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12. Business ethics in a nutshell

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Framing the structure and content of business ethics is a presumptuous undertaking, but one I believe to have real merit. The reader might spend a lifetime as student and practitioner in the most exciting field of applied ethics: business ethics.

What is ethics?

Ethics is the branch of philosophy concerned with the meaning of all aspects of human behavior. Theoretical Ethics, sometimes called Normative Ethics, is about discovering and delineating right from wrong; it is the consideration of how we develop the rules and principles (norms) by which to judge and guide meaningful decision-making. Theoretical Ethics is supremely intellectual in character, and, being a branch of philosophy, is also rational in nature. Theoretical Ethics is the rational reflection on what is right, what is wrong, what is just, what is unjust, what is good and what is bad in terms of human behavior.

Business ethics is not chiefly theoretical in character. Though reflective and rational in part, this is only a prelude to the essential task behind business ethics. It is best understood as a branch of ethics called applied ethics: the discipline of applying value to human behavior, relationships and constructs, and the resulting meaning. Business ethics is simply the practice of this discipline within the context of the enterprise of creating wealth (the fundamental role of business).

There are three parts to the discipline of business ethics: personal, professional and corporate. All three are intricately related, and it is helpful to distinguish between them because each rests on slightly different assumptions and requires a slightly different focus in order to be understood. We are looking at business ethics through a trifocal lens: close up and personal, intermediate and professional, and on the grand scale (utilizing both farsighted and peripheral vision) of the corporation.

In spite of some recent bad press, business executives are first and foremost human beings. Like all persons, they seek meaning for their lives through relationships and enterprise, and they want their lives to amount to something. Since ethics is chiefly the discipline of meaning, the business executive, like all other human beings, is engaged in this discipline all the time, whether cognizant of it or not. Therefore, we should begin by looking at how humans have historically approached the process of making meaningful decisions. Here are four ethical approaches that have stood the test of time.

Personal ethics: four ethical approaches

From the earliest moments of recorded human consciousness, the ethical discipline has entailed four fundamental approaches, often called ethical decision-making frameworks: Utilitarian Ethics (outcome based), Deontological Ethics (duty based), Virtue Ethics (virtue based), and Communitarian Ethics (community based). Each has a distinctive point of departure as well as distinctive ways of doing the fundamental ethical task of raising and answering questions of value. It is also important to understand that all four approaches have overlaps as well as common elements, such as:

- **Impartiality**: weighting interests equally
- **Rationality**: backed by reasons a rational person would accept
- **Consistency**: standards applied similarly to similar cases
- **Reversibility**: standards that apply no matter who "makes" the rules

These are in a sense the rules of the ethics game, no matter with which school or approach to ethics one feels most closely to identity.

The Utilitarian approach is perhaps the most familiar and easiest to understand of all approaches to ethics. Whether we think about it or not, most of us are doing utilitarian ethics much of the time, especially those of us in business. The Utilitarian asks a very important question: "How will my actions affect others?" They then attempt to quantify the impact of their actions based on some least common denominator, such as happiness, pleasure, or wealth. Therefore, Utilitarians are also called “consequentialists”, because they look to the consequences of their actions to determine whether any particular act is justified.

"The greatest good for the greatest number" is the motto of the Utilitarian approach. Of course, defining "good" has been no easy task because what some people think of as good, others think of as worthless. When a businessperson does a cost benefit analysis, he/she is practicing Utilitarian ethics. In this case, the least common denominator is usually money. Everything from the cost of steel to the worth of a human life must be given a dollar value, and then one just does the math.

The Ford Pinto automobile was a product of just such reasoning. Thirty years ago, executives at the Ford Motor Company reasoned the cost of fixing the gas-tank problem with their Pinto would cost more than the benefit of saving a few human lives. Several tanks did explode, people died, and the company lost lawsuits when judge and juries refused to accept these executives’ moral reasoning.

One of the most familiar uses of outcome-based reasoning is in legislative committees in representative democracies. How many constituents will benefit from a tax credit and how many will be diminished is the question before the Revenue Committee at tax rectification time. Representative democracies make most decisions based on the Utilitarian principle of the greatest good for the greatest number. Democratic governments are naturally majoritarian, though in constitutional democracies there are some things that cannot be decided by doing the math (adding up the votes). Some questions should never be voted on. The founders of our nation expressed this fundamental concept with three words: *certain unalienable rights*.

