

**BERNARD J. JAWORSKI,**  
**Editor**  
 University of Arizona

# Book Reviews

***The Moral Dimension: Toward a New Economics***  
**By Amitai Etzioni (New York: The Free Press, 1988, 314 pages, \$24.95)**

Are men and women akin to single-minded, "cold" calculators, each out to "maximize" his or her own well-being? Are humans able to figure out rationally the most efficient way to realize their goals? Is society mainly a marketplace, in which self-serving individuals compete with one another—at work, in politics, and in courtship—enhancing the general welfare in the process? Or do we typically seek to do both what is right *and* what is pleasurable, and find ourselves frequently in conflict when moral values and happiness are incompatible? . . . Assuming human beings see themselves both as members of a community and as self-seeking individuals, how are the lines drawn between the commitments to the commons and to one's self?

—Etzioni, p. ix

Amitai Etzioni takes a bold step in conceiving a new generation in the evolution of economic thinking. This provocative, far-reaching book is a philosophical and practical statement about human nature, human organization, and human survival. It should be read by all social scientists concerned with understanding, predicting, and changing individual and organizational behaviors.

Etzioni's main thesis is that the neoclassical economic paradigm—which holds that individuals maximize their utility, rationally choosing the best means to serve their goals—is incomplete. To complete this view, he posits that individuals pursue at least two "utilities"—pleasure and morality. These utilities are thought to influence one another and codetermine behavior. Moreover, Etzioni believes that the tension between these utilities and our desire to balance these concerns constitute the basic conflict and challenge of human nature.

To understand this conflict, Etzioni defines the "socio-economic" or "I&We" paradigm. This paradigm has three fundamental tenets:

1. The extent to which the two utilities influence decision making depends on the individual, the community, and his or her place within that community.
2. The community's values and directives are not imposed on the individual.
3. The individual struggles to maintain a proper balance between individual (pleasure) and collective (moral) demands.

This new paradigm also suggests that the ethical basis of

the neoclassical paradigm, utilitarianism, be supplemented with "moderate" deontology. Whereas utilitarianism holds that individuals should maximize total utility or pleasure and use ends to justify the most cost-effective means, moderate deontology holds that individuals' "intent" and "means," and only secondarily the consequences of their decisions, should be evaluated. When evaluated, acts are considered moral when they (1) are imperative or the actor acts out of duty, (2) are universally applicable to comparable persons under comparable circumstances, (3) are generalizable or point to general rules for behavior, and (4) affirm or express a commitment as opposed to resulting from the calculation of costs and benefits.

The book is organized into three sections. The first section, "Beyond Pleasure: The Case for Deontological Social Sciences," criticizes the mono-utility concept, noting that predicting human behavior on the basis of the amount of pleasure derived from consumption or the pleasure derived from providing for the pleasure of others is a limited view. Etzioni argues that utilitarian satisfaction should not be confused with the sense of affirmation that "accompanies discharging one's moral commitments, commitments that are often in themselves taxing rather than pleasurable" (p. 24). For Etzioni, affirmation is a sense of "having done what is required, reestablished one's values, adhered to one's higher self, resisted impulses and urges, and been of virtue" (p. 45). He argues that neoclassical economists do not acknowledge that actions may reflect the affirmation of moral values because they do not investigate (1) the antecedent factors influencing the formation of preferences (hence they cannot identify the "intent" of the actor), (2) decision environments where the force of moral obligations can be established, or (3) human behavior inductively, but rather deduce behaviors from certain assumptions about our economic nature.

Importantly, Etzioni argues that we should not reduce these moral preferences/actions to the sense of pleasure or satisfaction derived from the consumption of goods and services. He does, however, acknowledge that one can affirm his or her morals in the consumption of goods and services, as when one patronizes a small, local grocery or "buys American."

