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What is The Relevance of Jewish Tradition and Ethics for Modern Management?

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Abstract: *This paper attempts to expand the current understanding of ethics in management by providing an alternative way of interpreting the Jewish ethics and tradition.*

The paper reveals that Jewish tradition and ethics can offer valuable solutions for modern management. The authors therefore posit that strategic management and business ethics are inseparable.

The panorama of unsolved questions and underresearched areas shows that companies are increasingly incorporating spirituality into their workplace to appeal to their employees' quest for meaning in hopes of numerous benefits including improved ethics.

Taken together, the unsolved questions can lead to two conclusions: a need to integrate spirituality in modern management, and a need to give value to Jewish ethics and tradition.

However, the impact of spirituality on modern management is less clear. These findings lead to the conclusion that the relationship between spirituality on modern management is more complex than previously thought.

Keywords: *management, ethics, Jewish tradition, Jewish ethics, management ethics.*

Introduction

Businesses are increasingly incorporating spirituality into their workplace to appeal to their employees' quest for meaning in hopes of numerous benefits including improved ethics. While workplace spirituality tends to be areligious or religion non-specific so as to be non-discriminatory, the spirituality of individuals in the workplace is frequently rooted in a religion (1).

Elms et al. consider that if we took seriously the idea that strategic management and business ethics are inseparable, it captures the essence of the objective: to reenergize a dimension of management research that seeks to combine the two fields, inherently embracing the relevance of one to the other (2).

Quddus, Bailey III and White consider the reading and comparison of fundamental teachings of Judaism, Christianity and Islam to be instructive for teachers and students of business ethics. Even the students not associated with or influenced by a religion generally have a philosophy that incorporates many of the moral and ethical traditions of the Abrahamic faiths. The religious teachings, creating common business ethics in many countries, should serve as an enabler of business operations on a global scale (1).

On the other hand, while no social science discipline makes a stronger claim to objectivity than economics, no domain of the social sciences is more value-laden in both its assumptions and its language than economics (3).

Pava remarks that philosophers generally agree that meaningful ethical statements are universal in scope. The author is asking therefore what sense is there to speak about a business ethics particular to Judaism. Just as a Jewish algebra and a Jewish physics are contradictions in terms, so too, is the notion of a particularly Jewish business ethics. Pava responds that ethics, in the final analysis, is not like algebra or physics. He argues that Jewish business ethics differs from secular approaches in three very specific ways:

- recognizes God as the ultimate source of value,
- acknowledges the centrality of the community,
- holds out the promise that men and women (living in community) can transform themselves (4).

The six of the most important guiding principles of classical Jewish business ethics are: (1) the legitimacy of business activity and profit; (2) the divine origin and ordination of wealth (and hence the limits and obligations of human ownership); (3) the preeminent position in decision making given to the protection and preservation (sanctity) of human life; (4) the protection of consumers from commercial harm; (5) the avoidance of fraud and misrepresentation in sales transactions; and (6) the moral requirement to go beyond the letter of the law (5).

Pava highlights that the centrality of community in religious business ethics serves to mitigate problems associated with the dominant view in our culture that accepts the idea of business as a value free enterprise. He reveals that the religious focus on community is in contrast to philosophical approaches which tend to view ethics as a problem faced by the isolated individual (4).

Ethical Management

Bavec considers that social responsibility and business

performance are not opposed forces, but highlights that in reality, many managers are not sure. They share a 'contingency' approach in the sense that in some environments it is beneficial to be socially responsible, however, in others it would reduce business results. They consciously select where it is beneficial to be socially responsible and where it is more profitable to make business ruthlessly (6).

Whereas research in strategic management may have shifted considerations of ethics too far into the background, research in business ethics may have correspondingly placed too much focus on "ethics" and not enough on "business". Work in business ethics has fallen far short of incorporating the useful and nuanced approaches to understanding theoretical relationships typically found in strategy research, where evaluations of "right" or "wrong" strategies are eschewed in favor of more nuance and contingency. Similarly, much of the philosophical work in business ethics, though analytically and logically rigorous, often simply embeds questions of moral determination and ethical judgment within organizational settings, where the focal question of determining the "right" thing to do employs organizational dynamics as serviceable impediments or challenges to moral behaviour (2).

Another interesting approach shows that spirituality-based management is a sophisticated answer to the problems arising from the seeking of balance between the extrinsic and intrinsic motivations. Spirituality is not supposed to be an "irrational" mood that is opposed to manager's "rational business conduct" or to interest-driven behavior. Spirituality refers to the fact that without ethical self-care and strong commitment there is no ethical belongingness. Spirituality in this way provides an enlarged sense of interconnection between self and others, including the non-human others, by removing the obstacle of ego-centered individualism. Losoncz considers that it is of crucial importance in the rethinking of the ethically significant economy (7).

