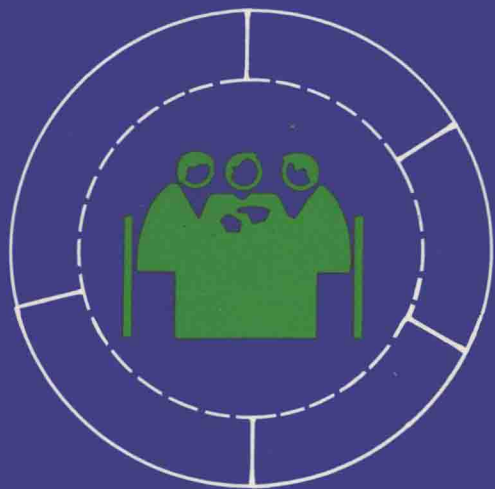


BUSINESS ETHICS IN A CHANGING CULTURE



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Dedicated to

DR. FRANCIS A. SCHAEFFER

—to the author, a Barnabas—

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PREFACE

We are living in an ethically schizophrenic society. That is, a society which is unable to agree internally on what is “right” or “wrong” when decisions must be made that affect the whole body. Because of this inability to develop an ethical consensus, we manifest basic disagreements that cause us to think ill of one another when we are on opposite sides of important issues such as: distribution of our wealth; conservation of our environment; protection of human health; definition of our rights; and many other economic/social problems. It is demonstrably clear that our different ethical values lie at the very heart of our inability to find reconcilable solutions to the problems.

Ethical schizophrenia is not, however, to be confused with *pluralism*. For over two hundred years our society exhibited an amazing ability to both absorb and/or let stand alone the diverse religious, racial, ethnic, and social groups. These bodies could maintain a particular identity associated with their heritage or join the larger corpus and gain their identity by functioning within the broader society. This has been called *pluralism*. During this same period of time, however, there was a broad ethical consensus about what was right and wrong which reflected our basic beliefs flowing from our Judaic/Christian heritage. Pluralism reflected our diverse heri-

tages and aspirations, but underneath these vast differences was the broadly accepted ethical framework that was capable of producing a consensus on the basic assumptions concerning the desired character for the society—private property, individualism, etc. The old consensus has been shattered, however. A new one has not yet emerged. We are in internal conflict. Contradictions and confusion are now “normal.” Culturally, we are ethically schizophrenic.

The establishment of our historic ethic, and the forces that emerged to shatter its grip on us, are set forth in very broad and general terms to enable the reader to gain perspective. The force and consequences of this conflict are enormous. In many ways it is like a cultural divorce. We are being ripped apart. Our very identity is threatened. Portraying this great struggle between such enormous forces in such broad and sweeping terms is also the Achilles heel of the work. Scholars who have devoted their lives to the study of philosophy, history (the reformation and renaissance in particular), humanism, theology, and other important aspects of our human background and endeavors would find voids in this book. But this book has been written primarily for those who live and work on the concrete, action side of our society and not for those of us who live in the abstract, conceptual realm of ideas. To flood the work with more details would diminish its usefulness in its intended sphere. A few “big trees” have been examined in the “forest of reality.” The author believes the ethical “forest” has been generally and fairly represented.

The question we are culturally impaled upon is, “How do we *determine* and *validate* what is right and wrong?” For centuries our culture overwhelmingly accepted the Judaic/Christian presupposition that God had acted and spoken in history (the Biblical record) and that he had provided the answer to what was “good and right” and “bad and wrong.” This assumption, while still held by many individuals, has been rigorously challenged. In great numbers, others have modified their view about the record of God’s having provided such help, while still others have rejected such a thesis altogether. The cultural consensus has, in any case, been destroyed.