The second section, "Beyond Rationalism: The Role of Values and Emotions," begins Etzioni's exploration of these moral valuations. This discussion contrasts the logical/empirical (L/E) or rational/observable bases of choices with normative/affective (N/A) or value/emotive bases evolving from socialization processes. The main thesis of this section is that N/A factors are, in fact, the most important bases for choosing both goals and means in nearly all decision contexts. Moreover, even in situations when L/E considerations appear paramount, N/A factors define the situation, color perception and information processing, and motivate decision making (p. 93). (Examples might include choosing from among a set of low

phosphate detergents and choosing among birth control devices).

Whereas traditional economic thinking depicts emotion and values as negative factors that undermine “rational” thinking, Etzioni suggests they are its most “informative” aspect. Noting the naturally irrational state of human decision making, Etzioni explores the notion of “instrumental rationality,” or the degree to which a decision maker is open to evidence and sound reasoning in the decision or choice among means. This rationality is supplemented by N/A factors and to be maintained it requires continued investment of resources and effort both from individuals (directed to themselves) and from the communities surrounding individuals (i.e., families, schools, and other key reference groups). This perspective attempts to demarcate rationality’s proper role in decision making (to the selection of means, not ends), its content (both L/E and N/A criteria), and the activities necessary for its maintenance (resources and effort).

The third section, “Beyond Radical Individualism: The Role of Community and Power,” returns to the I&We paradigm and seeks to illustrate that “the decisions of the kind economists routinely study—what people buy, how much they invest, how hard they work, and so on—largely reflect their society, polity, culture and subculture, class . . .” (p. 181). However, by focusing on individuals as distinct from these collectivities, Etzioni accurately notes that “this is somewhat like studying the direction a fish swims after isolating one from its school” (p. 187). He notes:

Villagers cannot confer with their elders, teenagers cannot consult with their peers, employees cannot dialogue with their coworkers. Little wonder the individuals are so disoriented and perform so poorly: Aside from whatever intrinsic limitations they clearly have, they are deprived of the social foundations of their thinking and decision-making. True to a significant extent individuals internalize the frameworks, procedures, and heuristics of their collectivities. Hence they are able to render decision-making seemingly “on their own.” But aside from the fact that they draw heavily on internalized, collectively provided, guide lines, they continuously seek—and are accustomed to getting—additional cues about what to think and what to choose, and reinforcement to assure them that they are “on the right track,” in step with their collectivities (p. 187).

Despite this reference point, Etzioni also believes individuals can contribute, create, and depart from these collectivities; however, none of these activities is totally free from their influence.

In the final chapters of the third section, Etzioni discusses the significant implications of expanding neoclassical economic thought in the manner he recommends. He states, “The more people accept the neoclassical paradigm as a guide for their behavior, the more their ability to sustain a market economy is undermined” (p. 257). This conclusion follows from Etzioni’s discussion of how political power in the hands of powerful economic elements can create disequilibrium in the operation of democracies and result in monopolies within capitalist systems. Etzioni warns that by continuing to embrace neoclassical thought and its assumptions, we may be deluding ourselves by not acknowledging the reality of the political-economic marketplace. Etzioni also documents important research suggesting that training in neoclassical economic thinking may actually foster selfishness, lack of concern for moral commitments, and more suspicion of others.

In general, I found Etzioni’s book very interesting and inspiring. It affirmed many of the beliefs I have about human

nature but have not seen expressed elsewhere. They include the idea that human beings are morally adept and consider moral commitments in their decision making. Whereas others suggest that community, morality, and the sacred status of certain beliefs and behaviors are no longer operative (Bell 1976), Etzioni offers a refreshing and more descriptive paradigm for investigating human action that synthesizes diverse bodies of social science literature, suggests methodological shifts, and proposes an ethical basis for evaluating human action.

