Toward Integration in Applied Business Ethics: The Contribution of Humanistic Psychology

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INTRODUCTION

This paper has to do with the contribution that humanistic psychology can make to the application of business ethics in the workplace and in formal education. In the literature on business ethics, the tension that is evident between the proponents of business on the one hand and ethics on the other, seems to lie in the perception that there is an inherent balance or trade-off between following ethical practices and making profits; i.e. more of one automatically leads to less of the other in some kind of inverse proportion. While many businessmen could probably offer convincing support for this widespread perception, there is actually an abundance of evidence in the wider literature that overwhelming refutes this view.

Humanistic psychology has much to say about how we experience ethical issues and how it relates to human growth and development. Given the interest these days in creating organizations that can foster human growth and development, it becomes apparent that humanistic psychology provides a theoretical and experiential bridge between business and ethics via the modern organization. It also becomes apparent that business are far from being mutually exclusive. In the long term, although there is only scant evidence to support this notion at present, we have very good reasons to expect highly ethical businesses to also be highly successful. Given the pervasiveness of business and business organizations in modern life, this is an area that has profound repercussions on the growth and development of behavioral norms, that is, the morality of individuals, societies and nations. Business ethics has the potential to play an enormous and hugely important role in that development.
BUSINESS ETHICS AS A FIELD

Over the last twenty years or so, business ethics has become established as an interdisciplinary field that represents an uneasy combination of two historically separate disciplines—one traditionally normative and the other empirical (Donaldson and Dunfee, 1994). Ethics as a field can trace its roots back to religious, philosophical, psychological and sociological sources. However, it is the philosophical basis of the field that has largely been drawn upon in the establishment of business ethics as an academic discipline.

It is not uncommon for discussions of ethics to begin from some form of the so-called Golden Rule which exhorts us to "Do unto others as you would have them do unto you" as Plenert (1995) does. However, philosophical sources regard this as only one among many ways of viewing ethics. Donaldson and Dunfee (1994) emphasize the prominence of utilitarian and Kantian deontological approaches to ethics. Wiley (1995) acknowledges all three of these approaches as oft-cited roots of the debate on ethical issues, and in addition, she points out that human rights and justice are also often at the center of ethical arguments.

However, there is a good deal of confusion surrounding the definition of the term business ethics as Prasad et al (1993) explain. They argue that while the utilitarian approach is widely in use, many see the role of business ethics as the attempt to delineate guidelines and rules to deal with ethical dilemmas, and others see it as primarily trying to prevent people from being harmed in some way or another. Clearly, one of the reasons for such diverse views on what it is that constitutes ethics has to do with commentator's preferences for certain underlying philosophical positions.

INTERPLAY BETWEEN BUSINESS AND ETHICS

Those engaged in research in business ethics have usually come to the field with either a background in business or a background in ethics (Castro, 1995). Thus, as we have seen, there are often two very different approaches to research—one normative and the other empirical (Donaldson & Dunfee, 1994). Two distinct groups representative of the different backgrounds and approaches of researchers in the field have arisen. It would appear that they tend to view each other with suspicion and frustration. On the one hand there are those who observe that "Researchers in business ethics today have concentrated too
much on applying theoretical doctrines to business decisions which are both inaccessible to most business managers and overly critical of capitalism" (Kurland, 1995, p. 465). Such views reflect the call for a more pragmatic approach to business ethics in order to equip business managers with the tools needed to resolve common ethical dilemmas with workable solutions.

On the other hand, there are those who make the claim that in business ethics there has been too much emphasis placed on "'humanistic' yearnings grafted onto 'bottom-line business'" and not enough emphasis on "master virtues" such as "compassion and integrity" (King & Acklin, 1995, p. 12). Such views reflect the call for business ethics to play a central role in raising the consciousness and awareness of business practitioners to human values that are not a traditional part of business education.

In the business context as well, it is hard to claim that business and ethics have displayed a great deal of compatibility. Badaracco and Webb (1995) show how difficult it is for new recruits to deal with the double standards and hypocrisy they routinely meet in their jobs. Davidson (1996) takes Calvin Klein to task over unethical advertising, making the point that this is also bad for business. Khazanchi (1995) makes it clear that there is still a great deal of room for ethicality to improve in the area of information systems. Skipper and Hyman (1993) point out how difficult it is to develop an acceptable instrument for measuring ethical judgments in business situations.

In education as well, there are only a few hopeful signs emerging. Pizzolatto and Bevill (1996) found that where instructors employ a variety of teaching methods in class, students recognize the importance of the subject and feel they are somewhat prepared to deal with the ethical issues they will face in their jobs. Some of the more effective methods of teaching business ethics—through debates, internships, field work and researching through case studies in the real business world have been found to be effective (Brigley, 1995; Smith, 1996; Russell & Scherer, 1995). However, there are a number of objections to the teaching of business ethics as well, ranging from their appropriateness in the first place, to their unevenness in content and effect, to the practicality of teaching individual courses on something so central to human character (McDonald & Donleavy, 1995; Cavaliere & Spradley, 1995; Cole & Smith, 1995).

The traditional approach to teaching business ethics as an
academic course for credit at the tertiary level is not surprising, given that ethics is usually taught in such courses, as well as business. However, as we will see, this can only be considered an introduction to the metacognitive process of reflecting on a psychological process that began well before the ability to reflect began, and which continues to develop well after leaving formal education and entering the workforce. Thinking about the issues and doing something about the issues are unfortunately not necessarily well linked. As Woolfolk (1995) reports, the "relationship between moral reasoning and moral behavior is not very strong" (p. 85). Clearly, it is much easier to be educated about ethics than it is to be educated in ethics. This certainly underscores McDonald and Donleavy's (1995) concerns about "the realities of transferring ethical training to notable improvements in the ethical climate of our business communities" and the need to remedy the situation (p. 11).