In Chapters 2-6 we examine our culture’s conflicting ethics and how the dominant groups in our society struggle with the disjoining question, “How do we *determine* and *validate* what is right and wrong?” This discussion enhances the readers’ understanding of both their own ethical stance and what “camp” they stand in with

regard to this central question. Our answer to the question has profound implications. It determines the ethical routes and directions we travel. Many people trying to resolve a practical problem—do we adopt a policy of “nondiscrimination” or one of “affirmative action,” as an example—pass each other like trains in the night because they have very different ethical assumptions. Learning to practically identify peoples’ ethical persuasions and how these give direction to their actions (Chapter 7) as well as learning to defend or justify our own position (Chapter 8) are absolutely necessary if we are to understand one another and formulate a strategy in the hope of achieving reconciliation. Clear, concrete illustrations are given on “how” both of these are undertaken and done.

Then the *consequential* aspects associated with subscribing to one of the dominant ethical systems is exposed, as a major segment of each ethic is applied in answering the question, “What are our corporations’ social responsibilities?” The question is answered in Chapter 9 by structuring a five-step procedure through the formulation of the necessary presuppositional questions that will expose and identify the disjoining ethical choices that *must be made* in answering this most perplexing question. Once the principles and procedures are understood, they may be applied to any social responsibility question or problem. This does not imply, however, that there will be a broad cultural consensus on one’s solution. There will *not* be one because the choices made at the various ethical junctures—they are clearly identified—will differ, resulting in different proposed solutions. Our ethical schizophrenia will continue to pervade our culture so long as we have divergent views on how we are to determine and validate what is right and wrong.

Because ethical schizophrenia is not going to be resolved in the near future, the book ends (Chapter 10) by developing fourteen concrete and practical suggestions for elevating the level of ethical conduct. These can be subscribed to by almost all people, independent of their particular ethical system. They will aid everyone ethically since it is the premise of this book that “good” is better than “bad” and “right” is to be preferred over “wrong.”

ACKNOWLEDGEMENTS

The person most directly responsible for my development as an integrator of thoughts from an interdisciplinary perspective is Dr. Francis A. Schaeffer. This gentlemen and scholar does not know

me, but I know and have been deeply influenced by his writings. As early as 1969, his work proved extremely helpful to me in pulling together many loose ends of my own thinking. In some important ways, he is my intellectual mentor.

Another person who has been extremely important to this book is Mary Anne Wilbourne, my secretary. But that inadequately describes her. A dyslexic—the author is one—may be a tenacious plugger, but he can always use lots of help. This book has been through seven drafts and reflects the answering by her of many hundreds of questions on sentence structure, style, spelling, punctuation, and other niceties of the English language. All of this help has been offered, upon request, with a pleasant smile, great patience, and a spirit of encouragement that has made me feel creative, competent, and significant. That is tact and grace at its best.

And how many men or women are able to begin a book with a publisher's contract for it in their hands before a single sentence of the material has even been penned? For those of you that have never written a book, this is not the norm. It was the fact, however, in this case, and it does two things for an author. It makes him work all the harder because of the confidence expressed in him and it removes tremendous pressure by knowing that the finished product will be accepted. Bob Dame gave me such freedom and it is deeply appreciated.

Few writers like the details associated with footnotes and the bibliography. This author is no exception. All of this tedious work was put into its proper form by a very diligent and proficient student assistant, Miss Lisa C. Martin, an English major at the University of Richmond. Many thanks to her.

I am also very grateful to have an administrative head like Dean Thomas L. Reuschling. His support was shown in a number of ways, but especially in arranging for me to take a sabbatical leave to do post-doctoral study at the University of St. Andrews in Scotland, which proved to be immensely helpful in preparing this book. Some key elements of my thinking were sharpened, matured, and integrated during that time of study and reflection. His encouragement and support have been generously given and are much appreciated.

