The marginal morality (die Grenzen der Moral) as an ethical challenge and as the knowledge on how to gain competitive advantage

Abstract

The aim of this article is to scrutinize the relationship between the moral attitude of an entrepreneur and his or her possibility to gain competitive advantage. This declaration leads to the following question: does the everyday practice confirm or deny the economic usefulness of the postulate of corporate social responsibility? On the one hand, moral desertion is obviously profitable (also in the economic sense). Partners of the deserter, in most cases, are not able to avoid (unexpected and expansive) consequences of his or her new attitude towards them. On the other hand, this strategy—in long-term perspective—seems to be doubtfully profitable. The former victims orientate themselves to their new circumstances and become ready to face the attack. Therefore, the corporate social responsibility, in the final calculation, should be taken as the only way to protect active participants of the market against the temptation to neglect their obligation towards people, who can punish or reward them (as stakeholders and whistleblowers).

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1. Introduction

Researchers of economic life identify the ambiguity in the declarations made by active market participants on their will to act responsibly. The fear of punishment meted out by the social environment of an enterprise makes its leaders submit to moral discipline. Yet, when discipline is enforced only due to a short-term interest, the resulting morality takes a specific form. It assumes only those obligations of the economic entity which are demanded by its interlocutors. And since they are neither able to express nor justify their claims, their addressee may identify moral omission to apply towards them, with a recipe for economic success (following the indications of marginal morality, the economic entity “outplays” others without being perceived as an unethical participant of the economic life).

Although the fear of malpractice seldom determines one’s actions, its role as research intuition cannot be overstated. One should not ignore possible threats. With that in mind, what should be considered in the first instance is the character of a relationship between the company and its social environment. Managers’ inclinations to set a lower target of moral obligations in the name of profit relates to the problem of cognitive constraints that make social actors poor spokespersons for their own interest and even worse enforcers of the norm of proper conduct (which is seemingly widely accepted). Thus, it is important to define the role that ethics plays in the business practices. The study does not end with the description of dysfunctions that go hand-in-hand with the concept of marginal morality. In the next step, it deals with the mechanism of stigmatizing economic villains. The dynamics of social changes make “morally economical” enterprises re-evaluate their offer, taking into consideration new expectations of their target group. The reevaluation lowers the confidence in the business partner causing predictable (negative) economic consequences. In the long run, moral discipline may determine the success of the prevention strategy that protects an enterprise from punishment, and may also contribute to gaining a competitive advantage over its less responsible rivals. In general, the dispute (amongst them) over the question whether ethics pays off becomes conclusive only in this perspective.

2. Marginal morality—an empirical perspective

Marginal morality is a hypothetical concern that consists in making a distinction between the attitudes of the stewards of the economy towards their social environment and the axiology they claims to follow. As explained by Aniela Dylus, the essence of marginal morality lies not so much in consistently maintaining the minimum ethical standard but rather in lowering it constantly to expand the scope of freedom of an enterprise (1992; cf. Dylus, 2009, pp. 73–74). Such a distinction permits to recognize the consequences ensuing from the selection of seemingly similar procedures; moral minimalism seems to be socially ambivalent. Smith’s
“butcher, brewer and baker” analogy serves the society despite the fact—or precisely because of it—that it is altruistic. However, once they transform into Ebenezer Scrooge, the benefits from their actions to the society become illusory. The assumption being that in a given market, an economically active individual adopts the values of its people: the values that the market was supposed to protect.

An entrepreneur is, therefore, guided by the indications of marginal morality characterized by (1) confrontational attitude towards his or her social environment and (2) the attention he or she pays to making pretence of conforming to these social norms. The ambiguity characteristic of the first approach disappears when a greedy businessperson decides to instrumentalize the arbitrage criteria. The image of an over-eagersocial actor is that on one who conceals real motives. The context of the businessperson’s dealings exposes his or her real intentions. Yet, few can piece together this context.