MODELS OF INTEGRATION

Business ethics, as stated above, is an interdisciplinary field—the union of two otherwise quite unrelated disciplines. As is often the case where two diverse fields come together and proponents from both try to avoid the yoke seemingly being imposed by the other, there are efforts made to integrate the two. The very fact that proponents from either side feel imposed upon by the other, and feel the need to defend themselves from perceived attacks, indicates that so far there is no overarching mechanism that allows the two to feel fully represented by a mutually representative schema. There is no common agreement between the two that they belong to the same entity—even if they agree on the name, business ethics.

Jones (1995) sought to combine ethics and economics through considering the benefits of all stakeholders involved. He primarily focuses on opportunism as a problem that can be overcome in the long run through the establishment of trust and cooperation, indicating that this is likely to lead to a more profitable relationship among stakeholders as well. Donaldson and Dunfee (1994) have developed an integrated social contracts theory as another way of allowing the normative field of ethics to combine with the empirical field of business, in a way that allows them to work in harmony. Communities play a central role in generating moral norms in this view. Kurland (1995) shows that practical solutions to apparent problems can help to dissolve the perception that certain differences exist, and lead to
a broadening of the common ground.

Kohls and Buller (1994) attempt to bridge the gap between those who hold to cultural relativism and those who take a more absolute stance in dealing with cross-cultural ethical conflicts by proposing the idea that some ethical issues are more central than others for all, or at least, most cultures. This can help guide practitioners in deciding how to approach the conflict and the probable relative importance of the issues and the outcome. King and Acklin (1995) express their dissatisfaction with the current level of the debate and suggest that unless such values as integrity and compassion are included to elevate the discussion, it is likely to remain mired in disagreement with only cosmetic patchwork to cover up fundamental differences.

Each statement on its own is relevant to the issue and helps to clarify some aspect of the problem. However, none of them on their own really satisfy both sides of the issue effectively. To be sure, stakeholders should be primarily involved, and as we will see, trust and cooperation are essential. Socially determined values form an important basis for ethical values and certainly some values are more central than others across cultures which gives hope that we all have a great deal in common that can help clarify the issues. And certainly any attempt to resolve the debate must have practical applicable consequences. However, none of these statements really explain why—for example, why are integration and compassion so central to ethics?

ETHICS AND HUMANISTIC PSYCHOLOGY

Without an integrated resolution to Glauc.on's challenge, the ethics-business debate will continue to be an ethics vs. business debate, regardless of how well this issue is explored. In The Republic, Glauc.on offers the challenge: "If a person could lie, cheat or steal and never be caught, why would he or she ever be honest?" Hyman (1990) in discussing the challenge asserts that "Glauc.on's challenge is faced every day by millions of business people. The argument is very persuasive. In fact, some would say it cannot be refuted without religion" (p.16). This alone should point to the limitations that philosophy has to offer a workable, tangible basis for the ethics component of business ethics, and the need to look elsewhere.

Glauc.on's challenge, however, says more about Glauc.on and the business people who are unable to refute it than it does about the present ethics-business debate. The idea that people would only
avoid unethical acts in order to avoid negative consequences external to themselves is based on a limited view of humanity and human potential. The idea that only religion can offer a solution suggests the need to invoke powers external to humans to refute the challenge. It also suggests that such religious refutations are only acceptable to those who subscribe to that religion, making it exclusive rather than inclusive. To refute Glaucon, we must be able to argue convincingly that unethical actions are intrinsically self-defeating. That is to say, that the self-interests that are served through unethical behavior run counter to the greater self-interest that is inherent in all human beings. And this claim must be made objectively in order for it be all-inclusive as well. That is a very tall order, and it seems that the closest we can get to meeting these demands today are through the contribution of humanistic psychology.

According to Fromm (1947):
The failure of modern culture lies not in its principle of individualism, not in the idea that moral virtue is the same as the pursuit of self-interest, but in the deterioration of the meaning of self-interest; not in the fact that people are too much concerned with their self-interest, but that they are not concerned enough with the interest of their real self; not in the fact that they are too selfish, but that they do not love themselves. (p. 143)

Fromm (1947) postulates an alternative to doctrinaire, authoritarian ethical views on the one hand, and purely relativistic views on the other. The former are not subject to empirical verification and all too often reflect the values of the authorities that postulate and routinely impose them. The latter ignores the fact that "if man were nothing but the reflex of culture patterns no social order could be criticized or judged from the standpoint of man's welfare since there would be no concept of 'man' " (p. 31). The alternative, suggested by Fromm (1947) is "the development of a humanistic-objectivistic ethics as an applied science (that) depends on the development of psychology as a theoretical science" (p. 39).

This is not to suggest that clear unequivocal empirical evidence regarding human nature and its ethicality is being called for. Strike et al (1988) argue that such "inflated demands for what will be permitted to count as objective knowledge" (p. 103) would seriously hamper development in many areas:

If we demand certainty of moral knowledge or if we demand that all legitimate knowledge somehow must be certain and
beyond challenge and change in light of new evidence, we may find knowledge difficult to come by-and not only about ethics. (p. 103-104)

Fromm (1947) outlines much of what can be reasonably accepted as examples of human nature, not the least of which is the satisfaction that comes with accomplishment and productivity. In the intervening years some of this pioneering work has been reflected in the developments made by other psychologists. The concept of humanistic psychology, which includes both an ethical and a scientific orientation, has been espoused, at least implicitly and often explicitly, by many leading psychological theorists and practitioners, such as Charlotte Buhler, Wilhelm Dilthey, Viktor Frankl, Kurt Goldstein, Karen Horney, Abraham Maslow, Rollo May, Carl Rogers, and Ludwig von Bertalanffy. (Ellis, 1973, p.3)

Although humanism as a philosophical stance has at times been described-with justification too-as a kind of secular religion for its prescriptive claims regarding values, and even venturing into the occult at times, this is not the result of humanistic psychology. On the contrary, as Ellis (1973) observes, "One of the advantages-and ironies-of adding ethical humanism to psychological humanism is that the latter becomes truly scientific" (p. 2.). Thus, he defines humanistic psychology as "the study of the whole individual, by logico-empirical means that are distinctly human, for the purpose of helping him live a happier, more self-actualizing, and more creative existence" (Ellis, 1973, p. 3).