CONTENTS

PREFACE		v
Chapter 1	Everybody is an Ethicist—Just Listen to Them <i>Decision Makers Are Philosophers • Ethical Assumptions • How to Justify • Coping with Value Conflicts • Bibliography</i>	1
Chapter 2	The Old Values <i>An Ethical Earthquake • Rise of the Old Values • Forces of the Renaissance • The Stir of Ideas • Forces of the Reformation • Bibliography</i>	17
Chapter 3	The New Values <i>The Rise of the New Values • The Rise of Science • Reason and Values • The Rise of Humanism • The New Ethic</i>	39

Chapter 4	Right and Wrong: Is It Possible to Know? The Godless Position <i>What Is the Problem? • Making Value Judgments • Humanists' Search for Truth • Physical Truth and Proof • Mental Truth and Proof • Truth Through Synthesis • Practical Application • Bibliography</i>	57
Chapter 5	Right and Wrong: Is It Possible to Know? The Orthodox Christian Position <i>The Two Groups • The Orthodox Search for Truth • Physical, Mental Spiritual Truth and Proof • Truth Through Thesis-Antithesis</i>	75
Chapter 6	Right and Wrong: Is It Possible to Know? The Remaining Positions <i>All the Rest • Neo-Orthodox Christians • Humanists • Summary and Conclusions • Summary: True Truth • Summary: World and Life Views • Commitment to Ethical Decisions • Conclusion</i>	91
Chapter 7	The Ethical Highways <i>Ethical Routes • Rules and Virtues in Ethics • Moral and Nonmoral Values • Grounds for Good • Summary • Bibliography</i>	111
Chapter 8	The Last Line of Defense: Justifying Our Ethics <i>Intellectual Nakedness • Natural Base of Ethical Justification • Divine Base of Ethical Justification • Common Ground • Stand Up and Be Counted • Bibliography</i>	127

<i>Contents</i>		<i>xi</i>
Chapter 9	Business Social Responsibility <i>Personal Values and Groups •</i> <i>Distributive Justice • Corporate</i> <i>Morality • Corporate Social</i> <i>Responsibility • Conclusion •</i> <i>Bibliography</i>	143
Chapter 10	Practical Guides <i>Chaos and Order • Ethical</i> <i>Commitment • Facts and</i> <i>Evidence • Counsel • Multiple</i> <i>Tracks • Decisions and</i> <i>Implementation • Preparatory</i> <i>& Preventative Ethics • Ethics</i> <i>of Anger • Ethics of Silence •</i> <i>Tolerance and Self Respect •</i> <i>Group Airing • Consistency •</i> <i>Consideration of Others •</i> <i>Negative Enabling • Mutually</i> <i>Beneficial • The End</i>	163
	Index	179

EVERYBODY IS AN ETHICIST— JUST LISTEN TO THEM

Ethical “back-seat drivers” are everywhere and they will second guess any and every decision a manager makes. They appear at stockholders meetings, introduce themselves through the mail, and come disguised as journalists and reporters. They come from every walk of life. These ethical eagle-eyes question relocation decisions, complain about “their” corporation being engaged in defense contract work or announce that some particular form of discrimination is being practiced. And what is particularly embarrassing to corporations is that, on occasion, their protagonists appear to the watching world to be right. And when they think they are right, they will seek injunctions or threaten to organize a boycott. One thing is certain. We are living in a time of ethical turmoil—everyone seems willing to challenge anyone.

How does a manager cope with all this ethical second guessing? First, one must learn to recognize and come to understand the major ethical positions in whatever culture we operate in. Then managers must grasp the significance of the fact that their decisions make them *de facto* “professors of moral philosophy.” That is, their impact-laden decisions and actions automatically embody a set of ethical values which may come into conflict with those held

by many other people. Thus, a reaction, which can vary from an unexpressed difference of opinion to the formation of an international boycott, is almost certain to be present. In this chapter, the need for every manager to accept and take seriously his or her role as an automatic maker of *affectual* value judgments is stressed. Every value judgment sits atop a host of unstated ethical assumptions. These hidden assumptions not only underlie our basic decisions but also our acts of implementation. If a decision is to withstand a challenge, any presuppositions or “hidden agenda” must also be identified and incorporated as a part of management’s process of justification. Managers must have the courage to openly state and discuss the bases for a decision. If they cannot or do not, a good ethical position can be made to appear immoral or indefensible.