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Enter the **Deontological Ethicists**. Immanuel Kant is the quintessential deontological (duty based) ethical theorist. Kant, who lived in eighteenth century Prussia, was one of the most amazing intellects of all time, writing books on astronomy, philosophy, politics and ethics. He once said, "Two things fill the mind with ever new and increasing admiration and awe ... the starry heavens above and the moral law within." For Kant there were some ethical verities as eternal as the stars.

Deontological simply means the study (or science) of duty. Kant did not believe that humans could predict future consequences with any substantial degree of certainty. Ethical theory based on a guess about future consequences appalled him. What he did believe was that if we use our facility of reason, we can determine with certainty our ethical duty. As to whether or not doing our duty would make things better or worse (and for whom), Kant was agnostic.

Duty-based ethics is enormously important for (though consistently ignored by) at least two kinds of folks: politicians and business people. It is also the key to a better understanding of our responsibilities as members of teams. Teams (like work groups or political campaign committees) are narrowly focused on achieving very clearly defined goals: winning the election, successfully introducing a new product, or winning a sailboat race. Sometimes a coach or a boss will say, "Look, just do whatever it takes." Ethically, "whatever it takes", means the ends justify the means. This was Kant's fundamental criticism of the Utilitarians.

For Kant, there were some values (duties) that could never be sacrificed to the greater good. He wrote: "So act as to treat humanity, whether in thy own person or in that of any other, in every case as an end withal, never as a means only." Fellow team members, employees, campaign staffs, customers, partners, etc. are always to some extent means to our various goals (ends), but they are also persons. And persons, Kant believed, cannot be just used, they must also be respected in their own right, whether or not the goal is achieved. He called this absolute *respect for persons* a Categorical Imperative.

In any team situation the goal is critical, but treating team members with respect is imperative. Teams fall apart when a team member feels used or abused (treated as less important than the overall goal itself). Great leaders carry the double burden of achieving a worthwhile end without causing those who sacrifice to achieve the goal being treated as merely expendable means. Persons are never merely a means to an end. They are ends in themselves! We owe that understanding to Immanuel Kant.

It is one thing to understand that there are duties which do not depend on consequences; it is quite another to develop the character to act on those duties. This is where Aristotle (384-322 B.C.) comes in. Aristotle wrote the first systematic treatment of ethics in Western Civilization: *Nicomachean Ethics*.

Today we call his approach to ethics **virtue ethics**. For Aristotle and other Greek thinkers, virtue meant the excellence of a thing. The virtue of a knife is to cut; the virtue of a physician is to heal; the virtue of a lawyer is to seek justice. In this sense, Ethics becomes the discipline of discovering and practicing virtue. Aristotle begins his thinking about ethics by asking, "What do people desire?" He discovers the usual things— wealth, honor, physical and psychological security—but he realizes that these things are not ends in themselves; they are means to ends.

The ultimate end for a person, Aristotle taught, must be an end that is self-sufficient, "that which is always desirable in itself and never for the sake of something else". This end of ends Aristotle designates with the Greek

word *eudemonia*, usually translated by the English word happiness. But happiness does not do Aristotle or his ethics justice. Yes, eudemonia means happiness, but really it means so much more. The problem is not with Aristotle's Greek word eudemonia, the problem is in our English word happiness.

Happiness in English comes from the ancient word *hap*, meaning chance, as in happenstance. "Why are you smiling", we ask, "did you win the lottery?" For Aristotle happiness was not something one acquired by chance. Happiness was the grand work of living; the very practice of being all that you can be. Fulfillment and flourishing are far better words to translate the concept contained in the Greek word *eudemonia*. For Aristotle, this state of virtue is achieved not by accident but through intent, reason and practice.

Aristotle thought that one discovers virtue by using the unique gift of human reasoning, that is, through rational contemplation. "The unexamined life is not worth living," said Socrates almost 100 years before Aristotle. Like Aristotle and Aristotle's teacher Plato, Socrates knew that we humans need to engage our brains before we open our mouths or spring into some decisive action. For Aristotle, the focus of that brain work was chiefly about how to balance between the fears and excesses in which the human condition always abounds. Between our fears (deficits) and exuberances (excesses) lies a sweet spot, the *golden mean*, called virtue.

At times of physical peril—say in a big storm on a small sailboat—a crew member may be immobilized by fear and unable to function, thus putting the lives of everyone on the sailboat in danger. Or the opposite could happen. A devil-may-care attitude in the face of real danger can as easily lead to disaster. Courage is the virtue located at the mean between cowardliness and rashness. Yet, identifying such a virtue and making that virtue part of one's character are two quiet different things. Aristotle thus distinguishes between *intellectual virtue* and *practical virtue*. Practical virtues are those developed by practice and are a part of a person's character, while intellectual virtue is simply the identification and understanding of a virtue.

