your advertising, do not exploit your employees, etc.–, because it points to the limits beyond which man’s behaviour may be harmful. These are, thus, ethical minimums, which are characteristic of the ethics of norms (2). Sometimes, these minima can be ethical absolutes, so that she who infringes them destroys herself as a person. In such cases, obedience of the norm may be demanded without limitations, to the point of heroism. However, in business life, it is very unlikely that one will reach such extremes (3).

However, when conceived as the science of human development, ethics is eminently positive: do –it tells us– do good, do more,... create more companies, produce more, improve your products’ quality, create more jobs, research, innovate, grow, reach more markets, improve the quality of the men and women you work with, develop the community in which you operate,... This is the ethics of goods – or of excellence (4). And it is this ethics that

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(1) Cfr. Polo (1991, 1996).

(2) This does not mean that these minimums are determined directly from the norm: the prohibition to cheat customers must be converted in each specific case into a recommendation for action.

(3) A moral absolute can be, for example, that one cannot kill an innocent man. A manager may find herself in a situation where she would have to sacrifice everything –the company’s existence, her personal assets, her professional future, her workers’ jobs, etc. – unless she kills an innocent man. However, this does not seem to me to be a likely situation in the business world (except perhaps in gangster circles).

(4) Solomon (1992, 247) also points out these two dimensions of ethics: “Much of what is discussed under the title of ‘morality’ has to do with fulfilling obligations (...) consists of prohibitions rather than positive recommendations of ideals for action (...). Extraordinary behavior, heroic and saintly deeds, would be ignored in such a conception”.

Havel seems to have in mind when he says that resisting the unfair threat of invasion may bring more and higher goods (and they must be much higher and much more for many more people, considering their cost: the loss of human lives that resisting the invasion or the military coup will entail) (1).

In this sense, it can be said that a manager has the “duty” to adopt the “most ethical” solution, even if it is also the most costly in terms of her personal preferences, her income, her career, etc., and in terms of the welfare of other people – her company’s shareholders, employees, customers, suppliers, et (2). It is not a “duty” in the same sense in which a manager has a “duty” not to steal, lie or embezzle. But nor is it something supererogatory, “beyond the call of duty” – or, at least, that is not what Havel thinks.

The key to this sense of the word “duty” lies in the fact that the company is a community of stakeholders –shareholders, managers, workers, customers, suppliers, local community, etc.– none of whom has a perfect knowledge of what is good for the company as a whole or for each of them individually (3). One of the tasks of the company’s management consists precisely in guessing it, not as a game or bet, but as a moral obligation. Managing a company demands, above all, taking into account the real needs of the external stakeholders, in order to define the company’s external mission, and the real needs of the internal stakeholders, in order to define its internal mission (4).

In what sense is this a “duty”? In the same sense in which it is a “duty” to manage well. If managers confine themselves to supplying the market with the goods and services that customers demand, giving the employees a job and a salary as laid down in their contract, and complying with all the legal regulations regarding the environment and taxes, they cannot be said to be bad managers, but neither are they excellent. However, if they anticipate customers’ needs, if they help the workers to improve as persons and develop the company’s distinctive capabilities, and if they demonstrate an effective concern for the common good of the community, then they are “good” or “excellent” managers. Are they doing anything “beyond the call of duty”? No: they are simply acting in accordance with the ideal of what constitutes a good manager (5): ethics is no more than good management. And beyond the minimum (run-of-the-mill management), there is a wide range of possible action, corresponding to different (simultaneously technical and ethical) qualities of management.