Though I found the entire book interesting, four points stand out as worthy of further comment. First, Etzioni believes that sustained human effort is required for moral commitments to influence decision making. Hence, he recommends that social scientists should seek to understand the nature and forms of these investments and their individual and social antecedents. Second, Etzioni’s observation that these moral commitments often drive behavior without threat of legal punishment or pecuniary incentives or disincentives suggests that public policy or, for that matter, traditional and social marketing activities, should use both normative and economic factors to change behaviors. Third, Etzioni comments that decision making should also be studied in a more grounded or inductive way. This approach, he argues, will yield insights into the formation of preferences, thereby exposing the interplay of economic and moral considerations. Relatedly, Etzioni observes that neoclassical economists’ conception of rationality is undifferentiated or an assumed state among decision makers. Hence, the role of rationality in inquiry is not as important as when it is *not* assumed and the conditions under which it is encouraged or undermined are examined.

Though the book makes important contributions and its implications are far-reaching, its very breadth detracts the reader from fully appreciating the unique contribution of each set of ideas. Often the ideas are not tied together well and in places the terminology is laborious and distracting. Three other criticisms of the book follow.

First, though I believe Etzioni’s intention to expand neoclassical thought by suggesting that individuals value both pleasure and moral commitments is descriptively correct, I find his ensuing depiction of these moral commitments itself uncommitted. Another perspective, Kantian deontology, the more extreme version of this belief system, holds that duty is acting out of *respect for other human beings*. Moreover, Kant actually felt there was a principle that could govern all human beings—the “Categorical Imperative.” The Imperative includes Etzioni’s ideas of universality, generalizability, and duty, but it departs in two significant ways:

- Whereas Etzioni merely notes that moral acts should affirm or express a commitment and are not subject to means-end analysis, Kant’s Imperative specifically notes that humans should not be used as means for advancing the goals of another.
- Relatedly, the Imperative holds that in interacting with other humans we should always (a) respect each person’s freedom by treating people only as they have freely consented to be treated beforehand and (b) develop each person’s capacity to choose freely for him or herself the aims he or she will pursue (Velasquez 1988, p. 92).

In the opening pages, Etzioni does note that deontologists hold that one should treat others as one seeks to be treated—as an end, not as a means (p. 13)—however, he does not include this notion in his definition of morality. Moreover, he does not incorporate the idea of *respect* in his definition of morality. In both respects, the paradigm loses some of its pedagogical power.

A second problem lies in the fact that Etzioni does not explore the antecedents, processes, and outcomes of socialization on individual and collective decision making. A theory of these processes under different circumstances, such as personality or socioeconomic status, coupled with various decision environments (e.g., implications for self, other, or society) is not developed. Etzioni acknowledges the importance of considering individual factors and situational factors in formulating an understanding of decision making, but he does not develop a taxonomy of these factors and their influences on the degree to which N/A factors expressing moral commitments are utilized in decision making. One approach may have been to explore how individual and social factors influence the categorization of a decision as involving moral issues. Do emotions inform individuals? Must people perceive their attitudes or behaviors as having societal implications or, minimally, implications for their immediate reference groups for moral considerations to enter? Clearly, if decisions are not categorized as moral issues, moral commitments are not likely to be evoked in decision making.

The third problem is that Etzioni does not integrate the new moral basis of his socioeconomic paradigm with the socialized self he contends will express this morality via one's commitments. Therefore, it is not clear how we can be assured that the socialized self will express commitments that can be classified as moral. True, they may reflect the forces of culture, family, etc., but their evolution into truly "moral" commitments is not clearly described.