Practice is how one learns to deal with fear; practice is how one learns to tell the truth; practice is how one learns to face both personal and professional conflicts. Practice is the genius of Aristotle's contribution to the development of ethics. He showed that virtues do not become a part of our moral muscle fiber because we believe in them, or advocate them. Instead, virtues become characteristics of our selves by our exercising them. How does one learn to be brave in a storm at sea? "Just do it."

The ultimate goal behind developing characteristics of virtue is eudemonia, a full flourishing of our self, true happiness. Practitioners of the Judaic-Christian tradition tend to think of ethics (or morality) as the business of figuring out how to be good rather than bad. That is not the true end of ethics so far as Aristotle was concerned. The end is a state of fulfillment; the ultimate goal is becoming who you truly are and realizing the potential you were born with—being at your best in every sense.

Just as the virtue of the knife is to cut and the virtue of the boat is to sail, the virtue of the self is to become the best of who it can be. This is happiness (eudemonia). Just as the well-trained athlete seeks to be in the zone (the state of perfect performance achieved by practice), Aristotle wrote about the truly virtuous life and the pursuit of eudemonia. Just as a perfectly trimmed sailboat glides through the water, effortlessly in synch with the waves and the wind, the man or woman in a state of eudemonia has achieved the state of earthly fulfillment.

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All three approaches to ethics described above are principally focused on the individual: the singular conscience, rationally reflecting on the meaning of duty or responsibility, and in the case of Virtue ethics, the ethical athlete practicing and inculcating the capacity to achieve the state of eudemonia. **Communitarian Ethics** has quite a different point of departure: the community (or team, or group, or company, or culture) within which the individual engages him/herself is the critical context for ethical decision-making.

The Communitarian asks the important question, "What are the demands (duties) that the community(ies) of which I am a part make on me?" The Scottish ethicists W. D. Ross (himself a student of Aristotle) focused his own ethical reflections on the question of, "Where do ethical duties come from?" His answer was that they come from relationships. We know our duties toward fellow human beings by the nature and quality of our relationships with them. The duties we owe a colleague in the workplace is different from the duties we owe a spouse; those duties are different from the duties we owe our country. The Communitarian asks us to look outward, and to face up to the duties of being social creatures. We define ourselves, and our responsibilities, by the company we keep.

Communitarians are quite critical today of the attitude of so many in our society who, while adamant about their individual rights, are negligent of their social duties. The “me generation” has created a need for a new breed of ethicists who insist that, from family and neighborhood to nation and global ecosystem, the communities in which we live require us to accept substantial responsibilities. Environmentalists, neighborhood activists, feminists, and globalists are some of the groups loosely identified today with the Communitarian Movement.

Amitai Etzioni, in *Spirit of Community: Rights, Responsibilities and the Communitarian Agenda* described the principles of this somewhat disorganized movement. Etizioni's thesis is that we must pay more attention to common duties as opposed to individual rights. Our neighborhoods, he believes, can again be safe from crime without turning our country into a police state. Our families can once again flourish without forcing women to stay home and not enter the workforce. Our schools can provide, "essential moral education" without indoctrinating young people or violating the First Amendment's prohibition of establishing religion.

The key to this social transformation is the communitarian belief in balancing rights and responsibilities: "Strong rights presume strong responsibilities." Etzioni states the Communitarian Agenda:

> *Correcting the current imbalance between rights and responsibilities requires a four-point agenda: a moratorium on the minting of most, if not all, new rights; reestablishing the link between rights and responsibilities; recognizing that some responsibilities do not entail rights; and, most carefully, adjusting some rights to the changed circumstances.*

Here, if nothing else, is a frontal attack on the Libertarian mindset of our age.

Communitarianism is not new, at least if one defines it as an approach to ethics and value referencing significant communities of meaning. Most of the world's great religions are in this sense communitarian. It is from a community of faith that the faithful develops a sense of self and responsibility (or in Confucian thought, the extended family which nurtures this development). Ethics cannot be separated from the ethos of the religious or familial community. The modern communitarian movement may or may not be religiously inclined, yet it is clearly a part of a tradition of ethical approach as old as human association.