Yet acting in this way may, on occasions, require making difficult decisions, similar to those Havel spoke about. And if this leads to heroic behaviour, then the heroism is not an extra but part of the “duties” of a good manager. Or, to put it another way: 1) a manager may

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- (1) An interesting, but extreme, case of this type of heroic action is that portrayed in the film *Schindler’s List*: a German manager ends up deciding to generously use his resources and power to save Jews from the death camps, without him having any “need” to. However, the moral analysis of Schindler’s motivations and the rest of his behaviour would be quite complex.
  - (2) There are other relevant questions. For example: why me? It is usually not a question of merit but of vocation, of a meaning given to one’s life, as a consequence of personal circumstances. Cfr. Yepes (1993).
  - (3) Here I am following closely the theses of Pérez-López (1993). I would like to thank Professor Josep M. Rosanas for helping me to understand this point.
  - (4) Real needs, not simply the needs they state: because perhaps they “need” more demanding work, and that is what the managers have a “duty” to give them, even though it is not what they are asking for, and even though it may be difficult for both of them.
  - (5) Kennedy and Deal (1982) point out that “(h)eroism is a leadership component that is all but forgotten by modern management. Since the 1920s, the corporate world has been powered by managers who are rationalists, who do strategic planning, write memos and devise flow charts... Managers run institutions; heroes create them” (quoted in Solomon 1992, 248, footnote 2).

(and should) have to be heroic when a moral imperative prohibits her from doing anything radically bad, but 2) she may (and should) also be heroic when, in the performance of her duties, she tries to obtain the best for herself, for the company and for all its stakeholders. That is, in a word, the manager's ordinary heroism (1). And, in both cases, she must reckon with the natural difficulty that her decision entails (2).

However, this immediately raises another problem: does a manager have the right to take decisions that seriously affect these other people's welfare? Should she not at least ask their opinion?

Any person vested with authority must perform the duties that are inherent to her position. Insofar as the manager is responsible for decisions that may be crucial for the company's existence and, therefore, for the fate of other people, it is her duty to take them. Havel does not doubt in conferring this right (and duty) on the person appointed to be the country's leader in the cases he analyses. When faced with a difficult decision, such as closing a company, a manager having the power and authority to take the decision but lacking the courage to take it is failing in her duty. However, if she does not have the power but is dependent, for example, on the owners' placet, then it is they who must take the decision, although the manager will have to propose the decision she considers most advisable (even if it is the solution that is ethically most demanding).

In any case, in any decision making exercise, the manager must consider the effects of her actions on others and ask them their opinion, if possible (Havel mentions asking for advice as a significant component of this type of decision). However, the ultimate responsibility falls on the manager. Taking other people's opinion into account does not mean always heeding that opinion, even if it is unanimous (particularly in situations such as those considered by Havel, where it is likely that the advice of the affected parties will not take into account the ethical learning we have referred to earlier).

And that does not signify a dictatorial attitude on the part of the manager, who should never carry out anything that is directly harmful to other stakeholders, but should engage in dialogue with them, explaining the reasons for her decisions and compensating them as appropriate for any damage her actions may cause them.

### *Heroism and leadership*

Our previous remarks lead us to the last point I intended to discuss here. What is the relationship that exists between taking ethically demanding, "more moral" decisions and leadership? (3)

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- (1) "Creating value where none existed; saving and creating jobs; doing what's right, productive and beneficial; standing alone, often without support, often against formidable opposition; doing the hard intellectual work of conceiving a vision and the hard moral work of staying true to it – aren't these the kinds of acts we associate with heroism?" (Teal 1989, xvi). And he immediately adds that this is so even though the manager receives a reward for it in terms of a high salary, prestige, etc.
  - (2) "Doing the right thing can mean stifling the instinct for self-preservation. It can mean engaging in a struggle that you know you cannot win. It can mean confronting loss, pain, even death, armed only with the cold comfort that you are doing, if not the best there is, at least the best you can" (Teal 1989, xi-xii). This way of seeing the manager's behaviour coincides with the conception of the hero "as the human being who seeks to achieve a goal, and who is willing to try even though he may be threatened by obstacles, even if they seem insuperable" (Aranguren 2000, 107).
  - (3) The literature on leadership and its ethical dimension is already very extensive. See, for example, Badaracco and Ellsworth (1989), Burns (1978), Ciulla (1998), Fairholm (1991), Greenleaf (1977), Spears (1998).

In my opinion, it is one of the components of a company manager's leadership function (1). As I said earlier, a good manager is a person who, in her decisions, takes into account the fundamental effects of her actions on other people. Therefore, the politician that Havel is thinking of is a good manager, in the sense that she thinks of what her citizens need, now and in the future: what they need, not what they prefer (which will no doubt be to avoid war), and not only the citizens who are alive today but also those who have yet to be born (2).