In this way, the contribution that humanistic psychology makes to an understanding of ethics, is descriptive, rather than prescriptive-always open to scientifically based modification. Thus, ethics need not be entirely normative, the study of human ethics can have be empirically verified as well.

Human ethics, therefore, can be looked at from the point of view of what is best for the individual. Maslow (1964) makes it clear that there are many "naturalistic reasons for preferring growth-values over regression-values under good conditions" (p. 97). That is to say:

the more one knows of the actual consequences of growth-choices and regression-choices, the more attractive become the growth-choices to practically any human being. And these are the actual choices he is prone to make if conditions are good, i.e.
if he is allowed truly free choice so that his organism can express its own nature. (Maslow, 1964, p. 98).

Or, as Rogers (1961) puts it:

...the basic nature of the human being, when functioning freely, is constructive and trustworthy....When we are able to free the individual from defensiveness, so that he is open to the wide range of his own needs, as well as the wide range of environmental and social demands, his reactions may be trusted to be positive, forward-moving, constructive. (p. 194)

Growth from a biological point of view "tends to be internally rooted but influenced environmentally" (Argyris, 1997, p.318). Maslow (1964) uses this as the basis of a direct comparison between our biological and psychic growth, pointing out that "a plant or an animal selects from the millions of objects in the world those which are 'right' for its nature" (p.100). This is still a controversial issue, related to the nature and nurture arguments that Bolman and Deal (1997) claim are misleading in their extreme forms. "A emerging consensus sees human behavior as resulting from the interplay between heredity and environment" (Bolman and Deal, 1997, p. 104). Such a consensus is compatible with the view that some environmental influences can be growth enhancing and others are growth inhibiting. From this point of view, growth enhancing factors can be regarded as ethical and growth inhibiting factors as unethical. Thus, the issue of human ethics is inextricably intertwined with human development.

The very idea that there is such a thing as human development as put forward by Piaget, Erikson and Kohlberg, (Woolfolk, 1995) to name but a few, finds its roots in the idea that there is such a thing as human nature, individual characteristics notwithstanding. Thus, psychology looks promising, to say the least, in being able to provide sufficient basis to refute Glaucon's challenge by offering a solution that is theoretically at least, capable of being verified empirically. While psychopathology certainly is one window into human nature, many psychologists have turned their attention to those people who seemed to be the most mature or developed in order to get a better idea of human potential when it is actualized.

From an historical point of view, Strike et al (1988) argue that: we see writ large in human history a positive development
toward a more human and more broadly shared ethical point of view. There are, then, some good reasons to keep open the possibility of humanly arrived at ethical knowledge. We can be objective and reasonable even if we cannot be certain, and we can be tolerant and open to other points of view without being relativists. (p. 104)

From a cultural point of view, studies have shown differences between cultures in terms of ethics, yet none of them have demonstrated that these are so fundamentally different that a common ethical understanding would be impossible (Burns & Brady, 1996; Nyaw & Ng, 1994; Vitell et al, 1993). While these tendencies are generalized about specific cultures, this does not rule out the possibility of individuals exhibiting characteristics that are usually more identified with another culture. Nor does it rule out the possibility of individuals becoming "broader" in their approach to learning by assimilating characteristics that might not be common for their particular culture. Strike et al (1988) point out that:

even if our ethical intuitions are acquired from our society, it does not follow that reflective equilibrium among members of different societies is impossible. To the degree that societies are different, we can expect the search for reflective moral equilibrium to be difficult. To assume that it is impossible is to neglect the extent to which all societies are composed of people with a common biology, common fundamental needs and feelings, a common physical environment, and common aspirations. It is also to neglect the extent to which we live on a planet whose people are increasingly united by a common science and by common global problems. (p. 104)

Acceptance of the basic idea that there is such a thing as human nature, that it can be developed and that the characteristics of such developed people should provide the basis of ethicality is the basic premise upon which the idea that good ethics is good business is based.

INTEGRATION IN PRACTICE: THE ETHICAL BUSINESSMAN

King and Acklin (1995) make a strong and somewhat impassioned case for the need to recognize certain master virtues at the core of ethicality in order for business ethics to rise to the demands of the area it addresses. They describe these virtues as "spiritual modes of synthesis" that are "foundational
to 'highly effective people' in our modern times of increasing complexity and pace of change" (p. 13). With this claim, they simultaneously broaden the playing field quite dramatically and call into question the adequacy of the previous playing field.

