

MANAGEMENT'S DUTY TOWARDS EMPLOYEES. A BUSINESS ETHICS APPROACH

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ABSTRACT

The main point of this paper is that ethics turns management from mere administration of resources to administration of people. Ethics eliminates or helps control the domination and power relations between managers and employees, finally turning these relations into cooperative ones. Secondly, the paper states that there are two kind of duties for a manager: in case of difficulty for the firm and in case of success. Both are very important and prove that an ethical attitude inside a company is always possible, nomatter the circumstances on the market or the situation of the company.

KEYWORDS: *moral duty, management ethics, employees' loyalty, moral attitude*

JEL CLASSIFICATION: *Z19 Business Ethics*

1. INTRODUCTION

The last two decades have brought to people's attention some important business ethics issues. If we are to mention the downfall of Enron, this appears obvious to everybody. Still, when it comes to saying what is right or wrong from both economical and ethical point of view, this turns out to be extremely debatable. The main aim of the present paper is to draw up some outlines that could be of use both for managers and for ethicists. Given the nowadays conditions on the labour market, the relation between managers and what is usually called „human resources” holds the floor. Managers, unlike other social categories, seem to have a lot of duties. There is a lot of talk about managers' duty towards shareholders, customers, cultural institutions, environment, and so on. One could easily ask: „Why in a world would anyone want to be a manager?”. Nevertheless, business schools place a lot of interest on preparing managers. In building up a manager's character, then, – besides teaching him or her about the Real Bottom Line or human resources policies – ethics seems to play an important role. And, since managers deal first and foremost with employees, some management ethics outlines ought to be firmly established. We will try to show the moral significations of some concrete measures that can be taken by managers in order to set up a more humane working environment.

Given these introductory remarks, we would like to clearly state the **problem** we will debate upon: **what exactly transforms management from a mere human resources administration (based on a calculus of results – Real Bottom Line) and committed to resources consumption into leadership of people?**

In dealing with this issue, one must grasp the **nature of research**: this ought to be an ethical research, not an empirical one. It is an inquiry into the realm of ideas that starts from Kant's distinction between natural research (theories must be adapted such that they can grasp all the

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empirical facts) and philosophical (ethical) research (facts – in this very case, human behaviour – must be adapted to moral imperatives, which are of a conceptual nature).

When it comes to **method**, the nature of research does not allow moral imperatives and recommendations be the result of an induction process. Thus, the method must be a **deductive** one. The point is to set up a system of reference – an ethical and systematic frame of norms and values – and to use it for moral evaluation and recommendations. There are, thus, two sides of the matter: an **analytical** one – evaluation of human actions, i. e. a comparison of facts with norms – followed by a **practical** one – recommendations for future behaviour.

Still, we must also clearly state the core of our moral inquiry. This is rendered by explaining the main **presupposition** – the ethical principle our inquiry is based on. Thus, we will say that business and management ethics are a part of ethics, not of economics. They refer to **evaluating** and **integrating** business and management action into a system of ethics. Business ethics approaches do not help to increase profit or „improve” the Real Bottom Line. They are meant to issue a set of limits that help to separate between what businesspersons may or may not do. Within the boundaries of „what they may do”, it is managers’ job to find strategies in order to maximize profits or improve the Real Bottom Line.

Finally, we would like to clearly state our **thesis**: it is moral attitude that modifies managers’ actions, turning management of human resources into leadership of humans. It is moral attitude towards employees that makes a goal in itself out of each and every employee and helps managers to find, under these circumstances, the best ways to increase profits. Without an ethical attitude towards employees, they would be just resources or, as Kant would say, only means, but never goals.

2. WHAT MANAGEMENT ETHICS IS NOT ABOUT

Management ethics is a branch of business ethics. Then, one must firstly ask: what is business ethics about? Some would say that we know what ethics is about and what business is about. Therefore, business ethics’ object is quite obvious. We must challenge this view. Business ethics is not just a mixture of business and ethics (Klikauer, 2010: chapter 1a). Some would say that business is about getting profit and increasing it and ethics is about good and evil. This artless viewpoint places business outside ethics. The goal of a businessperson is to make money, leave aside ethical matters. We believe that this is wrong. Businesspersons are ordinary people, with ordinary ethical issues and attitudes (Klikauer, 2010: chapter 9.3). Business ethics is not about reconciling the economical imperative – i. e. profit – with moral imperative – i. e. good. Business is a human enterprise. So, it is subject to ethical evaluation. If business ethics is about what people do and business is what people do, then a simple syllogism tells us that an ethical view on business is as normal as an ethical view over building houses or teaching. One should stop treating businesspersons as if they were a different species. For a businessperson ethics is not optional, just as in the case of teachers, fishermen, fire squads or physicians.