12. Business ethics in a nutshell

In the context of teams, the communitarian approach to ethics has much to commend itself. How much of one's personal agenda is one willing to sacrifice for the overall goal of winning a sailboat race? Under what conditions is one willing to let the values or culture of the team alter one's own ethical inclinations? To what extent do the relationships one has with team members give rise to duties that one is willing to honor? How willing is one to share the credit when the team succeeds? How willing is one to accept blame when the team looses? Under what conditions would one break with the team? If Ross is correct that duties come from relationships, paying attention to such questions about the company we keep may be more than a social obligation; perhaps, our ethical duty.

There are two pervasive ethical approaches not treated here: ethical egoism and The Divine Imperative. Each has a broad and dedicated following and each is deeply problematic to the ethical maturing of any society. Briefly, and with pejorative intent, here is what these extreme, yet interestingly similar approaches assert.

The ethical egoists say that ethics is a matter of doing what feels right to the individual conscience. If one asks, "Why did you do that?" The answer is, "Because I felt like it." The approach is often dressed up with statements about being true to yourself: "let your conscience be your guide", or "do the right thing". But how does one know what is true for the self? How does one develop a conscience? How is one to know that doing what is right (what feels right to you) is the right thing to do?

If nothing else, ethical egoism is a conversation stopper! How does one communicate to colleagues, friends, children or any other human being when the reference point of behavior or ethical judgment is just about how one feels inside? How does a civil society emerge if we civilians cannot deliberate in common, understandable language about our motives, intents, values, or duties? In essence, ethical egoism is the ethics of teenagers rebelling against being answerable to outside authority. To teenagers, to enter the ethical dialogue is to take the radical risk of having one's values and actions challenged. Apparently, there are many of us who are just not grown up enough to risk that! Better to repeat the mantra: "I did what my conscience dictated."

Just as there is no possible meaningful ethical dialogue with the Ethical Egoist, nor is there much hope of creative engagement with Divine Imperialists. For this growing community, ethics is the simple business of doing what God tells one to do. There is therefore no reason or need for discussion. The issue is conversion, not conversation. In a constitutional democracy like ours with a fundamental commitment to "the non-establishment of religion", the Divine Imperialist is stuck with a difficult dilemma: either to make all ethical inquiry "personal" (that is, no social or political value deliberation), or take the ayatollah approach and bring no state into conformity with the revealed will of God. Divine Imperialists do not deliberate. They dictate, simply because there is nothing to deliberate about. God has spoken. It is in the book.

The flaw in the Divine Imperialists' approach is quite clear to everybody but them: If God is good, then He must reveal only good laws and rules. This creates two alternatives. The first is that there is a reference for "good" apart from the Divine itself. The only other, that God is undependable; that God is arbitrary; surely this is unacceptable. God is not only good, but God wills the good. God's will, then, becomes a reality discoverable even apart from belief in a particular represented manifestation of God. Religion, at its best, should understand that faith confers no special status of ethical insight. Believers, agnostics, non-believers can, and do, contribute to the culture's continuing struggle to understand what is good, what is just, what is true. That is why democracies (as opposed to states founded upon some "Divine Right of Kings") survive.

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A Postscript on Narrative Ethics. Among the professions, particularly medicine, law and counseling, narrative has become a powerful tool in developing ethical insights and perspective. To tell a story is to invite participation from the hearer, and it is to also a means of communicating the richness and complexity of human dilemmas. Narrative Ethics is simply diagnosis through story. Its benefit over the four traditional ethical approaches is that story invites both ethical engagement and ethical creativity.

In business, as in law, a great deal of teaching is done through the use of cases. This is nothing more or less than using the pedagogy of narrative ethics. The narrative invites the hearer into the complexity of issues involved in personal, professional and organizational dilemmas, and provides a road through the complexity to the simplicity on the other side.

Oliver Wendell Holmes, an American jurist who wrote stunningly comprehensible decisions, even in some of the most complex cases imaginable, has a famous quote: "I would not give a fig for simplicity this side of complexity, but I would give my life for the simplicity that lies on the other side of complexity." It is the role of narrative to lead us through the thickets of overwhelming complexity, to the clarity of enriched simplicity.

Of course, there are some people who congenitally can not stop to ask for directions when lost in life's thickets. For them, storytelling is a waste of time. The male mantra, "just cut to the chase" comes to mind. This may in part explain why women (feminist like Margaret Wheatley, for example) have such a fondness for narrative. At all stages of the ethical decision-making process, narrative is a useful tool of analysis for exposing the facts, conflicts, feelings, and values that are the stuff of the human predicament.

