THE ART OF
MANAGEMENT
AND THE
AESTHETIC
MANAGER

*The
Coming Way
of Business*

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The life of money-making is one undertaken under compulsion, and wealth is evidently not the good we are seeking: for it is merely useful and for the sake of something else.

—Aristotle, *The Nicomachean Ethics*

And what is good, Phaedrus,
And what is not good—
Need we ask anyone to tell us these things?

—Plato, *Republic*

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Preface

These days we frequently hear the term "corporate culture." This implies that business has some form of cultural force. But the history of business activity indicates that the relationship between culture and business is one of reflection rather than creation: business does not create or shape the surrounding culture, but rather reflects whatever culture prevails. From the street vendors of ancient Babylon to today's multinational corporation, the aspirations and attitudes of those engaged in business reflect the aspirations and attitudes of the prevailing culture. The businesses that flourish at any given time and in any given place are those that best reflect the prevailing characteristics of the existing culture. Specifically, it is the managers within these flourishing businesses who reflect these characteristics.

For example, Robert Cozine noted recently that "Royal Dutch–Shell, one of the world's largest oil companies, plans to shake up its tradition-bound corporate culture by increasing the number of women and range of nationalities in its top management tier" (1998, p. 17); currently, only about 4 percent of Shell's 400 senior managers are women. The main reason for this shakeup, according to Cozine, is that the

narrowness of Shell's senior management base has been cited by critics as one reason why it has struggled with rapid change in its business. Critics point to the controversy over the scrapping of the Brent Spar oil rig and Shell's problems with human rights in Nigeria. They say a broader management base might have helped Shell to respond more effectively to those issues. (Cozine, 1998, p. 17)

So culture changes, but Shell's culture in recent years has not: its male Anglo management structure reflects the cultural values of 30 years ago but

not the values of today. Thirty years ago such a decision would not have been seen as making sense either ethically or financially; now it is seen as essential on both these fronts. The broad challenge of business management, therefore, is to develop an ability to read and interpret these often subtle cultural shifts and to understand how these shifts impact the role of business in society.

The central premise of this book is that business reflects culture. Building from this premise, I address two basic questions. First, what is the prevailing culture of the twenty-first century? Second, how is this culture going to be reflected in the attitudes and aspirations of business management? In answering the first question, I identify the dominant culture of the twenty-first century as that embraced by the general label of "aestheticism." Hence, in answering the second question, I label the manager of the twenty-first century the "aesthetic manager." The primary characteristic of the aesthetic manager, which distinguishes this individual from the modern manager, is the former's view of business as primarily an indeterminate aesthetic activity, rather than the characteristically modern view of business as a deterministic technical enterprise.

As with any cultural shift, this change or transition from the modern to the aesthetic is far from clean and unambiguous; indeed, vestiges of the characteristics that I identify here with the aesthetic manager have always been present to some extent. These characteristics are present in the modern manager, although they are dominated and suppressed by the characteristics of modernity. In a sense, therefore, the aesthetic manager can be viewed as one who is left when the veneers of modernism are peeled back.

My notion of the aesthetic manager clearly has links to the broad intellectual movement loosely known as postmodernism. For example, John Kay, director of Oxford University's business school, echoes the sentiment of this book when he concludes that "it is time to develop a theory of postmodern management" (1998). He reaches this conclusion after reflecting on the failures of modernist management. But what is the nature of this failure? To describe this, Kay uses the analogy of modernist architecture as pioneered by the likes of van der Rohe, Gropius, and Le Corbusier: he notes the latter describing houses as "machines for living in." Kay comments:

> The point is, of course, that houses are not just machines for living in. They are homes and parts of communities. To serve these needs demands respect for conventional—even banal—aesthetics and for the social relationships that make homes and communities. (Kay, 1998, p. 12)