Decision makers need to realize they are operating in an ethically schizophrenic society, one having the inability to develop an ethical consensus. We have a newer value system flooding in on top of an old ethic. The result is an ethical riptide. Chapters 2 and 3 lay out for examination the genesis and formation of the competing value systems and identify the foundational assumptions upon which they both rest. Understanding the competing values and their underlying assumptions is essential if specific decisions are to be successfully defended in the face of well articulated challenges.

Chapters 4, 5, and 6 look at the very subtle and most influential cause of change in our culture’s ethical outlook. Changing a culture’s ethic is as dramatic a phenomenon as the performing of a brain transplant would be for a human. It might be questioned if the individual should even be called the same person following the operation. And so it is with our culture. But what has given birth to the ethical upheaval we are experiencing? The change is produced by having an entirely new *process* employed when answering the questions, “How do we know truth?” The new process generates a radically different answer. Our concept of “truth” (what is in agreement with reality) is the foundation of all our value systems and judgments. Today our culture determines moral truth very differently from the way it did one hundred or even fifty years ago. This is seen in the fact that formerly ethical truth was thought to be fixed (absolute truth) while today it is conceived of by many people as being tentative (relative or situational truth). This change profoundly affects one’s view of the world and how we treat one another.

When environmentalists tell the corporation it ought to put the

water back in the river just as clean as it took the water out, and corporate management calls for a cost/benefit analysis, we are observing the unfolding of an ethical conflict. And the first thing needed, if reconciliation between the parties is to be effective, is an understanding and appreciation of the “ethical highways” the two groups are traveling on. It goes without saying that if you want to drive from Atlanta to Chicago, you do not take the interstate highway to Los Angeles. The ethical routes of debate are as simple and definable as highway routes. When people are on different highways, how can they agree on the destination? Disagreements should be expected in these cases. If understanding and reconciliation are to occur, there must be mutually respected and agreed upon ethical destinations. Chapter 7 sets the ethical highways out so that any decision maker can tell where the people they are conversing with are coming from and where they are going.

The most difficult part of any ethical discussion, however, is justifying the specific position taken. This is because people feel intellectually naked when called upon to reveal the most basic value foundations that underlie their actions. Decisions rest on value judgments. As an illustration, who wants to admit publicly that their judgment rests on intuitive feelings that are embedded in the way they interpret “the natural order of things” (only one of a number of possible justifying bases for a position)? Consequently, people often respond defensively by saying, “That is just the way it is!” or, “That is the way it has always been.” Thus there is no real communication, justification, or understanding. Chapter 8 examines some of the most common systems of justification and encourages their use.