Being a branch of business ethics, management ethics seems to abide on the same principles, although this is not universally accepted. First of all, one must ask whether management ethics – just as business ethics – is a branch of management or a branch of ethics. Could it be that ethics – one of the oldest philosophical disciplines – is, suddenly, placed outside philosophy? We think not. Some have said that management is about power (Klikauer, 2010: chapter 1). If one places management ethics outside ethics and under the rule of management, this turns out to be something like knowledge in service of power. Still, this view is debatable. First of all, is ethics knowledge? Can it be a science in its own right? (Plato, *Meno*: 88a-96). That depends on the definition of science. But, if positive sciences are **descriptive**, then ethics cannot be a science, since it is **prescriptive**. Management ethics seems to be guilty of placing ethics under the rule of management: but this is not placing knowledge in service of power, since ethics is not knowledge (Huff, 2011: p. 17).

Secondly: is management about power? We think that things go the other way around. The view that management is power seems obsolete. Management is about finding a way to achieve goals without recourse to power or authority (Koslowski, 2010: p. 4). On the other hand, management is more like a method. Usually, methods refer to „how to...?“. Therefore, management is a method used by people to achieve some goals. If all these are true, then management ethics is anything *but* knowledge in service of power. Besides, power is about „imposing“, while management is about „finding“ a way. When we think about power, we think about politics or war (Koslowski: *ibidem*). Of course, one can „enlarge“ the concept of power, but, basically, this is it. War has nothing to do with management, unless we think that the strategic thinking of militaries can be explained in terms of management. Still, one can hardly accept that, since the reason to be of an army is to destroy, while the reason to be of management is to build something. Politics, on the other hand, is about getting and maintaining power (Machiavelli, 2002: p. 53-54, *passim*). But it is management that renders politics possible, since one can get power in two ways: by violence or by planning. It is politics that aims for power. It is management that renders planning. One can use management to get power; but this does not mean that management is about obtaining power. As we have already said, management is about planning, leading, organizing and so on (Klikauer, 2010: chapter 1.6).

Our point is that it is precisely the ethical attitude of the manager that makes him or her to be a real manager. This is because management is not merely administration of an enterprise in terms of power, but in ethical terms. Management is not about giving orders to subordinates, but uniting them in a team where everybody gets respected. Therefore, the ethical attitude of recognizing and respecting your fellow man turns power-relations into management relations (Klikauer, 2010: chapter 9.4). We would even go further and say: there is no management without ethics; or, to be more precise, it is ethical attitude – respecting your fellow man as your equal – that turns power-relations – based on domination – into management relations – based on cooperation. Then, we would say that ethical attitude is the core of managerial action.

There can be no business without cooperation (Crăciun *et al.*, 2005: p. 249-254). Therefore, there can be no management without cooperation. Thus, managers and employees are related by cooperation. The meaning of cooperation is an ethical one: mutual recognition and working together. If we talk about ethics, then, we must talk about duty.

There is a moral duty of human being in discussion. But talking about it is not the goal of this paper. We mean to refer to a particular duty, that of managers towards employees. In a company there are a lot of other duties: managers towards shareholders, employees towards customers, and so on. But we will discuss about managers' ethical duties towards employees.

3. ETHICAL RELATIONS AMONG MANAGERS AND EMPLOYEES

There are, of course, a lot of expectations from employees. Managers expect them to be loyal, hard-working, punctual, etc. Some of these expectations are of an ethical nature. Some others are legal or contractual. But the point is that there are various expectations. Therefore, managers should also learn to give, not only receive. This is, we believe, without further ado, the basis of managers' duties towards employees. One cannot expect obligations to extend beyond the contractual terms if one is not ready to accept obligations of his/her own, others than the contractual ones. Managers and companies cannot expect employees to be loyal, discreet *a. s. o.* if they are not ready to give something in exchange: usually higher salaries or bonuses. At least this is what many business ethics books tell us.

Before discussing about the precise duties of managers' towards employees we would like to challenge the above-mentioned approach. We cannot clamly accept that moral issues are expressed in terms of „you do for me, I do for you“. Ethics' method and businesses' method should not be mistaken. There is no exchange or trade in ethics. No buyers and sellers. Neither managers, nor employees can be rewarded for being or acting right from a moral point of view. Ethics does not

sell. And it does not guarantee success. On the contrary, sometimes it can generate a decrease in profit or even a loss (Maxwell, 2003: p.15). This we will call the **no-trade principle of management ethics**.

