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CHANGING THE CORPORATE MIND

**A Buddhist perspective on
business morality**

MICHAEL ADRIAN SATYAPALA HOWES

Doctor of Philosophy

THE UNIVERSITY OF ASTON IN BIRMINGHAM

September 1993

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The University of Aston in Birmingham

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S U M M A R Y

This thesis is concerned with establishing where the Buddhist tradition, founded in India some 2500 years ago, can make a contribution to the new and growing discipline of business ethics.

Part One: From the growing body of business ethics literature it seems that business managers increasingly have a problem of learning how to respond to public and political pressure on business to behave more ethically while, at the same time, continuing to run their affairs profitably in an increasingly complex and uncertain business environment. Part One first looks at the evidence for this growing interest and at the nature of the 'business ethics problem', and then reviews the contribution of Western theory to solving it.

Part Two: In Part Two a possible solution which overcomes some of the limitations of Western theory is described. This is based on a Buddhist analysis of individual morality, and of the moral relationship between the individual and the group. From this a general theoretical framework is proposed. To show how it can be practically applied to the needs of business a description is then given of how the framework was used to design and test a pilot 'moral audit' of Windhorse Trading, a Buddhist company based in Cambridge, England. From the results of this pilot study it is concluded that, given some additional research, it would be possible to take the theoretical framework further and use it as the basis for developing operational guidelines to help businesses to make detailed ethical decisions.

Keywords: Ethics; Philosophy; Religion; Social Psychology; Organizational Theory.

Changing the Corporate Mind

ACKNOWLEDGEMENTS

Over the last four years in the process of preparing this thesis I have received assistance from many quarters. The staff in the University of Aston Library, for example, have been unfailingly helpful, as have those working for the ORSA research group and the Business School Computer Department headed by Vivienne Golder. I would also like to thank the directors and staff of Windhorse Trading for their cooperation.

Among the many who have assisted me there are some who should receive a personal mention. Dr David Horner and Margaret Healey for encouraging me to start the research in the first place; Dr Bill McGinley, and Dharmacharis Sthiramati and Virachitta, who read some early work in progress and gave me some valuable feedback; Alan Sabatini who, with his grasp of the English language and of desk top publishing, was so helpful in preparing the later drafts; and Dharmachari Tejananda and Stuart Pickford for their continuing friendship and support.

Of all those who have helped me, two people must receive a very special mention:

Dr Paul Robins, my academic supervisor, who helped me in so many ways and consistently showed great faith in the value of my research, even though my subject area was well outside of the norm of Aston Business School's research interests; and finally, the Venerable Sangharakshita, my teacher and preceptor without whom, not to put too fine a point on it, this thesis could never have been started. It was his teaching that encouraged me to exchange my conventional business life for one devoted to the

Buddhist path and who opened up for me the rich, mysterious, and yet eminently reasonable, vistas of Buddhism. For his inspiration and example I am immeasurably grateful.

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Chapter 1

Introduction and Summary

Over the last twenty years, according to the business literature, there has been a significant growth in public concern in Western countries over the way businesses behave. This interest has been prompted by the exposure of major corporate misdeeds, such as the Lockheed bribery scandal in the 1970s, and the disclosures of Ivan Boesky in the late 1980s, as well as, a growing awareness of issues such as women's and minority rights, and the environment. This thesis is concerned with exploring the nature of this growing interest in business behaviour, and in what I have called the 'business ethics problem', to see where Buddhism can offer a solution.

GENERAL BACKGROUND

In commencing my research I started out with the premiss that Buddhism would very likely have something to offer the relatively new field of business ethics which had grown up as a result of this public concern. The wisdom of Buddhism is founded on a very ancient and venerable tradition (several hundred years older than Christianity) which, at its zenith, was the espoused religion of about one fifth of the world's population. Even today, though its influence has waned, it is still held in high regard, with Buddhism being commonly seen as a fine exemplar of the universal values of peace and justice. For example, at the time of writing this chapter, two of the last four recipients of the Nobel Peace Prize were Buddhists - the Dalai Lama, the spiritual leader of Tibet, and Aung San Suu Kyi awarded the prize *in absentia* during her detainment in Myanmar (Burma).

As the research progressed I realized more and more that, if the business community cared to listen, Buddhism had much to offer. Before this could be possible, however, it was apparent that quite extensive analytical work was needed to form a bridge between Buddhist philosophy and the practical exigencies of modern business. For, although following a moral means of livelihood forms a central plank of the Buddha's teaching (Right Livelihood being the fifth stage of his Noble Eightfold Path), in practice the Buddha had little to say on how businesses should be run. This in part was because of the relatively simple nature of the economic society that existed in India during the Buddha's time; so beyond proscribing certain overtly immoral practices, such as trading in arms and alcohol, further comment may have seemed unnecessary. Another, and perhaps more significant, factor for this lack of comment was the strong soteriological emphasis found in the Buddha's teaching for the adoption of an alternative style of living. In Theravada Buddhism, in particular great emphasis is placed on giving up the 'normal' life of a householder and 'going forth' as a homeless wanderer or bhikshu.