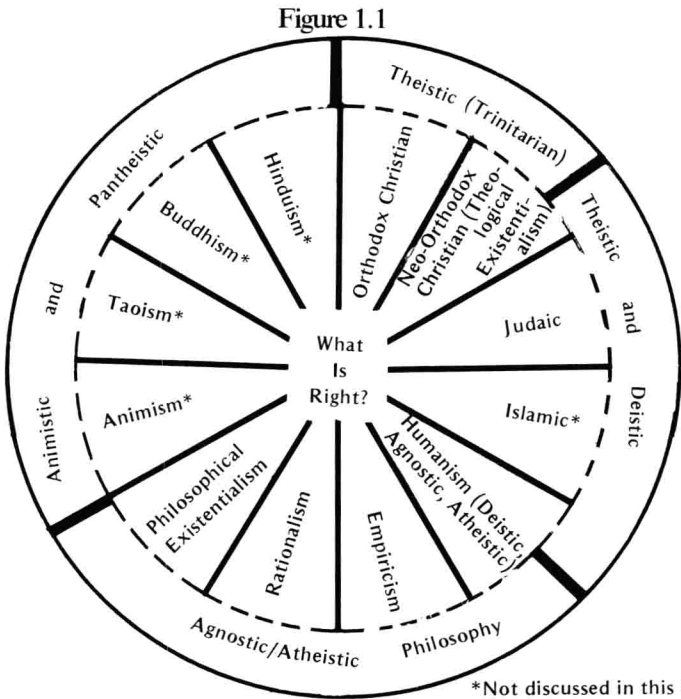
Next, in Chapter 9 all of the material is brought together and focused on the issues of human dignity, equality and/or inequality, and distributive justice as a means of formulating a set of underlying principles with which one can deal with the many problems associated with the broad field of corporate social responsibility. The intent is to both establish the need for and ability of the reader to develop a few general principles that can be used by him or her as the broad array of different problems are encountered in the social responsibility arena. Since we are frequently being presented with newly perceived problems, we need some principles to help us. The individuals with a well defined set of ethical principles are in a better position to both articulate and affect responsible solutions to such problems.

And the book closes (Chapter 10) with fourteen practical steps that can be followed by anyone who wishes to be more sensitive and careful with regard to the ethical aspects that are a part of all decision making. These common sense guides are ethical “elevators” that are intended to encourage and support good ethical practices both at the level of “what” is done and in the “how” it is done. More of our ethical temperament is revealed in the *carrying out* of a decision than it is in the *making* of a basic decision. *Wanting to be* ethical is the first necessary step to being ethical and these “guides” are helps to that end.

Figure 1.1 outlines, in the broadest categories, the basic world groups that wrestle with the question, “What is right?” It must be added that these groups are by no means homogeneous within their own ranks. As an example, atheists may be for and against abortion or Christians may be “hawks” or “doves.” These twelve groups do, however, have defined *grounds* for their beliefs about what is right and wrong. The “grounds” are represented on the outer perimeter of the chart. Some “grounds” are of a “natural order” and others are of a “divine order.” They, too, differ in perspective from group to group and even within groups.

This book makes no attempt to deal with each of these groups, since that would be counterproductive for our purposes. Only the philosophical humanists, theological humanists, neo-orthodox Christians, and orthodox Christians are examined in any depth. (The Jewish perspective is included but in less detail.) These groups were chosen because they cover the overwhelming majority of people in our culture. While there are other groups in our culture who have some significant influence, the benefit to be gained by including them was considered marginal; therefore they were excluded.

DECISION MAKERS ARE PHILOSOPHERS All ethical considerations revolve around how we ought to “be” and “act” as humans. And since managers take action, they are deeply involved in ethics all the time, whether they are conscious of it or not. Many tend to think of ethics as a dry subject belonging to professional philosophers who spend their time splitting verbal hairs. But ethics permeates all human life and activity. Ethical thought and behavior are as automatic and involuntary as the beating of a heart, although not as regulated. We are normally as unconscious of this as we are of all our involuntary functions.



The big difference is that the involuntary character of being involved with ethics can be brought to the conscious level of the mind and interacted with internally. We can change and grow ethically. Ethical thinking is part of the automatic thought process which accompanies all behavior.

The formal study of ethics is the contemplation of what is “good” and “right” in matters of human intentions, motives, traits, and actions along with their consequences and results. Our human activity simply mirrors our intentions, motives, traits and actions, which produce a myriad of qualitative and quantitative results. We live out an assumed, conscious, implied or explicit ethic, whether or not we ever formally study the subject. How we live exposes our ethics and makes us subject to being read, almost like a book.

Most of us have heard, “Your actions speak so loud I cannot hear a word you are saying.” Actions and words are both important, but should a conflict appear between them, actions will be interpreted as the real message. Actions are the louder message, reflecting a philosophy. Business men, by their actions, are exposing a philosophy. In this day and age, if managers refuse to explain their

actions, which have already “spoken” for them, members of the public will attach their own interpretation to the corporate action. And interpret they do, in light of their own value judgments.