Houses are more than "machines for living in," and businesses are more than "machines for making money," as described by prominent financial economist Merton Miller; this is the essence of Kay's editorial, and this is the essence of my book. In what follows, I answer Kay's plea for a theory

of postmodern management; however, I eschew the word "postmodern" in favor of the word "aesthetic" because the latter captures more succinctly the essence of my management theory. (Note, in the above quote, how Kay links the aesthetic with the postmodern.) Also, "aesthetic" does not carry the nihilistic baggage often attached to "postmodern." Postmodernism is often seen as merely an absence, an "absent modernity," but my manager as aesthete is very much a presence, a real moral character. The postmodern critique—the deconstruction of modernist management and modernist ethics—creates the metaphysical space for the aesthetic manager. This manager is the phoenix who rises from the ashes of modernism's smoldering pyre. Unlike many invocations of postmodernism, therefore, I conjure aestheticism in business as a real cultural force.

Although this is by no means the first book to invoke the notion of management as some form of aesthetic activity, it is, I believe, the first book to begin this invocation from within the realm of financial-economic theory. By trade, I am a financial economist, and this seems to me the most appropriate origin for a critique of the modern manager. The behavioral assumptions and general worldview embedded within finance theory's "Theory of the Firm" really provide the conceptual bedrock for the modernist view of business.

My critique of financial-economic theory in Part I of this book is similar to that found in my earlier work *Finance Ethics: The Rationality of Virtue.* (Dobson, 1997b). Those of you familiar with that earlier book will thus find Part I of this book somewhat familiar territory, albeit with a new aesthetic-focused twist. Also in that earlier book I introduced virtue ethics in a narrow, specifically finance context, but I did not recognize the potential for a broader contribution of virtue ethics to a business aesthetic. Although there are some connections between these two books, therefore, I view this current book as conceptually freestanding. Thus, the earlier book should in no way be viewed as a prerequisite for a full understanding of what follows.

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Introduction

The ideas of the herd should rule in the herd—but not reach out beyond it: the leaders of the herd require a fundamentally different valuation for their own actions.

       —Friedrich Nietzsche, *The Will to Power*

Imagine yourself as an anthropologist. You have been living with some isolated culture that has had no prior contact with the rest of the world; you have become conversant in their language and wish to describe to these people the substantive qualities of, say, plastic. The problem you face is that these people have never seen plastic, and consequently their language has no words relating specifically to plastic. Of course, if you happened to have brought some plastic object with you, then you could just show this to them, but what if you have no such object? To describe plastic to these people you would have to use whatever words they do have that relate to things similar to plastic. You would have to weave an elaborate web of analogy, comparison, simile, and metaphor, to circuitously get at the essential qualities of plastic.

Contemporary writers about aestheticism in business are in the same position as this anthropologist. Actually, they are in a worse position: modern English is, to a great extent, a product of modernism; thus, aestheticists find themselves having to define or deconstruct almost every substantive word or phrase they use in order to reveal the modernist context embedded implicitly in contemporary usage of the word. For example, note how, in the quote from John Kay in the preface, he resorts to analogy in his attempt to describe the aesthetic of postmodern management. Discussing the specific

subject of *business* in an aesthetic context is even tougher because modern business English is absolutely a product of modernity. The aestheticist writers themselves, unless they come from some isolated tribe, are also the product of modernity. It's interesting to note that several of the most prominent postmodern or aesthetic writers are French or French/Algerian (e.g., Balandier, Baudrillard, Camus, Derrida, Foucalt, Lachau, Lascault, Lyotard, Mouffe, Sartre) and are thus the inheritors of an intellectual tradition that is in large part divorced from modern Anglo-Saxon culture; as such they are detached from the full force of Anglo modernism. These writers must at every turn conduct meticulous self-examination to reveal their own personal, innate, modernist bias; so words like "deconstruct," "difference," and "context," which crop up regularly in such writing, are characteristic of an attempt to reveal what is already there but is in some way not readily apparent to the modern intellectual gaze. These words tend to connote an activity concerned with an absence rather than a presence, with a peeling back, an exposition and removal, rather than an addition.