Despite these limitations, this work has important implications for marketing and consumer research. First, the notion of moral commitments is very consistent with Belk, Wallendorf, and Sherry's (1989) contention that certain consumption objects, decisions, and behaviors are not subject to economic calculus and hence are more "sacred." Etzioni does not, however, fully explore the importance of community in "informing" and maintaining this sacred status. Second, Etzioni's incorporation of affect into socioeconomics is very consistent with similar movements in psychology and consumer research that suggest decision making may be more a function of emotion than of cognition. Third, the moral basis of behavioral economics is richly illustrated in this volume, suggesting that certain behaviors (e.g., saving, spending, and debt behaviors) are based more in moral commitments than in the consumer's ability to forecast the economic future. Fourth, the manner in which people allocate resources among work, consumption, and leisure is also highlighted in this book, suggesting that people prefer a mix of work and leisure to leisure alone and that work has great intrinsic rewards (that are reaped from fulfilling certain moral commitments) as opposed to only economic costs and benefits. Similarly, Etzioni argues that individuals try to balance their private take and their public contributions because of moral commitments. He notes, "people do not simply free ride, or give it all to public good; they divide their time and monies between the two" (p. 84). Finally, Etzioni notes that the extent to which consumers "search" is not merely a function of costs and benefits, but of consumer's beliefs that searching is the proper thing to do. Research concerned with each of the preceding areas would benefit from exposure to Etzioni's ideas.

This work also has important implications for organizational and environmental relationships in marketing. For example, Etzioni believes that moral commitments keep transaction costs low in many situations, encouraging trust and cooperation over competition and narrow self-interest. Investigating how moral commitments predict both individual and organizational behaviors, aside from the "price" assigned via the market, may be interesting because to the extent that moral

commitments keep individuals and organizations behaving appropriately toward one another, fewer public policies will be needed to regulate their behaviors.

CHRISTINE MOORMAN  
*University of Wisconsin—Madison*

## REFERENCES

- Belk, Russell W., Melanie Wallendorf, and John Sherry, Jr. (1989), "The Sacred and Profane in Consumer Behavior: Theodicy on the Odyssey," *Journal of Consumer Research*, 16 (June), 1-38.
- Bell, Daniel (1976), *The Cultural Contradictions of Capitalism*. New York: Basic Books, Inc.
- Velasquez, Manuel (1988), *Business Ethics: Concepts and Cases*, 2nd ed. Englewood Cliffs, NJ: Prentice-Hall, Inc.

---

## *Export Strategy*

**By Subhash C. Jain (New York:  
Quorum Books, 1989, 253 pages, \$45.00)**

Though the U.S. international trade position has begun to improve, overcoming the lack of export orientation and knowledge on the part of U.S. firms remains an important national priority. Therefore, any book that aims to provide information on exporting is a welcome addition to the marketplace.

Subhash Jain sets auspicious goals for his latest book on export strategy. He states that it is designed to help managers understand underlying factors that have an impact on strategy formulation, to assist them in articulating their strategy, and to provide a step-by-step procedure for strategy implementation. To achieve these objectives, Jain starts out with a solid overview of U.S. international trade trends. He gives particularly good coverage to the role of foreign trade in the U.S. economy. His historic insights into the trade issues of the 1950s and 1960s are witty and insightful, and his comments on U.S. trade policy in the 1960s are often stinging. In terms of U.S. international competitiveness, he gives equally poor marks to labor, management, and the confused policy makers.

Subsequently, Jain provides an in-depth treatise of the rationale for trade, discussing in detail the theory of comparative advantage and the history of international trade agreements. One could argue with his doomsday warning of an international trade war, which seems overstated and insufficiently supported by facts. However, he makes up for the shortcoming with his detailed discussion of the General Agreement on Tariffs and Trade (GATT) since 1947 and his insightful presentation of U.S. trade liberalization since 1934. The trade aficionado will appreciate and enjoy this historical overview.

Jain then proceeds to discuss export strategy issues. In doing so, he provides a strong overview of marketing strategy with appropriate references to international aspects. The examples used are well chosen and demonstrate the author's vast international knowledge. Occasionally, though, some contradictions and oversimplifications are evident. For example, Jain's recommendation to correspond and negotiate in English could have been modified by referring to some of the language resources available in the United States, and the benefits of cultural adaptation and sensitivity.

Next follows a useful chapter on export market information. It provides an outline of the market-screening mechanism that will help the export novice in quickly narrowing the number of markets to consider. The frequent comments about the resources available from the U.S. Department of Commerce