Business has contributed hugely to human development and economic progress, but there is an intensifying debate about its complicity in aggravating the sustainability risks that society is currently facing. Smit underlines the role of management education in shaping the ethical and functional paradigms in the light of which businesses are created, developed and managed (3).

Another interesting point of view reveals that the conflict between organizations and individuals is as old as society itself and the basis of

the conflict is that while individuals by definition seek goals that will further their personal independence, organizations look for a commonality of individual efforts to achieve corporate goals (8).

Stakeholder theory has advocated for the convergence of strategy and ethics for quite some time already and much of its development has occurred in the ethics literature. The authors suggest that while recent stakeholder contributions are supportive, more work remains to be done in identifying the ethical content and behaviors that create value for stakeholders. On the other hand, one of the recent critiques of stakeholder theory notes that while stakeholder theory is often associated with greater explicit philosophical content than other strategic theories, stakeholder theoretic contributions regularly violate the widely-accepted philosophical axiom that "ought implies can". The authors consider that answering questions about the dynamic relationship between the discretion associated with ethics as a task, managerial performance in that task, and the consequent levels of discretion awarded by stakeholders to managers might be one direction to approach more generally identifying the relationship between stakeholders and discretion (2).

Recent attention to comprehensive matters of spirituality in both the academic and practitioner communities is shifting management thinking away from its traditional models and paradigms toward a new way of thinking, described as the "new spiritual imperative". Some scholars consider that spirituality is outmoded in the context of individualistic ethos and self-interest as the key feature of modern economizing. In reality, the influence of the ideological belief based on homo oeconomicus have led to a loss of interest in attempts at an "alternative thinking" in management. There is a trap for the researcher of spirituality: avoiding the constraints on what people in economy do. The tension between ethical prescriptions and management autonomy cannot be easily resolved. The matter of management couldn't be forever isolated from dealing with the comprehensive approach of man's behavior and the nature of man. The theory of management is used to deal with the "social nature of the man", but the subject of personal growth, which is a component of spirituality, needs deeper commitment concerning the existential dimensions (7).

Some scholars consider that the separation of strategy and ethics in contemporary scholarship is largely artificial but there are encouraging examples of convergent research that

explore the ways in which ethical values play a fundamental role in strategy. Strategy without ethics limits both descriptive and prescriptive power; ethics without strategy limits impact and consequence (2).

In using the notion of spirituality, Losoncz is concerned with the feeling of attachment in relation to the power that is recognized as the final criterion of the life-orientation. Spirituality could cover the broad zone of sensory, affective, and cognitive events as horizon of being. He considers that with spirituality we make an effort to open up other possibilities for management that in "deconstructing" the presuppositions of homo oeconomicus-orientation abandons the deductive method and instrumentalist aspects of economics (7).

Still others highlight that the ethical foundations of management education are in need of being reconsidered through a broader vision, in which the dominance of the empirical scientific paradigm and the appreciation for self-interested behaviour will have to be counterbalanced by the integration into economic models and business practices a regard for others, for society and for nature. Responsible leadership carries with it notions of a normatively defined understanding of

the business-society relationship, moral sensitivity for the impact of business on society and the environment, a stakeholder-inclusive approach to value creation and an appreciation of the centrality of ethics in business decisions and behaviours (3).

In the same direction, Dierksmeier reveals the management education must transcend the conceptual frameworks that obstruct both the intellectual and practical realization of responsible managerial freedom. Lest outdated conceptions block innovative solutions, we need a novel economic philosophy centering on managerial freedom and corporate responsibility (9).

Smit highlights that it seems that management education as it is predominantly practised at present will have to engage deliberately with the critical debate on the ethical foundations of its core assumptions. It will have to familiarise itself with the foundations and frameworks proposed by the responsible leadership proponents in the field management education and it will have to explore approaches to curriculum design that will effectively integrate matters of ethics and responsibility across the spectrum of management subjects (3).

Another intriguing question is relation between social responsibility

of business and professional ethics in management and openness and competitiveness of people and management. These issues do not look related, but in socially responsible organizations with ethical management employees are more motivated, opened for competition and globalization and consequently to innovative ideas (6).

Developing responsible leadership through management education is not so much about introducing one or more additional subjects such as business ethics or corporate social responsibility into existing curricula. It is, first and foremost, about educating more than just a technically well-equipped manager, namely a manager-leader who will pursue what is best for the common good in ways that are ethical, responsible and sustainable (3).

Higher levels of management face significant ethical problems and they have the additional responsibility of policy implementation. They have to construct what they honestly believe to be an ethically respectable pyramid of policies, strategies, and tactics, and also they have to ensure that proper organizational structures allow for effective communication (8).