Much of what I supply in this book, therefore, is definitional. Rather than introducing something substantively new, like a new plastic, I try to define what is already extant, albeit latent. In this regard, my story above about the anthropologist is perhaps misleading. Unlike the concept of plastic to this isolated tribe, the aesthetic manager is already among us, within each manager. It is just that this aspect of management is swamped by modernism. The central challenge is thus to use the language of modern business to reveal what modern business has smothered and is consequently now largely blind to.

I discuss this question of etymology or semantics here because I want to make clear why it is necessary to describe modern business so carefully in a book that is ostensibly about aesthetic business. Once again, it goes back to the problem of describing an absence. The first step in clothing the naked emperor is to reveal the exact nature of his nakedness.

As a means of distinguishing the modern manager from the aesthetic manager, imagine three parallel business universes. These metaphysical universes are identical except for the moral orientation of the managers therein. In one universe managers adhere precisely to the epistemology of financial economics: they pursue personal material wealth in a logical, consistent, and unremitting fashion: they are *Homo economicus*. I term this universe the *Technical Universe*.

In the second universe, managers are also instrumentally rational in the sense that they apply logic and reason in the pursuit of some goal. However, their goal is not strictly and simply personal material wealth. They are what modern moral philosophy would call "enlightened" and thus may temper their personal material aspirations in deference to some moral principle. They may, for example, substitute some notion of societal welfare for personal wealth maximization, or they may restrict their actions to those that

will most benefit the materially least advantaged, or they may act only on the basis of universalizable moral principles such as some conception of fairness or justice. These managers are still rational in the sense that they apply logic and reason, and indeed they may on occasion act in a way that is indistinguishable from the managers in the Technical Universe. These moral managers, however, because of their belief in some overriding moral principle, cannot be relied upon to act in ways that are predictable in financial-economic theory. This is not to say that the behavior of these managers would not be predictable—once their moral principles were made clear. Indeed, the fact that these managers still act in ways governed by logic and reason will make their behavior as predictable as those managers who comprise the Technical Universe. The essential difference, therefore, between the technical managers and the moral managers will be that the latter pursue goals and are subject to constraints that may be more nuanced and ethereal than the straightforward wealth maximization goals of the technicians. Just as invocations of the technician can be found in financial-economic theory, invocations of this moral manager can be found in the dictates of business ethics theory. I term this second universe the *Moral Universe*.

The third and final universe that I wish to conjure is the most opaque. It is a universe that we in modernity are least familiar with because the actions of managers therein are not governed by notions of scientific logic or instrumental rationality. Managers in this universe recognize the need for material profit, and they are cognizant of the conventional rules and logic of the Moral Universe; however, they do not view these reason-based enterprises as ultimate objectives. These aesthetic managers pursue a goal that is hard to define in modernist terms—indeed, to even call it a goal may be misleading. Sherwin Klein describes a similar individual in his analysis of Cervantes's *Don Quixote*:

> The ideal of craftsmanship is to create that which has quality or excellence; personal satisfaction, pride in accomplishment, and a sense of dignity derived from the consequent self-development are the motivations. In an "excellent" company it is this ideal that permeates the firm, and management should provide the moral example of such an ideal; a business management craftsman attempts to create a quality organization, and quality products and services are the result of such an organization. (Klein, 1998, p. 55)

Klein's managers are involved in a quintessentially aesthetic pursuit. They recognize their business universe as essentially one of chaotic disorder and unpredictability where rules of logic and rationality will never fit comfortably. These managers endeavor to achieve some sort of aesthetic balance and harmony in their chaotic environment. In this endeavor they are not quixotic but rather are guided and tempered by conceptions of quality, excellence, the Good, Aristotelian *eudaimonia*, and desirable character traits—

virtues—that may lead to these ideals. The acquisition of these character traits and the concomitant pursuit of these ideals is not achieved simply by the application of certain rules of logic or of rationality. Indeed, the whole pursuit is characterized by a marked absence of rules and set goals. It is, to all intents and purposes, an aesthetic pursuit. At one time a manager's actions may be governed by economic interest, but at other times, they may be governed by compassion or courage or a conception of the beautiful or harmonious. Thus, unlike the previous two universes, the managers in this universe exhibit more complex and multifarious behavior. Their goal is not easily defined, if indeed it can be viewed in terms of a singular goal, and the means by which they pursue this elusive goal are not easily categorized, either. In essence, their behavior lies outside modernist logic or rationality. They pursue a type of aesthetic truth or beauty. Or, to put it another way, they pursue a convergence of economic and moral truth with aesthetic beauty. I term this final universe the *Aesthetic Universe.*