Management: the meta profession

In 1912 Louis D Brandeis addressed the graduating students of Brown University. Tradition dictated that the graduating class was divided between those receiving *learned degrees* in the professions of law, medicine and ministry from those in the *skill based disciplines*, such as business management. The future Supreme Court justice did an interesting thing that graduation day: he turned away from the professional degree candidates toward the business degree candidates, and said:

Each commencement season we are told by the college reports the number of graduates who have selected the professions as their occupations and the number of those who will enter business. The time has come for abandoning such a classification. Business should be, and to some extent already is, one of the professions.

Brandeis minced no words in defining what professionalism was all about. It was:

> *An occupation for which the necessary preliminary training is intellectual in character, involving knowledge and to some extent learning, as distinguished from mere skill; which is pursued largely for others, and not merely for one's own self; and in which the financial return is not the accepted measure of success.*

Spoken to clergy, physicians and lawyers in 1911, these words would have had a familiar—if unheeded—ring. But to businessmen? Brandeis' intuition about the decisive character of business management for human welfare has been borne out across the tortured years of this past century. His argument, however, that business management was essentially professional in character is debated still.

The three characteristics of professionalism cited by Brandeis address detail the nature of the requisite responsibility, and are the crux of why it is still controversial to call business management a profession:

- First. A profession is an occupation for which the necessary preliminary training is intellectual in character, involving knowledge and to some extent learning, as distinguished from mere skill.
- Second. It is an occupation which is pursued largely for others and not merely for one's self.
- Third. It is an occupation in which the amount of financial return is not the accepted measure of success.

Within Brandeis' three paradoxical pronouncements lies the answer to what it means to be a professional in business.

The paradox of skill

All professions require unique skills. While demonstrated proficiency in particular skills is necessary for admission into a profession, skill mastery alone is not sufficient to define the professional. If it were, a surgeon would be simply a plumber employed to mend human pipes and valves; a lawyer simply a carpenter crafting together legal words and phrases into motions, wills or contracts; a teacher simply an actor skilled at presentation or lecturing. While the surgeon must be extraordinarily skilled in the crafts of incision and suturing, while the lawyer must be adept at the craft of legal word-smithing, and the teacher a master of the practical arts of communication, such skills are not the essence of who they are as professionals, nor are they the be and end all of their practices. Understanding this difference is the key to the classic distinction between a trade and a profession.

Both trades and professions require the practice and perfection of significant skills, but a trade is completely defined by its commensurate skill; a profession is not. As Brandeis explains: "A profession is an occupation for which the necessary preliminary training is intellectual in character involving knowledge, and to some extent learning, as distinguished from mere skill." I would add that it is not just in "preliminary training" that intelligence and learning are required, but in all aspects of the practice of the continuing professional life.

In a time when everyone wants to be called professional, a real danger lurks in Brandeis' distinction, an elitism ('mere skill'), a snobbery, a class bias that is inappropriate both to the tradesperson and the professional. Once, the trades were a source of enormous pride and distinction. Through Medieval guilds a revolution in human worth and work was set in motion and the foundations of the industrial and technological revolutions laid. Through the guild structure, the skills of trades were passed from generation to generation, and the pride of association with quality and integrity maintained.

But the professions were something else entirely. Called The Learned Professions as the Middle Ages yielded to the Renaissance, the Priesthood, Law, and Medicine obviously required rigorous training in particular skills, but the application of these particular skills required a dimension of commitment and integrity not necessitated of a trade. The wisdom to counsel human beings in the midst of spiritual, emotional, physical or legal crisis necessarily requires more than technique. It requires a learned and practiced wisdom: an ethic. It is one thing to entrust your bathroom to a plumber, another thing entirely to entrust your life to a heart surgeon. Those willing to assume the unique burdens of the spiritual, physical, and legal care for humans in existential need were designated, or set apart, as learned professionals.

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As I write this chapter, I am in the process of recovering from open heart surgery. The experience of putting my life in the hands of a physician is vivid. I am also sitting in my home that is being extensively remodeled. I am fortunate to have a relationship with two excellent persons: Dick, my heart surgeon and Craig, the skilled construction craftsman (carpenter, plumber and electrician) restoring our home. Both are highly skilled and wise men. Dick, however, is integral to the care and counseling that guided me and my family through my decision to "go under the knife". Craig is full of sage wisdom about the public and foreign affairs of our times, but in no sense is my life vulnerable to his lively and wise insights that we share while he restores my kitchen and replaces the bedroom window.

