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# MANAGERISM

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## The Honorable Merchant A Traditional Precept for Today

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The 'Honorable Merchant' is a social norm that originated in the business life of medieval northern Italy and the North German Hanseatic League of cities. These rules of moral conduct or precepts which were embedded in the milieu of those merchants have stood the test of time.

But to a large extent, today's business world no longer has the same manageable spaces, and very different circumstances: an economy with companies active across borders, powerful state actors, with digital players, retail chains, franchises and platform businesses – and firms that operate within rival economic systems and with corporations who see themselves a global players.

Personal relationships are no longer as important as they used to be. Reliability, a sense of responsibility, and trust based on a handshake are replaced by comprehensive contracts. Depending on market power, attempts are made to exclude almost every possible liability risk. Contractual regulations are managed by a proliferation of parabusinesses, primarily by large international law firms. Moreover, certification agencies with substantial fees accompany business activities. The requirement of legality and trusting relationships has moved from the world of merchants to one of impersonal relationships and legalities that are difficult to understand.

The culture of trust that once prevailed in many fields has given way to mistrust. At times, rules of conduct are supposed to dictate behavior. The recent growth of compliance and corporate governance regulations in the wake of major economic scandals has created bureaucratic hurdles for any non-legal behavior, but has still failed to strengthen legitimacy or promoted ethical behavior. The many newly created business ethics chairs and business ethic programs are essentially a token function.

This is precisely why it should remain a central issue to strengthen integrity in the actions of companies and managers and to restore such integrity where it has been violated and lost. As with decency and honesty in private matters, integrity in business begins with the individual company and individual manager. And just as one should avoid questionable people in private life, the same should apply in business life with regard to companies and managers that are untrustworthy.

The precept of the 'honorable business manager' has a timeless core that must be exemplified by a company's top managers and anchored within the company. This is the only way to make **responsible corporate governance** possible. Compliance and governance must be based on this precept of 'the honorable merchant', but cannot replace it.

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See also:

Thinkpiece 20: The Decline of Moral behaviour in Business