We are well aware of the fact that there are ethics codes and organizational cultures. And if someone wants to join an enterprise, he/she must accept its *ethos*, even if this may seem extreme to some people, since it generates alienation of the individual and so on (Klikauer, 2010, chapter 2.1). But we should never forget that business ethics is about what is *expected* from stakeholders, be they managers, employees, customers or suppliers. Moral obligations are *assumed* and *accepted* by people. They are not legal obligations and they cannot be *stricto sensu* enforced. Therefore, somebody does not respect the *ethos* of a company, then management's reaction must be moderate. Eventually, as time passes, the culture of the organization will be assumed by those who broke it. The „punishment” for breaking ethics code must be different from that for not respecting the contract.

Secondly, neither employees, nor managers should expect to be rewarded for acting in a moral manner. Rewards in exchange for good behaviour have nothing to do with ethics. It looks more like black market or mafia loyalty. Therefore, we believe that the first moral duty of management towards employees is not to encourage them to believe that there are bonuses for good behaviour. Ethics is not a tool for increasing one's revenue. We think that there are other ways to repay good behaviour, for instance helping employees when they are in need of help (diseases, deaths of family members, etc.). We also believe that managers's duty to employees is related to building *employee character* or *attitude*. Managers should teach employees to respect organizational values and principles, not to accept them in exchange for money. This we will call the **no-reward principle of management ethics**.

This is, basically, the starting point of our „list” of managers' moral duties towards employees. We believe that the accomplishment of these duties is enough of a reward for employees' duties towards managers and company.

What we try to impose is the idea that between managers and employees there is not only a business relation, i. e. buyer-seller. There are also personal and human relations, meaning ethical relations (Crăciun *et all.*, 2005: p. 486). As we have already tried to prove in the first part of our paper, it is precisely ethics that turns management into administration of people, as opposed both to administration of goods and to domination and power relations. Ethics is based on mutual trust and mutual recognition. And when it comes to that superior form of ethical relations which is called organizational or corporate culture, managers have two options: either to look for employees that share the values and principles of the company, or to try – by morally correct methods only – to make employees adopt the culture of the company, even if this could mean changing it a little. This is why we sustained the idea that business ethics is not about domination and power: even corporate culture can be adapted to employees, and it is managers's duty to adapt it, and not to impose it by force. Ethics means respecting your fellow man. Therefore, one important factor that influences the corporate or organizational culture should be human resources. Besides, ethical duty of managers towards employees also means trying to find a *modus vivendi* that respects personal moral options of each employee without the alteration or even destruction of corporate culture. Ethics is not only about punishment and it is surely not about money rewards. This attitude of managers we will call **the integration principle of management ethics**.

The **first corollary** that results is that people cannot be treated as assets or resources. In nowadays world, even some resources are no longer treated as mere resources. Animals have rights – even those that are killed for meat products have the right to die without pain. Trees and flowers, and nature as such seems to be more than a mere resource. Whether this is a moral issue – meaning that people respect nature because it has rights or because they are afraid of human extinction – is a different debate. All we can say for now is that treating people as resources, in a world that treats

some resources as more than resources, seems obsolete. Even dictionary entries on human resources management refer to management of people (Davidson, 2005/[1997]: p. 231-235).

But this perspective is not a new one. Immanuel Kant, the famous German philosopher and scientist, has dealt with this matter in his *Groundwork for the Metaphysics of Morals/Critique of Practical Reason*. His categorical imperative states that people should never be treated as means only, but always as ends in themselves (Kant, 1900, BA 66). From a managerial point of view, this means that a company's goal should never annihilate the individual goals of employees, i. e. human resources. A large debate opens here, regarding the goal of an economical enterprise and the individual goals of employees. We will not engage in such a debate, given the main goal of our paper. But it must be said that the Kantian view is suitable for a business ethics approach only if one understands the fact that Kant refers not to isolated individuals, but to the humanity in each individual. None of the forms of categorical imperative deals with human individuals; on the contrary, in the above-cited book, Kant clearly says: „Handle so, dass du die Menschheit sowohl in deiner Person als in der Person eines jeden anderen jederzeit zugleich als Zweck, niemals bloss als Mittel brauchst.“ (Kant, 1900, BA 429). A literal translation into English would be: „Act such as to take the humanity in your person and in everybody else's person always as a goal, and never just as a means“. Although the style of the translation is not remarkable, this is what Kant means. Therefore, from a managerial point of view, if one wants to explain managers and employees relations within a company, one must understand that Kant never refers to individual goals of particular people, but to humanity taken as a goal. In order to respect employees managers should not care about individual goals – this is each and every's employee business. Managers should only be careful that the goals and methods of the company never endanger the humanity of the employees. This can be done by treating them humanely, setting up adequate working conditions, paying reasonable wages, and so on. Whatever desire of the employee exceeds the moral duties of the manager, it is no longer manager's responsibility.