Exactly three weeks ago Dick, sat on the side of my bed in a Denver, Colorado hospital surrounded by twelve members of my family and talked to me about the alternatives for dealing with a most unexpected heart problem. He showed me the very worrisome pictures of several partially blocked arteries, and told me that, in his opinion, I had no choice but to have quadruple bypass surgery. Dick said he would send my file to anyone I wished for a second opinion, but felt I should reach a decision soon. My kids asked all sorts of nervous and caring questions and he responded openly and fully. Never have I been with someone as obviously open and trustworthy at a time when so much was at stake for me.

As I made my decision to move forward with this personal ordeal, I would learn from friends in the community that Dick was one of the most skilled surgeons in the country. That was reassuring. But I already knew he was a professional: a person wise and caring enough for me to trust my life to.

The paradox of the public pledge

A profession is literally so called a profession because the aspirant to the office is orally sworn to specific public commitments—he/she professes publicly legal and ethical obligations unique to the vocation of lawyer, physician, counselor or priest. The public pledge is the portal condition into the unique relationships afforded the vocation. Be clear, it is not primarily a privilege the professional assumes, rather it is fundamentally self-imposed burdens. No one is forced to swear they will put another's interest above their own, yet this is the condition of all professionalism.

There is a tension between a profession's public responsibility and its commitment (also made publicly) to the private, vulnerable client. Brandies includes both in the observation that, "A profession is an occupation which is pursued largely for others and not merely for oneself". The paradox of "the other" is the paradox of the public pledge.

Quite a great deal is made of the special relationship between professionals their parishioners, patients, or clients—the sanctity of the confessional, the doctor patient relationship, or the lawyer client relationship—each special, private and protected both in law and ethics. Thinking of the confessional booth, the examination room, and the lawyer's office the idea of a uniquely protected privacy, of almost a sacred space, emerges. Assuredly the priest, doctor and lawyer are sworn to hold sacred the disclosures within this zone of professionally protected communication. Being a professional means nothing less than willingly and publicly affirming that the client's, patient's or parishioner's interest shall come before one's own interests.

For many professionals the matter stops with the pledge: "I swear the patient's interests comes first, end of discussion." Yet this commitment to the vulnerable client is only half the issue, as the business and professional

crises of our times illustrate. Not only is the priest sworn to care for particular souls, he is also sworn to see to the care of “the people of God”, the moral welfare of the parish, the salvation of the world. Not only is the doctor sworn to put the interest of the patient above his own, but the health of the patient’s family, neighborhood, and the public is also his professional obligation. The lawyer is not simply employed to represent the particular client, but also sworn to be an “officer of the court”. While accountants may be employed by Arthur Anderson to do the books for the Enron Corporation, they also are sworn to keep the interests of the public uncompromised (after all, we call the profession Certified *Public* Accountants).

I know of no professional comfortable with the tension inherent in this public pledge. No one likes hard choices; no one likes moral ambiguity; each of us wishes to live in a world where things can be reduced to some least common ethical denominator (for example, a single duty). When teaching business students, the mantra of Milton Friedman is the droning undertone of almost every class discussion: “the business of business is business”, the sole responsibility of the business executive is to increase shareholder return.

Yet, the very essence of professional responsibility is to address the difficult and unavoidable ethical tensions between public and private interest—the priest who hears the confession of a disturbed and homicidal parishioner intent on killing yet again; the lawyer who discovers that a client has misrepresented the facts of his case, and is asking for a plea to the court based in lies and distortions; the doctor who is asked to prescribe extraordinarily expensive treatments to a patient too ill, or old to have any reasonable chance of curative benefit; or the engineer who is told that she is bound by a confidentiality agreement, in spite of her certain conviction that a plane, bridge, or space shuttle is likely to fail and potentially cause extensive loss of life. These are not plot summaries for Hollywood; in an infinite variety, they are the stuff of professional life in the complex world of the twenty-first century.

It is by design, and not by accident, that professionals are thrust continually into such Hobson choice predicaments. The professional’s public pledge is an acceptance of ethical burdens not incumbent on the rest of society. It is an acknowledgment of the reality of human existence where things do not come out even, where real ethical insight must be exercised and where benign outcomes are far from assured. Someone must live in the land between the rock and the hard place, and those who do so are designated “professional”.