My essential thesis in this book is that business management exists and has always existed in all three of these universes. Every business manager is and has always been to a greater or lesser degree a technician, a moralist, and an aesthete. What has varied over time and between place is the extent to which one or more of these universes dominates the others. The dominance of any one of these three universes is generally determined by the encompassing cultural milieu. Crises in business management generally develop when the universe in which management believes it resides conflicts with that of the surrounding society. To a large degree, therefore, successful management entails the ability to perceive and predict the prevailing cultural conception of business. In short, business reflects culture. As paleontologist Jean Staune (1996) observes: "The vision of the world and the vision of mankind which prevail in a society have a determining influence on social and economic organization" (p. 145).

As we enter the twenty-first century, a Western corporate culture is becoming ever more geographically omnipresent. At the same time, however, the epistemological bedrock of this culture is crumbling. From its inception in the Reformation and Renaissance, Western corporate culture has been the child of the age of reason. All the facets of modern business—economics, rule-based or consequence-based business ethics, science, technology—are products of this reason-based instrumental rationality. The foundation of modern business is reason. But Western corporate culture itself, as with any culture, evolves and changes. In attempting to respond to this evolution and change, managers are continually confronted with the limitations of any fixed notion of reason; rationality itself evolves and shifts definitional emphasis between the Technical, Moral, and Aesthetic Universes.

For example, senior management at Royal Dutch–Shell recently decided to establish a division within the company whose sole purpose is to monitor the environmental and human rights implications of Shell's activities. This

decision is undoubtedly a reaction to recent public relations gaffs: most notably, Shell's decision—which was subsequently reversed—to dump an obsolete oil platform in the mid-Atlantic, and its perceived tacit support of the oppressive government of Nigeria.

Shell's decision clearly exists, to some degree, within the Technical Universe of financial rationality; indeed, to be welcomed by shareholders, which it was, it would presumably have to be financially justifiable. But Shell's decision also reflects a genuine concern among managers and other employees for the environment and for human rights. For example, its most recent oil-drilling activities in Peru are the very model of environmental and cultural sensitivity: rather than following the usual procedure of cutting a road through the rain forest to its oil installations, Shell is, at great expense, flying all supplies in and out.

Of course, the cynic will readily dismiss Shell's recent behavior as thinly disguised public relations. It, the cynic will argue, resides firmly and entirely within the Technical Universe. But careful observation and reflection on Shell's activities do not support the cynic. Rather, they support the view that Shell's management is recognizing that—as with all multinationals—this massive company can no longer be run as a purely economic enterprise; it must also be run as a moral and aesthetic enterprise. Thus, Shell's management is awakening to the Moral and Aesthetic Universes. Indeed, the much better public relations image of British Petroleum (BP) is a direct result of BP's early recognition of this broader sociocultural shift. BP's operations in Colombia are as potentially sensitive, in terms of human rights, as Shell's in Nigeria, but unlike Shell, BP's management has from the outset been careful to distance itself from the morally questionable Colombian national government.

Similar examples abound. In the soft-drinks industry, PepsiCo has recently suffered a public relations disaster that resulted in its severing all ties with Burma, a country currently controlled by a military junta. Pepsi's interests in Burma were no doubt financially justifiable initially, but Pepsi failed to realize that financial justifiability is not sufficient today. Nike, the athletic apparel manufacturer, is having similar experiences with its (a priori economically rational) policy of targeting certain developing countries as locations for shoe assembly. Nike is now following the lead of Levi-Strauss, the world's largest clothing manufacturer, in its provision of a model living environment for employees in developing countries. In essence, Pepsi, Shell, and Nike tried to remain predominantly economic institutions within a culture that increasingly finds acceptable only predominantly moral and aesthetic institutions vis-à-vis the Moral and Aesthetic Universes.