This brings us to still another reality that needs to be understood by managers. We all automatically assume or attach some value to what we hear and see. This does not mean we are all judgmental, for we may know from experience that it is best to hold judgments in abeyance until as much information is in as it is reasonably possible to acquire. But first impressions are drawn nevertheless. The point here is not whether a first impression is likely to be accurate or not, but to reinforce the reality that all humans unconsciously and automatically attach interpretative value judgments to almost everything that passes before them. We do this on a continuous basis. To perceive and interpret according to unconscious values is as involuntary as thinking itself. Thinking may be trained and disciplined or spontaneous and unreasoned. But we are always thinking. And so it is with ethics. Evaluation categories (good, bad, etc.) are in constant use either consciously or unconsciously. What has changed is not that people are more likely to make value judgments about others’ actions today, but that more conflicting values exist today and more people are willing to speak out.

A concrete illustration will help sharpen the assertion that we all automatically and involuntarily attach values to what we think, do, see, and hear. Imagine that Tom Successful, sales manager for a national industrial products company is just entering a conference room where sixteen sales people from Region Three are awaiting him.

“Good morning, ladies and gentlemen,” he intones in a cheerful, ringing voice. “Every last one of you is to be commended for your performance this past month. You have really done a super job. Nationwide, sales in our industry are off 30% from this time last year and we have only experienced a 5% decline in physical volume. Dollarwise we are actually 4% higher than a year ago. That is super and you should all have a great sense of accomplishment.

Before we eavesdrop on the thoughts of several of the sales people, who just heard this introductory comment, we ought to stop and identify just a few of the value (ethical) judgments made by our imaginary sales manager. He judged that the entire group had done a good job in the past month. He did not mention that at the previous month’s meeting the goal had been set 2% higher than was actually achieved. He had decided to leave the negative

aspect out and only report the positive data, which, in his opinion, did reflect a wonderful accomplishment. Even his data selection and method of presentation both reflect ethical judgments. He even went so far as to make a judgment about how they should feel concerning their accomplishments. His whole opening statement is loaded with ethical qualities.

Those who attend such meetings automatically react to all they hear and attach value-laden interpretations to every aspect of what *has* and *has not* transpired. How might sales people react to the introductory statement ascribed to Tom Successful? Jim Broadgauge might think, “Well, Tom took the realities pretty well. Our telling him and letting him know last month that most of us thought he was pushing a little hard seems to have paid some dividends. I hope he doesn’t screw the vise too tight this morning for the coming month. Things are tough out there.” Barbara Hidden could conclude, “The phoney! More nice words to grease us up to get us to run even harder this month. What a hypocrite!” And Bob Reflective may reason, “I guess Tom is right; we have done a pretty good job given the conditions. Yeah, that’s great. I always feel guilty that I haven’t done better. Tom seems to always know when I need some encouragement or a gentle push.”

The three sales people all heard the same words, but the values they attached to the message as a result of their personal interpretations are fundamentally different while retaining one common element. The common element is “I always ascribe *values* to what goes on around me.” The values they impute, however, really reveal more about themselves than they do about Tom Successful, the sales manager.

Jim Broadgauge perceived some “good” things—Tom listened, heard, reacted well, and has reduced the pressure. He hopes this “good” continues. Jim has focused on, and attached value to, the process/performance aspects of his boss. Barbara Hidden perceives some “bad” things—Tom is an actor (hypocrite), manipulator, and a user of people. She impugns her boss’s intention and motives. And Bob Reflective has interpreted almost everything in terms of his personal feelings and needs. He “feels good” as a result of what has been said and attached “good” values to his boss.

One message was delivered to different interpreters who each ascribe different *values* to the person, process, and consequences. This illustration does not even scratch the surface of the complexity of our automatic and involuntary process of making value judgments