I think of professionals as the value bearers for society, those particularly burdened and practiced to address the most difficult and sensitive human ethical dilemmas. I do not mean to imply that a business person, lawyer, doctor, psychiatrist, or teacher is better in some moral sense than anyone else. Instead, that they have agreed to assume a unique ethical burden, to work at the transaction point where issues of significant human value are on the line. The professional is sworn not to desert this post, to be there to counsel, reflect and bear with the human condition in the midst of transition and crisis. This is, to me, the essence of professional practice—the practice of raising the value content of human decisions and choices. That is the professional’s sworn burden, it is the very nature of the ethic that defines who the professional is.

All this said, it astounds me that anyone would want the title of professional. But to make sure this point is underlined, let us consider the “Paradox of pay”, perhaps the most complexing of all to the business professional.

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The paradox of pay

I am watching a sports show on the evening news. A local sportscaster is interviewing a member of the Harlem Globetrotters, who are in town for a game. The interview goes something like this:

Sports Guy: Al, I was surprised you never turned pro.

Al: What do you mean? I am a pro, I get paid pretty good for playing ball.

Sports Guy: Well yeah? But I meant you never tried out for the NBA.

Al: Oh, well I like playing for the Globetrotters better ...

Almost everyone assumes that being professional means getting paid (and paid well) for one's work. There are professionals and there are amateurs, the former get paid, while the amateurs do it for the love of it. Well, no. Originally, the professions were too important to receive wages in the usual sense. Professionals were not paid for their work; instead, professionals received an honorarium, a gratuity from the community intended both to honor and disassociate the vocation from the necessities of the market, to free the vocation for the selfless task of caring for others.

Three days before my heart surgery I happened to watch a Sixty Minutes piece on a cardiology group in California which was prescribing and performing unnecessary bypass surgery in order to increase their practice's revenues. It was chilling. I thought of a case we use in business school about how Sears some years ago pressured employees in their auto servicing division to increase revenues by pushing unneeded air filters, mufflers, and break re-linings, etc. But, heart surgeons re-aligning ethical responsibility due to market dependency? I think the Medieval notion of honoraria for professionals may make a lot of sense in this time of triumphant capitalism. There are some values the market is not designed to dictate.

I love to tease business students about the matter of pay and the power of money. I ask, "Considering the 'oldest profession' what had you rather be known for: doing it for money, or doing it for love?" In the realm of love making, most us prefer to have non market forces determine the dimensions of our intimate lives. Let us hear it for true amateurs!

In a real sense, professionals indeed do it for love. It is difficult to imagine bearing the burden of a physician, lawyer, counselor, or a professor without having a deep and effusive passion for what one does. Professionals cannot leave their work at the office, because what they do is who they are. As I have discovered, teaching is the most rewarding thing I can think of doing. I do not just teach; I am a teacher. I am glad I am paid for my work, but truth be known I would do it for free. I walk away from a class where the students and I have really "lit it up", and I do not even have words to say how good it feels. I can describe historically and intellectually what a professional should be, but even better, I also know what it feels like. No amount of money can compensate for that feeling.

Consider the burdens of true professionalism that skill alone is not sufficient to qualify: one is publicly pledged to work on the unrelenting tension between the welfare of the client and the good of the society; and that is not the criteria by which success will be judged—why would one choose to "turn pro?" I have only one answer: professions are rightly designated as vocations. We become priests, lawyers, physicians, professors because we cannot do anything else; who we are cannot be achieved outside the realm of what we are impelled to do.

Corporate Social Responsibility

The legal and historic roots of the modern corporation reach well back into the eighteenth century, but it was in the Industrial Revolution of the nineteenth century that this truly extraordinary form of human organization came into its own and, the twentieth century, became the dominant economic force on earth. Consider its amazing characteristics concentration of management, accumulation of capital, shielding of ownership from liability, and being granted a legal existence not necessarily bounded by either space or time—both ubiquitous and eternal! As well, however, consider its fearsome prospects vis-à-vis its lack of accountability, its deficit of democratic governance, its often-uncivilized competitive engagement with all other sectors of society, not to mention its transcendence of both national sovereignty and legal jurisdiction. And there you have it. Is the Trans-national Corporation the answer to the fundamental issues of human survival, or the fundamental threat to life itself? In short, will the corporation of the twenty-first century be a corrupt Robin Hood, or a virtuous Sheriff of Nottingham?

Corporations are not natural persons. Corporations are fictitious, corporations are juridical persons created by law. The point is this: the ethical considerations one might use when dealing with a friend, associate, or stranger, are significantly different when the subject is the corporation.