As for the last remark, the lack of clarity should be explained regarding the transparency of actions which follow from the choice of standards that are in line with the concept of marginal morality. Reducing one’s moral obligations to an extremely low level, reducing them for profit, is an activity that—in principle—does not prompt allegations of deceitful communication of a business entity. The managers who represent such business usually dismiss similar accusations. They explain that, as members of a formal organization, they make decisions with regard to its (internal) standards of conduct, while citizens obey the law, which they interpret as the basic arbitrage criterion. This seemingly convincing explanation comes across an obstacle. Going to the limits of morality, an enterprise certainly does not cover itself with glory. Thus, its moral omissions happening “without publicity” are accompanied by investments in the image of the company which (allegedly) adheres to different principles of management.

The description of an entity which is guided by the indications of marginal morality begs the question: what is the scale of this phenomenon? All the signs are that no reliable research in this field has been conducted so far in Poland. Hence, any observations that point to the necessity to fill this gap are of great importance. They reveal that the phenomenon is widespread. One example of such observations is connected with any complaints department. Most commonly, it hires people who (1) have no authority to make decisions in disputable cases, and (2) are instructed to, regardless of the circumstances, prevent the client from directly contacting the person in charge. Especially in those cases in which the matter of dispute is not worth the determination of a complaining person, oblique statements and malpractice become profitable without bringing any negative consequences. The employees involved do not have to be afraid of the consequences of their conduct. The company makes money; its opponents are left feeling helplessness. Acting single-handedly, the defeated parties realise that their complaints will either be ignored by an anonymous arbiter or trivialized by the specialists creating the ethical image of the company.
3. Marginal morality—a speculative perspective

Adam Węgrzecki (2002, pp. 15–20) describes the mechanism of lowering moral standards by active participants of economic life. He juxtaposes their negative liberty—freedom from external interference—with their positive liberty—connected with the right to engage in public affairs (cf. Berlin, 1994, p. 185; De George, 1993, pp. 184–196). According to Węgrzecki, the tendency of people to choose standards analogous to the concept of marginal morality is nothing but the reduction of positive liberty to the first—negative—group of freedoms. Węgrzecki (2002, p. 16) explains:

Negative liberty only lays the foundations for the emergence of positive liberty. Therefore, it facilitates the occurrence of freedom in the scope of which a person, of his or her own free will, initiates a certain action and implements it himself or herself, and does not cease to be a subject at any point. Normally, the area of possible action must be first adequately formed so that the action can be carried out. Although this area is “external” to the acting subject, it puts the subject in a situation that have not existed before. […] In economic activity, which occurs in real life, one cannot do without negative freedom. Whether this freedom will develop more fully, and hence, whether positive liberty will occur and to what extent, is a separate issue altogether. The initiative of the subject is an equally important condition.

The proposal of Węgrzecki coincides with the stance taken by Kazimierz Sosenko. Sosenko admits that the objective of economics—its primary goal—is the selection of norms for increasing the number of material goods. This goal, however, does not justify the claim to the axiological isolation of this domain of knowledge. It should be remembered that, in the liberal terms, the operation of an economy consists in the competition understood as a modus of the social contract. For this reason, the business practice that is conducted according to the rules protecting all market participants—one way or the other—has to put moral obligations before the intention of multiplying profits (Sosenko, 1998, p. 15; cf. Lévinas, 1991, p. 29; Sosenko, 1997, pp. 273–289). Sending contradictory signals as to who they are and what can be expected of them, economically active subjects expose themselves to the disapproval of the (collective) addressee of these signals. Sosenko (1998, p. 15) describes this correlation as follows:

If economics wants to keep in touch with the issue of subjectivity, while discussing the matters of freedom, it has to go beyond negative interpretation, which is characteristic of the liberal approach and reduces the notion of freedom to the lack of obligation. In the economic field, the freedom of a person extends much further: obligation does not exclude inner liberty and the lack of obligation does not result in positive liberty either. Apart from making a decision to undertake an action in accordance with the principles of economic rationality, a person also controls its course by modifying the utility function with values of another type, which are not subject to commercialization. These values play a significant role
since their occurrence in economic goods gives meaning to the operation of the economy in the context of human life. As for economics, it should be emphasized that positive economic freedom is far from arbitrary, for it is expressed by an activity that includes a reference to values, whereas an arbitrary action is an illusion of autonomy and indicates the inauthenticity of being. Value-based management consists in respecting a certain axiological order, the outcome of which is a profound and lasting meaning in the life of a subject. It is impossible to elaborate on these matters on the basis of theories that employ the category of homo economicus, whose actions are determined by reality. Even though the discussion on the sense of management extends beyond the field of economics, it is a necessary complement to this field of study [...].