According to Erikson's theory of psychosocial development, the final stage of individual development is called "Integrity" (Woolfolk, 1995, p. 66). Peck (1987), a psychotherapist, describes integrity as characterizing "the highest mystical, wholistic form of individual functioning" (p. 234). This refers to the kind of human functioning that we could expect from those among us who have most fulfilled their human potential—what Maslow (1970b) describes as "self-actualizing" people, of whom Albert Einstein and Albert Schweitzer are two relatively contemporary examples. In terms of ethics, Maslow (1970) is unequivocal in his description of such people:

I have found none of my subjects to be chronically unsure about the difference between right and wrong in their actual living. Whether or not they could verbalize the matter, they rarely showed in their day-to-day living the chaos, the confusion, and the inconsistency, or the conflict that are common in the average person's ethical dealings. This may be phrased also on the following terms: these individuals are strongly ethical, they have definite moral standards, they do right and they do not do wrong. (p. 140-141)

As a way to see how such people experience integration, it is also useful to look at what it is not. Peck (1987) describes the opposite of integration:

We psychologists use a verb that is the opposite of the verb "to integrate": "to compartmentalize." By it we refer to the remarkable capacity we human beings have to take matters that are properly related to each other and put them in separate, airtight mental compartments where they don't rub up against each other and cause us any pain. An example would be that of the businessman who goes to church on Sunday mornings, believes that he loves God and God's creation and his fellow human beings, and then on Monday morning has no trouble with his company's policy of dumping toxic wastes in a nearby stream. He has put his religion in one compartment and his business in another and is what we call a "Sunday morning Christian." It may be a very comfortable way to operate, but integrity it is not. (p. 234-235)
If we are to take King and Acklin (1995) seriously, we must acknowledge that the integration of business and ethics can never be achieved by some kind of abstract theory. This may work for other interdisciplinary fields such as socio-economics and psycholinguistics, but for business and ethics, integration must occur primarily within human beings—within the ethical businessman. And as we have already seen, what King and Acklin (1995) refer to as master virtues, are in fact descriptions of fully functioning human beings whose ethicality is fundamentally integrated into their whole being.

Peck (1987) goes on to explain that one test for the presence or absence of integrity is to see if anything is missing. Integration involves creating a whole from parts "that is greater-better-than the sum of its parts" (p. 234). Peck (1987) further explains that "If no pieces of reality are missing from the picture, if all the dimensions are integrated and colored in, then in all probability you will be looking at a paradox" (p.238). It is interesting to note that actually, King and Acklin (1995) refer to two specific master virtues: integrity and compassion, and it is no surprise that we should expect the ethical businessman to fully embody and integrate both of these. As we will see later, a paradox appears to emerge when we consider the businessman who integrates compassion with profit in a way that has them mutually supporting and enhancing each other. It doesn't have to be either/or, it can be both/and.

This is not to say that this is easy, however. Peck (1987) makes it clear that integrity is never painless. "It requires that we let matters rub up against each other, that we fully experience the tension of conflicting needs, demands, and interests, that we even be emotionally torn apart by them" (p.235). Although it doesn't directly relate to business, the issue of abortion does provide a dramatic example of the kinds of difficulties that integrity demands, as well as the seemingly intractable nature of certain ethical dilemmas.

While we focus on only one side of the issue, we become deadlocked. If we focus on individual human rights we must end up pitting the rights of the mother against the unborn and prioritizing them. If we focus on the principle "thou shalt not kill" we can end up forcing people to bear unwanted children they have no intention of providing for. Or, as Peck (1987) puts it:

There are no simple solutions. Anyone who thinks with integrity
on the subject will feel torn apart. On the one hand, there is no question that abortion is murder of a sort and that a policy of abortion on demand does diminish what Albert Schweitzer called "reverence for life." On the other hand, there is no question as to the magnitude of the suffering that would result for both parents and children if abortion of the misbegotten were not an option. With integrity we must be left with the tension.

To legally say "Thou shalt not abort" is simplistic. Something is missing, left out. We cannot with integrity take responsibility away from individuals as to what they will do with their lives and pregnancies and then put it nowhere. The responsibility has to go somewhere. We cannot with integrity say "Thou shalt not abort" unless we are talking about our children, unless we as a community, are willing to assume great responsibility for the financial and psychological health of the individual parents and child to be. (p.247)

This example not only illustrates the tremendous challenge that integrity presents, it also illustrates the awesome costs of not rising to the challenge of integrity—of retreating to the relative comfort of compartmentalization. Integrity is not a luxury. It is supposed to be the norm. And it occurs primarily within the individual—within the fully functioning, highly developed individual.

The quest for integrity, much as it necessitates the need to assume some sort of responsibility for the world we live in, is not an expression of Calvinistic self-denial or unselfishness. On the contrary, it is perhaps the purest expression of self-interest. According to Fromm (1947), "Man has only one real interest and that is the full development of his potentialities, of himself as a human being" (p. 138). By this he means that if we are to genuinely serve our best interests, we will endeavor to become fully mature and integrated individuals. While this naturally is in the best interests of our societies and communities, this is not the starting point for psychological maturity and health. The starting point is ourselves. We have a duty and responsibility to ourselves to become all that we can be.

The Golden Rule of "Do unto others as you would have them do unto you" can be too easily taken to mean "Don't do something to others unless you are prepared to have them do it to you as well." With this, it becomes possible to remain faithful to the rule and yet take a gamble with unethical behavior by steeling oneself for the possible negative consequences that only may
come back. The gambler is prepared to take a hit now and again. This misses both the intent and spirit of the statement as can be seen when it is expressed as "Love thy neighbor as thyself." The whole point is positive, and begins with self-love and self-interest. Yet here, this very notion of self-interest does not mean the same thing as the way it is usually used-synonymous with selfish. As Fromm (1947) explains,

The selfish person is interested only in himself, wants everything for himself, feels no pleasure in giving, but only in taking. The world outside is looked at only from the standpoint of what he can get out of it; he lacks interest in the needs of others and respect for their dignity and integrity. He can see nothing but himself; he judges everyone and everything from its usefulness to him; he is basically unable to love. Selfishness and self-love, far from being identical, are actually opposites. The selfish person does not love himself too much but too little....He is necessarily unhappy and anxiously concerned to snatch from life the satisfactions which he blocks himself from attaining. He seems to care too much for himself but actually he only makes an unsuccessful attempt to cover up and compensate for his failure to care for his real self. (p. 135-136)