We would say that Kant established an *avant la lettre* distinction between positive and negative rights (Berlin, 1958/[2002]: p. 169-181). What managers owe to their employees is the respect for their negative rights and just one positive right: their right to humanity. What this positive right is all about, we have already mentioned in the preceding paragraph. We would also like to add that the way to do that is to replace management by fear with management by inclusion (Klikauer, 2010, chapter 7.1). This is precisely what management ethics and corporate culture are all about. Fear is what turns humane relations (that are of an ethical nature) into domination relations. Replacing fear of superiors with cooperation with the manager is a moral duty of a manager towards employees. This is accomplished mainly by educating employees into understanding and assuming corporate values and principles by means of communication and by willingness to adapt organizational culture to employees.

Management by fear is, as we must accept, still operating throughout the world. There is no need for research to utter this thesis. One must simply look around. There is always a boss employees fear. And, usually, the higher the distance, the higher the fear. Upper-level management and top-management are rather remote from employees. This is why we believe that another ethical duty of the manager towards employees is to sustain his/her subordinates in relations with upper-level management. There are many ways in which this task could be accomplished.

At first, managers should strive to protect the right to work of the employees (Crăciun *et al.*, 2005: p. 492, 497-499). This proves to be extremely difficult during recession periods. Costs have to be cut, thus some of the employees must be laid off. In order to better exploit the human resource, the easiest way – with short term results – seems to be laying off people and making the remaining ones work more, in order to cover the gaps (Klikauer, 2010: p. 33). The manager's moral duty is to see that laying off of employees is a measure of last resort. And if one has to do this, eventually, he must see that laid off employees receive some just compensations and some recommendations that could help them find another job. And maybe even a priority right of re-hiring, may the company

recover from its difficult position. We will see, in the case presented at the end of this paper, that this really happened. And if it happened once, it could happen again.

But moral duties do not appear just during harsh periods for the firm. There is also a positive or affirmative moral duty for managers, directly related to the Kantian imperative of seeing others' humanity as a goal in itself. We think that, in order to set up an ethical framework and a corporate or organizational culture to which employees can adhere, there are at least three things that can be done (and the most important ones). We see ourselves obliged to say again that in no case are we referring to rewarding employees for being loyal to the company.

- a. **The circumstantial imperative.** Permanent improvement of working conditions would be the first task (Klikauer, 2010: chapter 3.2; Crăciun *et al.*, 2005: p. 503-505). Besides having a direct economical impact – increase in productivity and efficiency – this would help turn the company into a friendly environment for the employee. A direct effect that strongly influences the corporate culture and the working attitude of employees could be the diminishing of the number and intensity of the work conflicts. We do not believe that there can be a manager that never has and never will have to face a conflict among his subordinates. But a peaceful and well organized working environment, where employees feel safe and supported by continuously improving working conditions will have at least some reasons less to engage in conflicts.
- b. **The reward imperative.** It is well-known that wage differences are one of the most debated issues both among employees and among theorists. Salaries are not merely the money-payment in exchange for the amount of work – since there is no unit of work or of effort. If it had been, then establishing a salary would have been easy. One needed only to multiply the payment for a unity of work with the amount of units a worker performed. Here, Marxist philosophers have a real advantage, since the Marxist view would advocate for such a perspective. But, in a capitalist economy, the level of a salary is negotiated. The work price has a market value. Nevertheless, an ethical attitude of the management would be to attempt to offer each employee a fair payment for his or her work (Crăciun *et al.*, 2005: p. 499-503). We believe that there are at least two moral „ingredients” involved here. First of all, the wages must never be established with regards to the dominant position of the firm on the market. The larger the company, the bigger the power. There are not so many cases when an employee has a dominant position, when it comes to salary negotiation. This is due to the fact that, in the end, there are no unreplaceable employees. The case is different with companies. Usually, management can choose among many offers that come from the labour-market. Therefore, taking advantage of the dominant position and thus reducing salaries would be a non-ethical attitude. Ethics aside, it may also be an economically wrong attitude, since lower salaries mean lower quality of work and lower or even no loyalty (Klikauer, 2010: chapter 2, *passim*). Secondly, companies should not establish unfair conditions of employment. Some of these unfair conditions are now established by law, as, for instance, the employment of female-workers that are willing to have babies. In most civilized country it is illegal to use that as a criteria to differentiate between two competing candidates for a job. Be this as it may, management should never forget that a person who seems willing to do more for a smaller wage may as well do it worse than a person who wants a fair salary; and if a company hires employees that accept or even thrive on worse working conditions for the same salary, it risks product quality and public image. Therefore, the unethical attitude of managers that are not willing to pay the fair price and to set up fair employment conditions may result in irreversible damage for the firm.
- c. **The participation imperative.** Last but not least, there is profit sharing (Crăciun *et al.*, 2005: p. 494). This is the occasion for companies to „prove themselves good”. Although there are a lot of economical reasons to share profits with employees, from an ethical point of view there can be no obligation for a company to do that. Therefore, this would be an act of generosity of management towards employees. We believe that the ethical and philosophical foundations of such a management procedure can be found in Rawls' *A Theory of Justice* (Rawls, 1999/[1971]:

p. 52-54, *passim*). Briefly, the idea that grounds profit participation is that of moral equity. Thus, Rawls states that differences among people are natural. Even the increase of such differences is acceptable. But all these under one condition: all people should have a part – smaller or bigger – of the benefits. Mass-media presented a lot of cases when managers salaries were huge, scandalous even. And this was twice unbearable when the companies were falling apart. But, given the case of an average company that is not going down, an increase in management salary and benefits and even an increase in differences between management and employees wages and benefits would be bearable or even entirely accepted if all employees would get a share of the profit. This would be morally right because profit is the result of everybody's work. Of course, most of all a result managers' work. But employees have a moral right to it, leaving aside legal wages. Of course, this must also be seen not as an additional reward for doing their jobs – we have already said that this seems wrong to us. It is an act of fairness, on the one hand, but also an act of generosity and recognition for labourers' efforts, on the other hand.

4. CONCLUSION

In order to sum up, we must say that the purpose of our paper was to establish some main characteristics of management ethics and, starting from here, to explain what management ethics has to say about the relations among managers and employees. Finally, the paper states what we have called „managers' duties towards employees”.

So, the main point is that management ethics is not merely a mix between management and ethics, but a new concept that is supposed to induce a new kind of attitude. It is ethics that turns management from a domination technique to an administration of people technique. Secondly, if this new approach on management has certain characteristics, these will lead to setting up a theory regarding managers' duties towards employees, that spring from the Kantian idea of treating fellow men always as goals in themselves and never just as means aimed towards some other goal. In order to do this, a manager must follow the three imperatives listed above: circumstantial, reward and participation.

5. MALDEN MILLS CASE

Further on, we intend to show how all the above function in a certain case. We are going to present a case-study and make some comments starting from our points exposed in the first part of the paper. Malden Mills was a textile company founded in 1906 by the grandfather of the nowadays owner, Aaron Feuerstein, who moved it from Malden to Lawrence, Massachusetts in 1956. During the '80s it has faced the threat of bankruptcy, but, due to a new product, Polartec, a certain type of synthetic wool, they succeeded to keep up with the market. It was an innovative product, since it was made by scrap plastic and used for winter sports suits. This product brought Malden Mills new famous customers, among which we mention Eddie Bauer, North Face, L. L. Bean, Patagonia, and Land's End.

On the 11th of December 1995 a fire started at one of the production stores. It spread rapidly to other stores and warehouses. The owner, Aaron Feuerstein, was celebrating that night his 70th birthday. When he found out, he went to see his factory and, with the help of firemen and some of the employees, he managed to save one production store.

He decided to rebuild his factory, although his counselors strongly advised him to close it and, eventually, to find another place for a new factory. Feuerstein refused and decided to immediately start the reconstruction and, besides, to grant each employee a 275\$ bonus for the coming Christmas holidays. He was also determined to keep all his workers for at least 30 days and to pay their entire wages.