Another interesting question is whether and inasmuch theories of corporate responsibility are dependent on conceptions of

managerial freedom. Neglect of the idea of freedom in economic theory has led to an inadequate conceptualization of the ethical responsibilities of corporations within management theory (9).

One does have responsibilities to the organization, if only because it is from that source that one derives the income to keep oneself and one's family. At the same time, the organization has responsibilities to its work force, partly defined by contracts of employment, but also partly dictated by an unwritten moral code. The conflict between organizational and personal values is a common enough problem, and its resolution depends very much on the relative strength of each. Violations of the ethical ideals of society are common in business, but they are not necessarily violations of business principles. Decisions in this area are, in the final test, decisions of strategy, not ethics (8).

Jewish tradition and ethics

Judaism does not view the possession of wealth and the acquisition of material goods as wrong or immoral. The drive for wealth is morally legitimate and essential for the existence and welfare of the human race. Since, however, human beings exercise free will, some individuals will, inevitably, act immorally. The two main sources of

economic immorality are (1) greed and envy and (2) the fear of economic uncertainty. Indeed, this fear of economic uncertainty—a source of basic human insecurity—is so all-pervasive and powerful that it contributes to greed and envy, which, in turn, can result in unethical behaviour (10).

The legalistic norms embodied in Biblical, Talmudic, and post-Talmudic texts form the bedrock moral foundation of Judaism's business ethics. The legalistic norms are a floor below which one may not fall. The existence of legalistic norms, distinguishes a Jewish business ethics from some major currents in contemporary academic business ethics. While necessary, legalistic norms alone are not sufficient. The models of aspiration are the second set of norms. The models of aspiration demand not simply obedience to a set of fixed texts, but require an imaginative and all-encompassing attempt to transform one's self (11).

Fundamental to Judaism is the attempt to prevent the misuse of power, including market power. "Excess profits" are prohibited in an effort to achieve "just prices" and "just profits." The production or distribution of goods or services that are harmful to their consumers, either physically or morally, is forbidden. In a contemporary context, the sale of

recreational drugs, weapons for offensive purposes, and pornographic materials is prohibited. Judaism views credit and loans merely as a form of investment in capital goods to which normal principles of trade apply. At the same time, special limits are imposed on money and capital markets. These limits flow primarily from ethical and religious principles and not from an anti-capitalist bias (10).

In order to develop Jewish business ethics, especially at the level of the organization, models of aspiration will of necessity play an integral role. Jewish business ethics needs to continue to self-consciously promote models of aspirations, as well as rely on fixed legal norms (11).

Epstein mentions the core problem of business ethics as "how best to accommodate the often-conflicting need for individual freedom with the constant demand for responsibility". Business requires creating initiative and flexibility on the part of individuals and organizations, but it must adhere to the ethical principles underlying that community. The author highlights that there is a uniquely Jewish approach to business ethics that differs from secular approaches in three very specific ways. Jewish ethics (1) recognizes God as the ultimate source of value, (2) acknowledges the centrality of the

community, and (3) holds out the promise that men and women (living in community) can transform themselves (10).

Moses underlines that the study of Jewish business ethics does not represent a search for final and definitive answers. No book or code exists where one can look up the answers. And even if such a book did exist it would become outdated quickly (11).

Green shows that Judaism has a long and rich history of reflection on issues in business ethics and business law. Of the 613 divine commandments identified by the Rabbis in the Bible, well over 100 deal with matters of economic life. The Talmud develops these scriptural beginnings, as do Halakha, and Responsa. The six of the most important guiding principles of classical Jewish business ethics are (5):

1. The Legitimacy of Business Activity and Profit. Judaism permits and approves of business activity conducted within a framework of religious and ethical norms. Economic activity is regarded as an indispensable aspect of worldly existence and the importance and legitimacy of the profit motive is recognized.

2. The Divine Origin and Ordination of Wealth. It is not accepted that commercial life is governed by its

own internal dynamics and it should be free of moral or legal regulation. Human greed and misconduct can corrupt the market system and there are human needs that cannot be met by market forces alone.

3. The Sanctity of Human Life. The absolute autonomy of economic activity was rejected and it was elaborated a set of norms because no principle is more fundamental than the sanctity of human life.

4. Protecting Consumers from Harm. The principle of caveat emptor has a very qualified place in Jewish business ethics. Regardless of the opportunity for profit, one cannot sell, even to a willing customer, products that seriously harm or unnecessarily risk human life. Responsibility for products also extends beyond their time of sale.

5. Avoiding Fraud and Misrepresentation. Judaism's rejection of the concept of "buyer beware" is illustrated by the strong insistence on honesty in sales transactions.

6. Going Beyond the Letter of the Law. Whatever the strict requirements of the law, Jewish teaching presents the requirement that one conduct oneself beyond the strict letter of the law both as a claimant and defendant in matters of conflict.