An advantage of the strategy mapped out by Węgrzecki and Sosenko is that it takes into consideration the liberal privilege of giving up the bond with others (within limits of their security). An entity—including business entities as well—does not have to sympathize with those who would like to see him or her as a partner. The others, however, exercising their positive liberty, may take actions aimed at finding out the real intentions of the one from whom—owing to the context—they expect a lot. The second ambiguity pointed out by Węgrzecki and Sosenko is connected with the question whether an entrepreneur can be perceived as an entity that is entitled to give up on positive liberty. When starting a business, he or she gets involved in the dispute over values that constitute the public sphere. What is more, an entrepreneur engages in the dispute as a (sometimes strict) enforcer of specific rules of conduct. And lastly, the third doubt expressed by both authors concerns the clarity of moral pledge made by an entrepreneur who is recognized as the beneficiary of liberal freedoms. Even if we assume that in some circumstances the entrepreneur may lower the target of moral obligations, it is highly questionable that he or she is allowed to disregard the expectations of social interlocutors, especially when they are being convinced (deceitfully) of the sincerity of those moral declarations.

4. Marginal morality as the knowledge of how to gain competitive advantage

Common sense suggests that moral omissions committed by active market participants are seen by them as a source of profit. Otherwise, they would not risk being accused of moral desertion. Then, how can one turn the knowledge about marginal morality into a recipe for achieving a competitive advantage, which would be useful for a socially responsible entrepreneur? The answer to this question consists of two parts. Firstly, the long-term consequences of lowering social standards to meet profit targets need to be examined, especially when it comes to reductions made in a covert manner. On the basis of this information, the formula of socially
responsible management should be identified, enabling to estimate—at least partially—the economic benefits that are obtained through its (consistent) application.\footnote{It should be added that, in ethical terms, actions adhering to the principle of equity do not require any justification with regard to profits. It is assumed that a testimony of righteousness, which is confirmed by deeds of an entity, is a reward satisfying enough. However, in economic terms, the ethical claim is made less strong by the efficiency norm, which by itself grows into the role of (quasi) ethical obligation. And that is why, among other things, the manager acting on behalf of an economic organization is required to combine both axiologies in a way that accounts for the profit target of this organization.}

Lowering moral standards by entrepreneurs entails a decrease in trust that others put in them. When entrepreneurs cooperate and provide each other with inspiration that makes them gradually lower the target of moral obligations, sooner than later they are recognized by the social environment as a group of actors with a confrontational attitude. In turn, the accusation of hostility evokes resistance. Nonetheless, anyone who associates this threat with a (distant) vision of revolution is mistaken. The resistance, in everyday realities, is mounted in a scattered and covert manner—yet, not less troublesome. A broken moral alliance with society results in gradual dismantling of the market mechanisms, replacing them with acts of hidden crime, such as media piracy, stealing at large-area shopping centres or shirking at work. It should be emphasized that the awakening of society comes faster than it could stem from a (cursory) analysis regarding the beliefs of the economic life participants. Due to the dynamics of social change, when the so-far relatively hidden distortions come to light, they trigger a defensive reaction of those who were fed with an illusion of the economic order.