It should be noted, however, that unselfishness leads to a strikingly similar outcome, for

The "unselfish" person "does not want anything for himself"; he "lives only for others," is proud that he does not consider himself important. He is puzzled to find that in spite of his unselfishness he is unhappy, and that his relationships to those closest to him are unsatisfactory. (Fromm, 1947, p.136)

Indeed Fromm (1947) sees strong forces at work in society over the issues of selfishness and unselfishness that create double-binds from which all too few are able to extricate themselves. On the one hand it is the socially acceptable norm to put others first, and make polite public sacrifices which give the appearance that we are genuinely concerned with the welfare of others and that we are "nice" people, and more often than not children are socialized to follow this edict-perhaps with the help of a version of the Golden Rule. On the other hand,

the opposite is also propagandized in modern society: keep your own advantage in mind, act according to what is best for you; by so doing you will also be acting for the greatest advantage of all others. As a matter of fact, the idea that egotism is the basis of
the general welfare is the principle on which competitive society has been built. It is puzzling that two such seemingly contradictory principles could be taught side by side in one culture; of the fact, however, there is no doubt. One result of this contradiction is confusion in the individual. Torn between the two doctrines, he is seriously blocked in the process of integrating his personality. (Fromm, 1947, p.132)

The integrated resolution to this dilemma is not a compromise between these two principles, but rather transcending them in a way that leads to a principle that is greater than the sum of the kernels of truth they both contain. Genuine self interest involves genuine self love, which involves caring for ourselves in ways that lead to the realization of our potential-our maturity as human beings and all that entails-rather than immediate self-gratification. It should be done primarily for our own sake, as this is the only self over which we have direct control. The paradox-if it really is one-is that fully functioning individuals with integrated personalities have a very strong need-the need to love others unconditionally.

According to Maslow (1970):

Self-actualizing people have a deep feeling of identification, sympathy, and affection for human beings in general. They feel kinship and connection, as if all people were members of a single family....self-actualizing people have a genuine desire to help the human race. (p. 138)

Or as Fromm (1947) puts it, "The love for my own self is inseparably connected with the love for any other self" (p.134). Assagioli (1973) refers to this as altruistic love: "It has been called caritas and agape; its highest and purest expression is compassion" (p.116). And here we see the direct link between the master virtues of integrity and compassion that King and Acklin (1995) referred to.

According to Goleman, (1996) altruism is rooted in empathy and "The empathetic attitude is engaged again and again in moral judgments for moral dilemmas involve potential victims" (p. 105). He goes on to point out how "Empathy underlies many facets of moral judgment and action" such as when "empathy leads to moral action ...(and) when a bystander is moved to intervene on behalf of a victim; the research shows that the more empathy a bystander feels for the victim, the more likely it is that she will intervene" (p. 105-106). Woolfolk (1995) also
notes the role of empathy in moral development. While Kohlberg's stages of moral development have received some criticism for appearing to be more rigid than experience reveals, the fact that there is such a thing as moral development and the general direction it takes is not in dispute (Woolfolk, 1995). The same applies to Maslow's hierarchy of needs, Erikson's stages of psychosocial development and Piaget's theory of cognitive development (Woolfolk, 1995). Whatever their shortcomings and limitations they are by and large accepted as fairly representative of the kinds of development that humans make. This view is further reinforced by the fact that they are also by and large compatible. In all likelihood they emphasize and describe different aspects of the same phenomenon. Taken together they represent a significant source for ethical understanding.

While noting that there are those who prefer to accept the ethical stance of cultural relativism, Kohls and Buller (1994) note that "most of those who seriously study ethical issues are dissatisfied with any kind of relativism" (p.32). However, they then go on to claim that those who don't accept such relativism "maintain that ethical standards are universal" (p. 32). This sounds unnecessarily doctrinaire and prescriptive-possibly even authoritarian. There is an alternative that rejects both relativism and absolutism. Fromm (1947) seeks to reaffirm the validity of humanistic ethics, to show that our knowledge of human nature does not lead to ethical relativism but, on the contrary, to the conviction that the sources of norms for ethical conduct are to be found in man's nature itself; that moral norms are based upon man's inherent qualities, and that their violation results in mental and emotional disintegration. I shall attempt to show that the character structure of the mature and integrated personality, the productive character, constitutes the source and the basis of "virtue" and "vice," in the last analysis, is indifference to one's own self and self-mutilation. (p.17)

Clearly ethics is more than a philosophical issue. It goes to the very core of our humanity. It is a function of our character and personality and an expression of our maturity and development. The integrated ethical businessman is ethical and compassionate because he is being true to his very being-he is honoring and serving himself and his real self-interests and at the same time honoring and serving the real self-interests of others. Indeed, this is essentially the same thing. However, as we shall see, the fact that he is economically successful as well is not incidental.
This success owes a great deal to the fact that he is ethical and compassionate and integrated.

This description of the ethical businessman may sound hopelessly utopian and unrealistic. Certainly no-one could realistically expect such a vision to become commonplace without enormous changes in our society. The difficulties involved in developing an integrated view of abortion show how enormous the required changes are. But difficulties themselves do not reduce the enormity of the potential that lies within each individual, and hence within the organizations such individuals choose to create—the potential to realize this vision. Nor does the difficulty make the alternative any more acceptable or palatable.

ETHICS IN THE ORGANIZATION

Individuals do not develop in isolation. Development occurs through relationships with others. It is unrealistic to expect individuals to develop themselves and their ethically in an environment that is antithetical to such development—although history records several examples of outstanding individuals who have done just that. The ethical businessman must be nurtured by the ethical environment. Whether ethical individuals precede ethical organizations or vice versa is much like the chicken and the egg—they arise together, inseparable. Thus, in their discussion of the master virtues—integration and compassion—of individuals, King and Acklin (1995) go on to point out that "learning how to 'scale them up' to group and organizational levels is increasingly the hallmark of effective firms" (p. 13).