Getting this straight is critically important to an adequate understanding of business ethics. People—their behavior and the products of their work and intellect—are judged ethically and legally based chiefly on their intentions. Ethical analysis of the behavior of natural persons begins with considerations of what a person meant by what he or she did, said, or produced. In contrast, ethical analysis involving the entity we call "the corporation" must forever begin and end in law and public policy. With reference to the political economy that brought forth the beast. The legal entity, known as the corporation, was created to shield investors from liabilities beyond the limit of their investment (a result that neither sole proprietorships nor partnerships could accomplish) with the legislative intent of facilitating the aggregation of private capital. This legal experiment begun 19th century has succeeded spectacularly.

For people to survive, they need physical and emotional nourishment, and familial and social support. Corporations survive solely by their ability to return value to their shareholders. Hence, corporations are consequential critters, Utilitarian to the core. A friend may forget a lunch date and hurt your feelings, but when he says, "I'm really sorry, I can't believe I forgot." You say, "Hey I missed you, but it's OK. Let's try again next week." When a company launches a new product and if the 100 million dollar venture tanks, shareholders do not want to hear about how sorry management is that things did not work out, or that management meant well. It will do the CEO no good to say, "My heart was in the right place."

When we talk about the ethical criteria for judging the behavior of corporations we speak not of intent, but responsibility: quite literally, the capacity to respond. Corporate ethics is the ethics of corporate social responsibility (CSR), not corporate personal responsibility. The responsibility of a corporation is shaped by two realities: the obligations created by society through (1) law and public policy (legal responsibilities), and (2) the obligations created by corporate culture, i.e. stakeholder (customers, employees, neighborhoods, natural environments) obligations. The two overlap and reinforce each other, but their limits lie within the boundaries of a company's tangible capacities.

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Corporate ethics is really about gaining understanding of what are called “mixed motives”. When natural persons have mixed motives—you give a hundred bucks to the opera because you want your boss, who supports the opera, to think well of you—we somehow know that this is not an unambiguously laudable act. But when a company that makes computers gives 100 laptops to the public school system, and does so with the hope that exposing children to their brand of computers will lead to increased sales—this “doing good to do well” is not only laudable, it is responsible—responsible both to shareholders and the stakeholders.

Corporations as a matter of fact, can only act with “mixed motives”. By law, they are created to serve the bottom line of returning wealth to investors. The law says corporations have a fiduciary responsibility (fiduciary = the highest standard of loyalty and trust owed by agents to principles) to their shareholders, who are the legal owners of the corporation. To do good, a corporation must do well. As a business ethicist, I argue the reverse: to do well, a corporation must do good. People have consciences, and some would say souls; corporations have neither. Corporations are creatures of law and public policy, they are cultural creations; as such, they have unique cultures of their own. Corporate ethics is therefore really about the creation of a culture of responsibility within the corporation.

Dr Lynne Payne of Harvard University has made a major contribution to the understanding of CSR and how it is achieved in her distinction between compliance based organizations and integrity based organizations. In reality, CSR is a product of both compliance (legal and regulatory constraints) and integrity (the internal culture and self regulatory environment). This is underscored by new laws such as *Sarbanes-Oxley Act of 2002* and the almost two decade old US Federal Sentencing Guidelines (policy guidelines established in part to determining corporate criminal punishment in US Federal Courts).

Sarbanes Oxley is particularly interesting given Payne’s compliance/integrity construct, in that it requires both integrity structures (such as a corporate board of ethics, and internal protections for whistleblowers) and increases fines for violation of anti-trust and other federal statutes regulating inter-state corporate behavior. Thus, corporations are creatures of law and policy and are regulated externally. Corporations have no conscience per se, but like any social system can develop a guiding culture, maintained through education and reinforced by the habits and interactions of the people within the corporation.

In a world of over six billion people, there is little alternative to large and complex organizations designed to feed, house, heal, and help meet basic human needs. The multinational corporation is here to stay; the issues of how these behemoths are guided and controlled is far from settled. How the humans who work and manage these organizations maintain their own integrity within the Utilitarian cultures of the multinational corporation is a chapter of history we are only beginning to write.

The Social Contract between society and the multinational corporation today is being radically renegotiated. The cascading collapses of the Dotcoms, the Enron, Worldcom, and Aldelphia scandals, and now, the meltdown of capital markets across the globe portends a turbulent future indeed for both the corporation and the business professional. Yet, it is in such times that fundamental changes most often emerge. Those who dare to ride these currents of change will emerge in a new order of political economy.