Let us put aside, for now, the deliberations on marginal morality which are inspired by the idea of universal war. An instant of the enterprise confronting its morally economical competitors seems to be more appealing. Is there anything that speaks in favour of such an enterprise when compared to the effectiveness in gaining profits of the discussed strategy? Are there any reasons justifying the hope that through investing in integrity (related to the concept of moral discipline); an entity will gain a competitive advantage over its rivals? To resolve this doubt, it is necessary to make a clear distinction between short-term profit and the benefits that a responsible company can expect to gain in the long run. There is no point in trying to establish whether an economic organization can make money by depriving social interlocutors of their right to ethical protection. From time immemorial, being dishonest and unreliable has always paid off. Eventually, the consequences may speak against such. Victims of any marginal morality follower recognize the position they are put in not only by making daily comparisons of what they demand (or what they expect to get) with what they actually receive but also by comparing the economic offer and its producers, frequently with the support of consumer associations, the media or (directly) socially responsible tenderers (Lewicka-Strzalecka, 1999, pp. 142–160; cf. Lewicka-Strzalecka, 2005, pp. 75–86).
It seems reasonable to determine what type of competitive advantage socially responsible companies gets. Understandably, they become more credible. Their interlocutors confirm the truthfulness of their economic and social declarations. The companies themselves (should) expose their moral advantage, complementing their economic messages with guarantees of security. To be more precise, an economic organization that respects the requirement of integrity and transparency of its own actions, with little effort, can accumulate symbolic resources which are subject to an obvious conversion into economic capital. Most likely, this is what Reinhard K. Sprenger (2009, p. 38) meant, saying: “Companies don’t sell products, they sell trust” (cf. Garbarski, Rutkowski & Wrzosek, 2000, pp. 116–133; Hardin, 2009; Kuciński, 2002, pp. 79–186).

In addition to trust (reduced to the information aspect), it is necessary to consider another type of competitive advantage that a socially responsible enterprise can hope for. The reduction of own obligations by morally economical companies is accompanied by leaks and scandals making their interlocutors aware how important the organizational culture of a business really is—it is integrated better than its social environment and becomes capable of manipulating it. And that is precisely what the environment realizes in a crisis situation. The appearances of stability disappear and from behind them emerges the entity that is focused only on own profit targets. The harsh truth activates defence mechanisms in the (would-be) victims in the form of learned distrust. Those who are normally prone to forgive minor lapses, start to keep their distance from the formal organization (enterprise, public office). In the case of an organization equipped with the means to cordon information off from the society, the only weapon against it is the perfectionist measure. The leak is seen as a manifestation of other, cognitively inaccessible omissions. The expectation of impeccability, in the Foucauldian sense, results in a transgressive response to the previously experienced type of transgression (Foucault, 1998, pp. 47–48; cf. Wróbel, 2002, p. 88; Žižek, 2001, p. 42). And vice versa. In the long term, an enterprise whose brand has become a guarantee of the solidity of workmanship and of the social commitment can hope for the (always gradual) omission of these rigours. This way, it gets a qualitative advantage over its rivals.

The promise of a competitive advantage gained by ethical means eventually brings about the question of its economic validation. Giving moral reprimands to economic practitioners flatters humanist’s vanity. Yet, this practice does not stand a chance of succeeding if it does not take into account the circumstances in which they make management decisions. First of all, managers are not a bunch of thugs. If they were, admonishing them would be nothing more but a monologue of a deeply lost scholar. Secondly, managers usually know that their task—in the most general sense—is to combine the standard of decency with the requirement of economic efficiency (which, in many situations, resembles the ethical norm of primary importance).

Thirdly, the managers who play the role of a collective addressee of the knowledge spread by economic ethicists or management theorists are the representatives of an economic organization. They explain to the people who hired
them how they fulfilled the task of maximizing economic benefits. Whether they are managing an enterprise or report to the board of directors, they are obliged to use the language of economics. It means that if their advisers want to be heard or, even more importantly, to be treated seriously, they must comply with this requirement. While issuing their appeals to the management—who is recognized as an economic trustee of the owners of the enterprise—they must provide a tool that allows them to calculate (or at least estimate) the profits from investments in ethics (Lewicka-Strzalecka, 2006, pp. 22–26).