The insurance was for 300million\$, but he would have got to wait a lot before receiving that money, since the insurance company wanted to make sure that the fire was really due to an accident. Feuerstein took a 100million\$ loan and started rebuilding. His employees stood by him. After the first 30 days he decided to pay his workers wages for another 30 days. Then, he did it again, whether they had something to do or not. The average salary per hour was around 25\$ and the number of workers was around 3100 people. In three month he managed to reopen his factory and to honour his previous agreements with most of his customers. Still, he had to fire 400 people eventually, since one sector of the factory could not be rebuilt. But he paid for three month their medical insurances, opened an assistance office for the fired ones and promised to hire them back as soon as he could restart all the sectors of his factory.

In February 1996 the insurance company paid in advance 9 million \$. But the wages of the workers were amounted to 13 million\$. During the first trimester after the tragedy the company's losses were amounted to 50 million\$. Finally, in June 1997 the insurance company paid 300million\$ for the insurance policy. But, unfortunately, Malden Mills had lost dome of his clients. Still, Feuerstein rebuilt the last parts of the factory and acquired new machines and equipment. This costed him another 40million\$. In September 1997 he opened this last sector of his company and rehired the remaining 70 workers that were fired more than one year ago.

The tide have turned in 2003 and 2004, when the company faced bankruptcy again and, due to a loan of 180million\$, Feuerstein lost his control over Malden Mills in favour of the banks that gave him that loan. He tried regaining it, but never succeeded. It seems that nobody agreed to his employees policies.

Some people laughed at him. Others praised him. The president of USA, Bill Clinton, invited him over on the occasion of hiss speech regardin the state of the nation. Feuerstein always pretended that he did the right thing. His policies for employees caused him a great loss, but the employees were loyal and stood by him and helped him rebuild his factory (for further details and an excellent disclosure of the case see De George, 2006).

What Feuerstein did was right or wrong? And, above all, could this be considered an economically viable practice?

Let us go on with our analysis based on our arguments from the first part of the paper.

First of all, Feuerstein's attitude proved that he took manager's duty towards employees very seriously. He could have easily fired all the people that had nothing to do during the rebuilding of his factory, but he chose not to do it. Moreover, he paid their wages for three months, although he was really facing bankruptcy. He had the power to fire his working men, but morality stopped him. Christmas was coming. Even after Christmas he kept paying salaries. Then, for three months, he paid medical insurances, just to keep the confidence and loyalty of his employees. It was not a reward for their loyalty, it was the proof that he was able to give up some economical imperatives for the sake of moral ones. We clearly see that the **circumstantial imperative** was fully respected.

We could say that ethics substantially modified management practices in the case of Malden Mills. There was an economical justification for firing all those people. But Feuerstein attitude proved that ethics turns employees from human resources into people. The Kantian imperative was respected: Feuerstein treated his workers not just as a resource, thus as some means he could use in order to achieve his economical goals, but also as ends in themselves.

Furthermore, he did not pay a penny for loyalty (**reward imperative**). What is the proof of that? The fact that most of his workers came back to him after one and a half years after he had fired them. They had a lot of time to build up a career somewhere else. Besides that, they came back to a company that was functioning at 40% capacity and had lost his clients for the sector the workers were returning to. No assurance could have been given to them. Still, almost all of them came back. When it comes to management practices, we believe that ensuring jobs holds the floor in the case of Malden Mills. Feuerstein risked bankruptcy in order to keep his workers. Finally, probably also due to his management policies for employees, he lost control over his factory. Ethics overcame profit.

Regarding salaries, not only he not lowered them, but he paid up salaries for employees that had nothing to do. It was fair and generous to do so, as employees had no fault in the case. Simply dismissing employees that had nothing to do was punishing them or the fire that destroyed Malden Mills. This is for the fairness part. As for generosity – which is one of the highest moral values, when it comes to business ethics – Feuerstein finally fired some 400 employees, but still tried to help them. He paid medical insurances and opened an assistance office to help them get some jobs (**participation imperative**). Finally, he kept his word: as soon as he finished repairing his factory, he rehired all the former employees that wanted to come back. Meaning almost all of them.

This short analysis proves our point. And it is about facts. A manager has moral duties towards his employees, just as they have towards him. Feuerstein rebuild his factory with the aid of his employees and started all over again with them on his side. One cannot tell whether future loss was determined by his attitude towards employees or not. Partly, we would say yes. Still, ethics, and management ethics as well, is about what people should do. And all the time Feuerstein claimed that he did what he had to do. We cannot tell whether this was the best managerial strategy. But we sure can tell that Feuerstein assumed his moral duties towards his employees.

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