The notion that it is possible to apply principles of individual development to organizational development is also contained in those studies that have sought to analyze organizations from the point of view of Kohlberg's stages of moral development (Petrick, 1992; Sridhar & Campburn, 1993; Fraedrich & Thorne, 1994). Organizations reflect the individuals that belong to them and individuals reflect the organizations they belong to, even though organizations cannot grow in the same way—lacking as they do, the inner biological drives that individuals possess (Argyris, 1997). However, they still mutually influence and affect each other. Thus, organizations are capable of expressing the morality that their individual members bring to the organization and in turn shape that individual morality as well. Thus it is not surprising to find studies which tend to point to the primacy of personal morality in determining ethicality in an organization, as well as studies that point to the degree to which
organizations influence the ethical behavior of their members. These are not necessarily contradictory findings, but perhaps illustrations of the two sides of the same coin.

However, the ethicality of individuals in organizations is hardly proportional to their influence. Influence in organizations is highly complex and dependent on their structure and design as much as on the character of the individuals in the most influential roles. Together this all goes to make up the ethical climate of the organization and generally it is in accordance with this climate that individuals act. The complexity of the situation is made even more confusing by way in which the formal and informal systems in organizations interact causing ambiguous priorities for employees (Falkenberg & Herremans, 1995).

Making changes in this climate is extremely difficult for those in lower positions in the organization as Badarracco and Webb (1995) point out. It should also be pointed out that once systems are in place, it can be very easy for them to play seemingly separate roles in a much larger plan that can add up to a highly unethical practice by the organization that may or may not be recognizable from each of the incremental steps that a large number of individuals took. Balfour (1997) illustrates this process in the public sector of Hitler's Germany where bureaucrats tended to all the organizational aspects of the massive undertaking that comprised the holocaust by ensuring that existing regulations were strictly followed without any indication that the sum total of this effort was to provide the intricate infrastructure without which the S.S. would have been unable to mount such an enormous exercise in genocide. Although none of the bureaucrats ever had to personally pull a trigger or turn on a gas valve, it appears that there was never any question raised among them over the unmitigated support they knowingly offered—such can be the blinding power of organizations and organizational structures on individuals, and such is the strength of individuals to "compartmentalize" their lives, although this is made easier when the organizational climate suggests, or perhaps almost demands such compartmentalization.

A lone integrated individual facing such an organizational climate from a low position with little influence faces a virtually impossible task of reforming such an organization from within. O'Day (1974) has catalogued the kinds of escalating intimidation rituals that superiors routinely exercise in the face of the reform minded individual, from nullification to isolation.
to defamation, and, if the reformer hasn't already voluntarily left by then, the final ritual—the reformer's expulsion.

If the efforts of the organization do escalate to defamation:

its target is usually indeed a reformer and not simply a nonconformist or deviant. His superiors would not need to engage in public tactics of intimidation if there were no substance to his challenge. It is precisely the validity of his reform initiative that leads his superiors to attempt to destroy his credibility. (O'Day, 1974, p. 173).

In the dynamics of this defamation ritual, the way for organizations and reformers to be spared such a mutually-defeating exercise becomes clear.

The reformer finds himself faced with charges which only he and his accusers know are either false or irrelevant in relation to the value of his reform initiatives. The reformer is in a double bind. His superiors will use their offices and positions of trust and responsibility to create the impression in the minds of others in the organization that their accusations of incompetence, self-interest, or psychopathology are true. If the reformer continues in the face of these accusations, he risks being viewed as power-hungry or irrational. If he allows himself to be intimidated by the threat of lies, he allows his supervisors to win by default. (O'Day, 1974, p. 173).

Just as organizations and those who run them are capable of such abuse of power, trust and responsibility in the effort to intimidate unwelcome reforms and reformers, they are also capable of exercising such trust and responsibility in integrative ways. Trust is pivotal here:

Trust is the fabric that binds us together, creating an orderly civilized society from chaos and anarchy. Trust is not an abstract, theoretical idealistic goal forever beyond our reach. Trust—or the lack of it—is inherent in every action we take and affects everything we do. And it is, in fact, the underpinning for all ethical behavior. (Sonnenberg, 1994, p.14)

There is a pragmatic side to trust as well. According to Jones (1995) "The firm will gain competitive advantage if it is able to develop relationships with its stakeholders based on mutual trust and cooperation" (p. 421). And Haney (1992) makes the point that "By and large, high trust tends to stimulate high
performance” (p. 34). This generates a spiral of higher performance leading to even greater trust and so on. Unfortunately the spiral downward between a lowering of trust and a corresponding lowering of performance, is often more common.

Research indicates that trust is related to efficiency and effectiveness as well:

Where trust was reported to be high, team members spent less energy worrying about what others were doing or thinking and more energy directly on doing the work. Furthermore, team members who trusted one another were more willing to ask for assistance or allow a more talented team member to perform tasks they were less skilled at doing. Consequently, the optimum talent was applied to doing the work. (Yeatts & Hyten, 1998, p. 102)

However, trust is more than pragmatic in the immediate sense. Trusting relationships are nourishing relationships. And thus we come to the mentoring role that organizations can perform. Organizations are increasingly being called upon to provide an environment that is more conducive to personal growth (Hasenfeld, 1983; Sherman, Bolander & Snell, 1998) and leaders and managers are increasingly being urged to tap the creative potential of those under them (Mattson, 1994; Kouzes & Posner, 1995; Beck & Hillmar, 1986). Haney (1992) notes among several trends in organizations today, that:

Society is beginning to impose...requirements on its organizations. For one, there has been growing concern about mental health in our country. Some feel that the structure and climate of today's organizations are in many respects inimical to the emotional health and development of its members. They call for a serious reappraisal of and, where advisable, significant changes in our organizations. (p. 32)

While membership in an organization may play a significant or a limited role in any one individual's overall life in terms of importance and fulfillment, this role usually consumes a significant amount of time in one's working day, if not working life. Taken together, membership in business organizations in modern industrialized countries generally involves a relatively large amount of time, energy and commitment. People are undoubtedly motivated to join such organizations primarily to provide for a livelihood to satisfy what Maslow (1970) describes...
as our deficiency needs for physiological survival, safety and security. However, as Haney (1992) points out, in modern industrial societies these needs are generally met and people are now more open to being motivated by higher level needs for belonging, achievement and self-expression. This has given rise to several management theories such as theory Y where managers "select the appropriate balance between external control and individual freedom commensurate with the individual's stage of development" (Haney, 1992, p. 41). As the person grows they can handle greater freedom and use that greater freedom to further their growth. Not surprisingly, "The key to the art of managing under Theory Y is the ability to trust appropriately" (Haney, 1992, p. 42). Or, according to Argyris (1997), "under a climate of trust, the individuals may increase their opportunities for psychological success. With trust, the management may tend to feel less a need to develop tight control mechanisms, thereby creating greater opportunity for psychological success" (p. 31).

The development of organizations that can play an important role in the overall human development of those who belong to them is often taken for granted, however, with only limited justification. Jayaraman and Min (1993) suggest "helping both corporations and individuals engage in institution-building based on universal values of truth, beauty and the good life for all" (p. 668). However, they offer little incentive for organizations to do so, other than to suggest that this is the way of the future. They also seem to come down on the ethicist's side of the ethics-business debate when they rather weakly describe the future corporation as one that "would have become proficient in its chosen market and technologies to an extent that its immediate survival in the global sense is not threatened" (Jayaraman and Min, 1993, p. 672). Without a vision of truth, beauty and the good life, according to Jayaraman and Min (1993), "the ethical debate assumes purely economic or competitive tones" (p. 672). Their overall description of the direction for organizations appears to be in line with most other theorists described above. However, they seem to be ignoring the bottom-line interests of business, and in so doing, run the risk of losing half of their audience.

If ethics and business are to be truly integrated in the integrated businessman, business cannot be subservient to the pursuit of ethics. The quest for high ethicality is the quest for fully functioning individuals and businesses. There is no need for ethics to cause business to compromise itself in its purpose.
There is no reason to expect that profits need to suffer because of high ethical conduct. Indeed, the opposite would seem the more logical conclusion. And in fact research shows "that companies that emphasize values beyond the bottom line were more profitable in the long run than organizations who stated their goals in purely financial terms" (Boleman & Deal, 1997, p. 343).

An organization that fosters the psychological growth and development of its members in a climate of trust, compassion and integrity will enjoy their loyalty and support on the one hand, and greater productivity and efficiency on the other. While in practice this may take a great deal of time, effort and commitment on the part of the organization, in the long run the organization can be expected to perform better. Peters and Waterman (1982) offer this advice:

Treat people as adults. Treat them as partners; treat them with dignity; treat them with respect. Treat them—not capital spending and automation—as the primary source of productivity gains. These are the fundamental lessons from the excellent companies research. In other words, if you want productivity and the financial reward that goes with it, you must treat your workers as your most important asset. (p. 238)

There is more to the integrated organization and its treatment of its members, however—there is also their relationship with other organizations, and customers. As pointed out earlier, Jones (1995) illustrates the necessity for all stakeholders—both internal to the organization and external—to be part of the effort to develop an ethical organization. So far we have discussed the integrated businessman and the integrated organization. The next logical step is to see how such organizations can interact with their environment in ways that advance both their business and their ethicality. In fact there is little to add here. The same essential principles apply. Trust and cooperation between organizations and between organizations and customers lead to greater efficiency and results. Management and leadership are just as critical to external relationships as they are to internal relationships. Perhaps the most relevant ideas in this area at present are the basis of what is known as Total Quality Management. Two of the main issues that Total Quality Management theorists agree on are: the importance of customers to setting standards of quality and driving organizations to meet such standards, and "top management commitment to promoting a culture of quality, employee empowerment, and a long-term
perspective" (Martin, 1993, p. 23). Obviously Total Quality Management is in concert with the integrating efforts to build ethical organizations that are highly successful as well.

Those who belong to an organization that is successful in business are able to experience the kind of psychological success that leads to personal growth. Indeed, without business success, no matter how human the organization is, personal growth will not be optimum. Business success and fostering human development go hand in hand. Thus, we should expect a spiral in ethicality and success as well. Business can be a significant vehicle in human development, to the point where in all seriousness we can begin to talk about The Way of Business.

Unfortunately, in today's world, business success is not necessarily infused with a corresponding ethical base. If business is not pursued in the interests of excellence, but rather in the interests of personal aggrandizement, a paucity of ethicality may be present. However, trying to get on-up on life is doomed to failure for the simple reason that ultimately, our real self-interests are identified with life itself.

Organizations that base their values on human nature will naturally work for the best interests of their communities and societies. These will not be PR efforts to enhance their reputation and thus hopefully their sales as well. There will be nothing phony about their service. They will enjoy well-deserved good reputations for all their work both inside and outside the organization, and this will do little to impede their business development as well.