The recent experiences of these multinational corporations (MNCs) are not unusual. In fact, as any perusal of a business newspaper will reveal, they are typical. Of course, one reason why the market mechanism is now effectively disciplining firms is the greater availability and dissemination of infor-

mation about corporate activities. This, in turn, has much to do with the growth of nongovernmental organizations (NGOs) such as Greenpeace, Worldwatch, Friends of the Earth, Amnesty International, and the Rainforest Coalition. But the very fact that these NGOs have garnered such widespread support and influence is itself evidence of a broad cultural shift.

The rigidity and incompatibility of the modernist Technical and Moral Universes have in the past led to conflict—the familiar modern business ethics conflict of "profits versus ethics." But one beauty of the Aesthetic Universe is that its nondeterministic and nonjudgmental nature facilitates a more positive symbiosis of different business roles. This difference can be seen in the evolving relation between MNCs and NGOs. Until recently, this relation has been one of conflict, of protests (often violent), of subterfuge, of negative publicity campaigns. The individuals within these organizations saw each other as occupying different and incompatible conceptual universes. But there is now evidence that this is changing. In its aforementioned operations in Peru, for example, Shell is working in close cooperation with various nongovernmental organizations. A Shell-Mobil joint venture to develop Peru's vast hydrocarbon reserves in the region of Camisea's virgin jungle has invited the cooperation of more than 30 NGOs and local groups who will monitor the performance of these companies on environmental and social issues. Another example, also in Peru, is that of Yanacocha Inc., a hugely profitable U.S.-Peruvian gold-mining joint venture based in northern Peru. As a result of cooperation with various NGOs, "Yanacocha has the best-developed community assistance programme in Peru, spending some $3 [million] a year on projects in 35 communities around the mine" (Bowen, 1998, p. 6).

Thus, this interplay between MNCs and NGOs is rapidly evolving from one of conflict to one of cooperation and synergistic benefit. As Sally Bowen observes, "The alliance [between NGOs and MNCs] works both ways. As well as being a source of project funding, mining and oil companies can allow NGOs access to remote areas they would not normally reach" (p. 6). This cooperation took further tangible form recently with a conference in London sponsored by the oil industry, to which delegates of Greenpeace and other NGOs were "officially" invited. Rather than protesting outside the conference hall with placards, therefore, members of Greenpeace found themselves actually sitting around the conference table with senior executives of the largest oil MNCs.

The broad trend is clear. The distinction between NGOs and MNCs, once so sharp, is becoming increasingly indistinct. As we enter the twenty-first century, the very distinction—so pronounced in modernism—between the economic and moral in business appears blurred.

This blurring is now recognized not only by practicing managers but also by academic philosophers. Thomas Dunfee (1998), the president of the U.S. Society for Business Ethics, suggested in a recent presidential address that a

"Marketplace of Morality" would "provide a unifying framework integrating moral preferences, reasoning, behaviors and organizational contexts with broader political and economic concepts" (p. 142). Dunfee quotes Judge Richard Posner, observing "moral philosophy as a weak field, a field in disarray, a field in which consensus is impossible to achieve in our society" (p. 138). So why not let the market mechanism price the ebbs and flows of postmodern pluralism? Whether it's environmentalism, multiculturalism, speciesism, feminism, or child labor, Dunfee proffers a marketplace of morality to translate these moral concerns into economic concerns. But Dunfee's suggestion implies that every value in business can be priced. In what follows, I suggest otherwise. In the Aesthetic Universe, certain values transcend the price mechanism of the market. But more on this later.