A leader is a good manager who seeks, in her actions, to improve her subordinates' motivational structure, so that they feel encouraged to act increasingly in accordance with deep motivations, that is, with motivations that improve their ability for ethical learning and, therefore, their ability to take better decisions in the future. The politician that Havel has in mind precisely tries to follow this line of action: she does not seek the approval of her collaborators, subjects and allies but wishes to enable all of them to act following the same principles (3).

Note that such a leader will very likely end up failing, if we judge her action by its results. In the case of Havel, the country will be invaded, the leader will probably be killed, imprisoned or exiled, and the citizens will probably suffer considerably during the following years. However, insofar as she attains her goal –the moral learning of her citizens, that is, that they understand the “real value” of their actions, the deep effects of their actions on themselves and on others– her decision will have been a success. Indeed, even if her citizens do not improve –after all, they are free and can choose to accept or not the lesson their leader offers them– she will have taken the best possible decision, the most ethical decision, and will be an excellent leader, even if no-one acknowledges it (4). “Doing the job well not only contributes to success, it is a kind of success, whether or not the company succeeds” (Teal, 1989, xv).

In short, the manager-leader is a person who is trusted by her subordinates, not so much (or not only) because of her professional competence but, above all, because they know that she will always try to do that which is best for the company and for its stakeholders. The subordinates may not understand why she decides a certain action (why she immerses the country in a suicidal war, in the case of the politician), but they can understand that it is the best for them, even though the short-term costs of that decision may be very high.

The leader will be capable of taking such decisions because she will have acquired the habit of always deciding as a just, prudent, truthful, upright person..., that is, because she will truly live the virtues, understood not as more or less spontaneous ways of being, but as the fruit of an effort to develop in oneself the moral learning mentioned previously, through effort and repetition of acts (5). The existence of virtues is precisely what builds the subordinates' trust in the leader and allows her to take the right decisions in each situation, even though they may be difficult and even heroic. This completes the three-sided vision of the ethics of norms (prohibitions on minimums), goods (quest for excellence) and virtues (development of abilities for acting correctly).

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(1) In the following paragraphs, the ideas I use are taken from Pérez-López (1997, 1998 chap. 3).

(2) This is a relevant consideration: the good manager must take this consideration of the long term and look after the needs of those who, at present, do not have a stake in the company.

(3) Havel does not highlight this because he is considering a decision taken by a single person at the highest level. And yet, the most important function of governance, in politics but in companies as well, is to mobilise other people's energy for action, for achieving results that change reality.

(4) This would be the transcendental leadership described by Cardona (2000).

(5) There is no contradiction in saying that a person needs training –the habitual practice of some fundamental virtues– in order to make these singular decisions, since a person who does not have the habit of making good decisions is very unlikely to make a good decision when faced with adverse circumstances.

## Conclusion

The dramatic cases proposed by Vaclav Havel may help entrepreneurs and managers face their responsibilities in difficult situations, when being “more ethical” involves being heroic and putting very valuable things on the line. One can generalise by saying that all times are difficult times. And, above all, Havel’s examples bring to the surface considerations that do not always appear in case studies of ordinary business decisions.

Ethics is not something that is learnt in manuals, lectures or seminars, nor by studying lists of virtues, but in practice: first, in other people’s practice, in the example given by people who possess virtues and apply them; and second, in one’s own practice, through the effort to make those virtues more real each day. There is a spectacular heroism, the kind shown by the person who has to take tragic decisions, such as those described by Havel. And there is also a simple heroism, shown by the person who each day strives to do her duty better. Havel does not explain the relationship between this day-to-day heroism and the heroism that puts its holder in the golden pages of history. But that relationship exists: the day-to-day hero can become an exceptional hero because, even though it has not been her intention, she has been preparing herself for it every day.

Thus, the role of the manager-leader is that of that discreet hero who, some day, may have to take exceptional decisions. And when that day comes, she will be capable of taking them because, every day, she will have been training for just such a time.

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