The commandment prohibiting stealing is not contentious on moral

grounds; indeed there is no major religion which sanctions such behaviour. The commandment not to covet a neighbour's possessions is concerned both with economic behaviour and attitudes to property.

Economics may stress the concept of limited resources, but scarcity is not something which usually comes to mind when reading the Bible. There is provision in the Torah for addressing the inequalities which inevitably exist in any economy. This is not so much a matter of redistribution, but rather one of creating a level playing field for each generation so that material advantages acquired through one generation's acquisition of wealth are not handed down. In the Torah markets are viewed as a natural part of economic life. The benefits of a market system are not extolled, but neither is there any inherent wrong in market transactions. The emphasis is on fair trading, and on honesty in all dealings. There is a recognition that markets can be abused however, by having greater buying or selling power, or simply having better access to information. Nowhere in the Torah is unrestricted competition seen as a virtue. There is support for restrictive trade agreements in the Talmud. Artisans and merchants can reach agreements to restrict competition by establishing entry barriers, fix prices and determine the quantity of goods produced. The main principle of

Jewish taxation is that there should be some relationship between payment and benefit. The purpose of civil penalties through monetary compensation was to bring the injured party back to his prior condition (12).

Management ethics and Jewish tradition

Epstein reveals that there is an underlying attitude or approach which permeates Jewish thought regarding economic activity. Basic to Judaism is that in the conduct of everyday life and in the most mundane aspects of human interaction one fulfils duties or commandments concerning a person's obligations to other human beings. Profit is regarded as a normal and legitimate aspect of commercial activity if it results from fair and ethical business dealings (13).

Hebrew scripture and Rabbinic writings are replete with lessons concerning managerial morality. One of the earliest lessons in ethical leadership is found in Exodus. Shortly after Moses leads the children of Israel out of Egypt and across the Red Sea into the wilderness of Rephidim, he is visited by his father-in-law Jethro, the priest of Midian. During the visit, Jethro observes Moses sitting and judging the people who have gathered around him from morning until night and inquires of him-

“What is this thing that you do to the people?” Implicit in the question is a rebuke. Jethro, on the basis of his day of observation, immediately sees that Moses cannot possibly fulfil the punishing task of judge and leader single-handedly, and his efforts to do so ultimately would be detrimental to both the Israelites and himself. Jethro offers wise counsel. Moses is to function primarily as a leader. In managerial terms, Moses is to articulate and interpret policy and to instruct the people in “right action” or appropriate behavior which accorded in specific terms with God’s commandments, enabling, thereby, the Israelites to function as a community. Moses is not, however, to carry this leadership burden single-handedly. He is to be assisted by an administrative bureaucracy—but one of a special character. These administrators would handle routine matters, leaving for determination by Moses “every great matter”—the extraordinary cases.

Epstein concludes that organizational practitioners and management scientists can recognize the essence of Jethro’s advice to Moses: Decentralize your governance structure and delegate responsibility and, implicitly, some degree of authority to trusted leaders of the people (13).

Epstein highlights that competence is important but that character is essential. An ethical community, with its attendant organizational structure, is to be governed by ethical leaders who are committed to the physical and moral well-being of the society (13).

Conclusions

This paper attempts to expand the current understanding of ethics in management by providing an alternative way of interpreting the Jewish ethics and tradition.

The paper reveals that Jewish tradition and ethics can offer valuable solutions for modern management. The authors therefore posit that strategic management and business ethics are inseparable.

Management education plays a significant role in shaping the ethical and functional paradigms in the light of which businesses are created, developed and managed. Strategy without ethics limits both descriptive and prescriptive power; ethics without strategy limits impact and consequence.

Basic to Judaism is that in the conduct of everyday life and in the most mundane aspects of human interaction one fulfils duties or commandments concerning a person’s obligations to other human beings. Judaism has a long and rich

history of reflection on issues in business ethics and business law.

Judaism admits the legitimacy of business, properly built. People must conduct themselves in an honest way. Organizations need to recognize some form of corporate social responsibility. The economic well-being at the individual, organizational, or national level is ineluctable connected to ethical values.

An ethical community or organization has to be governed by ethical leaders committed to the well-being of the others. Jewish business ethics needs to continue to self-consciously promote models of aspirations, as well as rely on fixed legal norms.

The panorama of unsolved questions and underresearched areas shows that companies are increasingly incorporating spirituality into their workplace to appeal to their employees' quest for meaning in hopes of numerous benefits including improved ethics.

Taken together, the unsolved questions can lead to two conclusions: a need to integrate spirituality in modern management, and a need to give value to Jewish ethics and tradition.

However, the impact of spirituality on modern management is less clear. These findings lead to the conclusion

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