The relationship between what is worth doing and what should be done is expressed in the dialogically interpreted postulate of corporate social responsibility (Rotengrub, 2011, pp. 166–184; cf. Rotengrub, 2010, pp. 151–161). In a nutshell, it assumes the presence of two actors who monitor the activities of a company on an ongoing basis. Although they have no insight into the secrets of the economic organization, they draw conclusions from what they experience as its partners in dialogue. The attitude of their economic interlocutor becomes a binding evaluation criterion. And it is the attitude, understood as a reliable criterion of the care given to the communication standards that is being assessed. The following comment complements this relationship. Some authors rightly draw the attention to the irregularities occurring between the moral sacrifices of an enterprise and the benefits achieved by them in this respect. It would not be hard to imagine a tenderer whose care for following the rules of conduct—for various reasons—went unnoticed. On the other hand, such an irregularity disappears almost completely in the negative approach. Communication omissions of an enterprise will turn against it the moment they are recognized by its social environment. It applies, to an equal extent, to preventive and integration matters. Who failed in one matter can also fail in others. It is hard to trust someone like that.

In the final analysis, the postulate of corporate social responsibility is supported by two premises that can be expressed in the language of management theory. On the one hand, this postulate refers to the concept of a stakeholder—an actor who experiences (destructive) effects of the decisions made by other participants of the economic life (Evan & Freeman, 1997, pp. 185–205; cf. Freeman, 1984; Wicks & Freeman, 1998, pp. 123–140). The stakeholders can turn against an enterprise not only when it exposes them to a loss but also when it causes harm to others. In the latter case, the stakeholders take into account the requirement of solidarity with the social environment and their own future security (cf. Mendel, 2001, pp. 18–19; Mitchell, Agle & Wood, 1997). The presence of a stakeholder proves that those who today seem to be unworthy opponents tomorrow may take actions which will severely affect the economic aggressor. This relation grows into the role of the (internal) criterion of manager’s professional suitability. A provident entrepreneur will do what it takes to avoid a similar confrontation. By allowing own enterprise to come into conflict with the society, he or she becomes—above all—exposed to accusations of short-sightedness and incompetence.
The requirement to take care of a stakeholder complements the postulate of caring for emergency procedures. If the goal of a company is to convince its social partners of own transparency, it must ensure the efficiency of the communication mechanism, which, in a special way, protects interlocutors who expose its omissions (Banisar, 2011, pp. 7–8; Miceli, Near & Dworkin, 2008, p. 6; Nader, Petkas & Blackwell, 1972, p. VII). This mechanism has more influence on the opinion about the company than its actual mistakes. While mistakes happen to everyone, the unresponsiveness to complaints that follow is a sign of bad intentions. Therefore, the attention given to the emergency procedures should be considered as an (external) criterion of the moral efficiency of an entity. Needless to say, acting in this manner is not free from economic consequences. In resolving conflicts and disputes, the damage a company inflicts on its competitors can expect the same in return.

5. Conclusions

The debate over the question whether marginal morality is a (profit-wise) attractive management directive or an obstacle that gets in the way of achieving a competitive advantage, in the long run, remains incomplete without examples that illustrate both hypotheses. The economic scandals of recent years—with the scandals of Biedronka at the forefront—leave no doubt that the lowering of moral standards turns against an antisocial entrepreneur. Such an entrepreneur either crosses the limits of the law, as in the above-mentioned case or, in a changing social circumstance, is recognized as an aggressor. Clearly, the former and the latter case is a matter of statistics. The statistics, nonetheless, seem relentless. Numerous people fall into the trap of their own greed. They are not the ones to offer arguments justifying the need for socially responsible management. What lies behind the choice of this strategy, apart from the twinge of conscience, are economic benefits.

A provident company first selects its own obligations as a preventive measure. All the matters for which the company would be rebuked by its social environment are identified as rightful. Next, the prudent entrepreneur ensures the effectiveness of communication channels, enabling his or her interlocutors to criticize his or her own actions. This procedure determines the success of a preventive strategy, in addition to convincing partners of the company, especially the dissatisfied ones, of own willingness to engage in a dialogue. Although the choice of the socially responsible management strategy does not guarantee economic success, it protects the company from the consequences of confronting the victims of own moral omissions. Reversing this relation, an economically attractive entity gains a competitive advantage by seeking good opinion of those whom it targets. This observation sums up all the considerations. To enjoy a good reputation, you have to earn it.

2 The economic success has several other ingredients.
References