DIRECTION FOR THE FUTURE

Hyman (1990) observes, "one can spot a good company by the way its actions and advertisements seem to say 'we will be around forever.' Acting as if one will be around forever is a sign that one is acting ethically" (p.16). A comprehensive view of the future is beyond the bounds of this study. However, a recurrent theme that has emerged from the above discussion is the idea of some sort of long-term perspective, or sense of permanence. Thus, it may be instructive to try and illustrate where two aspects of business ethics seem to be headed, and how they contribute to this idea. The first has to do with roles of codes of ethics and the exercise of justice in integrated relationships. The second has to do with education in business ethics.
In a practical sense, one application of this exercise in trust and freedom can be seen in the way the organization responds to abuses of such trust and freedom. Codes of ethics are in wide use today and many detail explicit provisions for providing sanctions in the event that the code is broken. Indeed there are those who suggest that only those that do have such provisions for sanctions are worthwhile, and further, only those which enforce such sanctions are truly viable. While it certainly makes sense for organizations to do what they say they will do in order to avoid cynicism (Murphy, 1995), the appropriateness of such a letter of the law type of justice is not necessarily a forgone conclusion. This kind of justice is indicative of a fairly low level of moral thinking in terms of Kohlberg's model (Woolfolk, 1995). Indeed this reflects a fairly undeveloped notion of justice. According to McMahon (1988), the reward and punishment view of justice:

is based on the idea of exchange. In other words we get back what we dish out. If we do good we are rewarded; if we do evil we are punished. This idea of justice is not based on a vision of unconditional love. The justice of reward and punishment is a minimal kind of justice that .... has little room for reconciliation, forgiveness and generosity. (p.30)

This does not imply a tolerance of unethical behavior. Rather, it suggests that unethical behavior be seen for what it is—evidence of the selfish personality described earlier. Sanctions only reinforce the belief that unethical behavior is fine so long as no one knows about it. They suggest that the offender should be more careful and discreet in the future—indeed this is the real-life lesson the selfish mentality will draw. At their best, as a form of coercive control, sanctions might invoke external, behavioral compliance with ethical norms, but fail miserably to educate, to elucidate, to raise consciousness. The idea of exchange suggests that once the sanctions have been met then this wipes out the unethical action. Sometimes, this is expressed as "paying" for one's mistakes. The poverty of such an axiom can be seen with the suggestion that it might be possible to "pay the penalty" for an unethical act in advance. If the penalty for armed robbery is ten years in prison, then if we arrange to spend the ten years there in advance, logically that should allow us free access to commit one armed robbery free of any further penalty.

Invoking sanctions does not set the record straight. Unethical actions not only cheat others in the short term, they also cheat the perpetrators in the long term. Nor do sanctions remedy the
situation. In all likelihood they may actually make things worse by reinforcing a view of the world that sees justice in terms of rewards and punishments only. Although there is no pat alternative that can be instantly applied instead of sanctions—individual circumstances regarding the people involved, the nature of the infraction and the nature of the organization all preclude that—sufficient to say that in the prudent organization that is able to make appropriate steps in its development, socialization of members, and creation of a trusting environment conducive to ethical behavior, prevention would play a much larger part than cure. This does not rule out the role of the organization in supporting the reconciliation of those who engage in unethical activities, but rather suggests the limitations of sanctions and the direction that is necessary for organizations to take if they are to create the kinds of organizational climates that are conducive to growth and development in the first place. At the very least sanctions should be seen as temporary, stop-gap measures that need to be outgrown once their need is eliminated—just one step in the service of human justice.

The second point has to do with how the field of business ethics developed from a perceived need, and its ability, or even its intention to meet that need. In some ways, business ethics is similar to industrial relations. This field came about as a result of problems that needed to be investigated, addressed and ultimately resolved. The industrial arena does not have a long history of expertise in communication, negotiation, problem solving, conflict resolution and reconciliation. Thus, the "relations" part of industrial relations is somewhat akin to the "ethics" part of business ethics—it was brought in to make up for a perceived deficiency.

The terms industrial relations and business ethics have been jokingly referred to as oxymorons in recognition of their apparent contradiction in terms. On quite a different level, however, they are both doomed by an inherent conflict of interest that is actually independent of their apparent incongruity. Industrial relations did not come about simply out of curiosity. If the interested parties who are involved in industrial relations could be taught the basics of the issues, and commensurate skills to analyze and deal with those issues, there is every reason to believe that relations in the industrial sector can improve. In fact, it might even be hoped that one day, industrial relations will no longer be a matter of trying to minimize conflict for the benefit of all, it could actually become a positive driving force in industry. Before that can happen,
however, a great deal of research will need to be conducted, and articles written, and new publications formed, and conferences attended and workshops given. Perhaps whole departments, or even faculties will need to be created. This will entail reappraising budgets and perhaps establishing relevant credentials in the field as well. Some researchers may make a lifetime commitment to the field.

However, unlike quantum mechanics, which is unlikely to ever fully explain the nature of matter, industrial relations is an area that could conceivably be investigated sufficiently to accumulate enough information, knowledge and skill to make it redundant as a research field. That is, once enough is known about the dynamics involved, it may be possible for the field to simply become a training ground for interested parties. As a research field it could conceivably come to an end. In fact, researchers in the field could find themselves caught in the contradiction of speeding up their demise by doing a good job of their research!

The same principle applies to business ethics. It was conceived out of a perceived need that in the foreseeable future, could actually be met. The way the field is set up as an academic research field, researchers may actually have a vested interest in trying to keep the issues obscure and complicated. Success in bringing about resolution to the field may be the very thing they seek to avoid. If the field is to have integrity, it must face up to the fact that integrating business and ethics cannot be achieved through incorporating single courses into business programs.

Given the claim that human ethicality is inextricably intertwined with human development and growth, it seems that a more realistic place for ethics education in business is in the management, leadership and organizational areas. Future leaders need to know how to create organizations that foster human growth with the knowledge that they can create an environment that is conducive to ethicality as well. Thus, it seems that although the future for ethics in business looks promising given the overall interest of leadership and management education in these directions, the future for business ethics as an academic field—at least in its present form—is far less promising.

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