What the above examples of Shell and others indicate, and what the remainder of this book will I hope establish, is that Western corporate culture is in the midst of a shift in the metaphysical universe of business. It is experiencing what Alasdair MacIntyre (1984) terms an "epistemological crisis" or what Thomas Kuhn (1970) terms a "paradigm shift." This shift or crisis is in Western corporate culture's very conception of rationality and reason in business enterprise. More precisely, business in the West is becoming increasingly unsure of the exact nature of reason. Whose reason? What is the reason behind reason? These are questions that would have had little relevance to nineteenth-century industrialists: the Vanderbilts, Rothschilds, Carnegies, Rockefellers, and Morgans. Their monocultural, Protestant ethic, encyclopedic bedrock was solid. Twenty-first-century business culture, however, is characterized, not by Victorian self-confidence but by radical self-questioning. Indeed, in contrast to the recent epochs of the age of reason and of self-confidence, the West of the next millennium promises to be an age of self-doubt and self-questioning. Staune (1996) sums up this transition by noting that

one of the great events of the end of the twentieth century is that, in all the disciplines of science, a new vision is emerging. Behind the study of the foundations of matter, the origin of the universe, behind the experiments studying how man's consciousness works, behind the playing out of the evolution of life appears a certain depth to reality. One can scientifically show that "what is" cannot be reduced to an objective, material and measurable level. (p. 146)

This approach of the age of self-questioning and self-doubt is reflected also in the philosophy and sociology of poststructuralism and postmodernism. These movements challenge the bedrock of modernity by deconstructing many of the constructs upon which modernism is built—constructs such as truth, reason, and logic.

These late twentieth-century critiques of modernity gained much of their impetus from the writings of Friedrich Nietzsche in the nineteenth century.

Nietzsche challenged the assumed certainties of his era by arguing that there is no absolute truth or absolute moral good. Truth is a "mobile army of metaphors"—a weapon used by society and individuals in their continual will to power: "This world is the will to power—and nothing besides! And you yourselves are also this will to power—and nothing besides!" (Nietzsche, 1967b, pp. 449–450). For Nietzsche the only absolute was this will to power, although he was equivocal even about this. For example, in his analysis of Nietzschean morality, Brian Leiter (1997) concludes: "I doubt whether a good argument can even be made out that 'will to power' provides Nietzsche with his standard of value" (p. 267, fn. 40). Nietzsche's whole approach (if indeed it can be viewed as something as purposeful as an approach) was characterized by a distinct lack of standards, at least of fixed standards. Nietzsche criticized the universal application of everyday moral dictums on the grounds that such application stifled those few individuals capable of real creativity and excellence:

Whoever reflects upon the way in which the type [i.e., typical] man can be raised to his greatest splendor and power will grasp first of all that he must place himself outside morality; for morality has been essentially directed toward the opposite end: to obstruct, or destroy that splendid evolution wherever it has been going on. (Nietzsche, 1967b, p. 450)

Although his insightful (and inciteful) aphorisms have led to much debate and misinterpretation, Nietzsche's contribution to the aestheticist canon is indisputable. He looked beyond modernism to a view of life as essentially a type of nondeterministic artistic quest. To Nietzsche, we are all Wagnerian Parsifals, engaged in our lifelong quest for an Arthurian Holy Grail. Those contemporary writers who attempt to look beyond modernism invariably acknowledge a singular debt to Nietzsche. His critique of the assumed self-evident truths of modernism augured our current age of radical uncertainty; the title of Alasdair MacIntyre's 1988 book really says it all: *Whose Justice? Which Rationality?* Of my three conceptual universes, Nietzsche would have undoubtedly felt comfortable only in the Aesthetic. But he would not have viewed the uncertainties of this universe as nihilistic; on the contrary, he would have viewed them as a liberation from the stifling delusions of the Technical and Moral Universes of modernity.

In business this current age of self-questioning is reflected in the growing debate over the role of business in society. Indeed, this debate has, within the last couple of decades, spawned an entire academic discipline, namely, business ethics. The acceptance of business ethics as a bona fide intellectual pursuit is really a reflection of this age of self-doubt. It reflects the current multiplicity of business self-conceptions. It is no longer obvious to our culture exactly what the role of business and the business manager is in society. Should business simply try to make a profit and let the logic of the Smithian