Given that the Buddha had little directly to say on livelihood, the Buddhist perspective on business morality must be derived from a more general examination of Buddhist philosophy. If an analytical bridge can be constructed between the Buddha's teaching of some 2500 years ago and today's complex and sophisticated Western economy, then, for several reasons, the Buddhist approach could receive wide acceptance. This may be so especially among those managers who genuinely aspire to take their businesses on to a higher moral level, but who, for one reason or another, have lost faith both in the free market system, and in the efficacy of the religion of their birth, to promote the welfare of society.

A Credible Alternative to Theistic Morality

With the secularization of Western society over the last 100 years there has been a progressive shift away from time-honoured Christian values. For many people today, to borrow the words of Nietzsche, 'God is Dead', which has led to much moral confusion. As Sangharakshita points out, most people are not Christian in any meaningful sense but nevertheless still tend to be strongly influenced by the Christian ethos, with morality being seen as an obligation which is imposed from outside. In a pithy and ironic account Sangharakshita describes the modern moral dilemma as consisting of:

'not doing what we want to do, and doing what we do not want to do, because (for reasons we do not understand) we have been told to, by someone in whose existence we no longer believe.'

Sangharakshita 1990 p81/2

This general secularization of society and discarding, at least on a conscious level, of Christian values has tended to create a vacuum. Human society, it seems, needs social mechanisms to authorize and guide behaviour. Unfortunately the secular alternative provided by government and the legislature, lacking a God's omniscience, so often fails in the task. Buddhism, being a major world religion, but one which is not based on the belief in a theistic dogma or, as we shall shortly see, in the blind adherence to fixed and rigid rules, may well provide an acceptable alternative.

A Rational and Progressive Morality

In theistic religions an adherent is asked to follow a particular set of moral rules on the basis of God's will. With the secular alternative, power is often vested in the government and its judiciary, with moral rules being

determined either by some powerful elite or, in Capitalist Societies (in theory), some form of evolving democratic consensus.

In both cases there is a heavy legalistic emphasis with concern being given to applying rules or commandments which serve to militate against 'evil' or promote 'the good': be that good the 'Kingdom of Heaven'; 'the greatest good for the greatest number'; or some less lofty aspiration such as securing the *status quo*. Often, with such legalistic, rule-based systems no direct rational reasons are given as to why particular rules should be followed. In Christianity and Islam for example, we are asked blindly to believe in the will and benevolence of God. In the case of Capitalism we must believe, equally blindly, in the background ideology of free-market consumerism.

This emphasis on rules blindly followed can lead to some very significant problems. While in the short term rules may encourage a person to act in a certain way, in the longer term they can easily have a contrary effect, at least to the extent that they remain externally imposed and are not consciously absorbed into the individual's own value-system. For such absorption to take place a degree of understanding is needed and it is here that the Buddhist approach is especially relevant. In helping the individual to be more moral Buddhism is not concerned with laying down fixed rules of behaviour, but rather with enabling a person, through the development of insight, to modify and develop the mental states that motivate and guide behaviour. Indeed, the Buddhist position is quite clear for, although rules of conduct are sometimes seen as providing a useful guide, ultimately the way a person behaves is a matter for his or her own free choice and responsibility. The Buddha himself totally rejected any idea of blind faith and frequently exhorted his disciples to follow their own judgment and not just 'to go by hearsay, nor by what is handed down by others, nor by what people say, nor by what is stated on the authority of your traditional teachings.' (*Anguttara Nikaya* Book 1 verse 188 (Woodward 1932))

As well as promoting reason and responsibility, a central plank of Buddhist morality is its progressive nature with the idea that there is a hierarchy of different levels of moral and spiritual attainment and that it is possible, through systematic self-culture, to move from one stage to the next. This idea, explored in Part Two, underlines the distinct and possibly unique contribution (at least when compared with Western religious and philosophical systems of thought) of Buddhism to the domain of morality. For, as Sangharakshita points out,

‘it is a startling but nevertheless completely verifiable fact that neither in the Old Testament of the Christians, nor yet in the Muslim Qur’an, is there anything even remotely approaching the scheme of systematic self-culture comprised in the Middle Way or Ariyan Eightfold Path of Buddhism. Christ has truly said that "The Kingdom of Heaven is within you"; but the Christian Scriptures contain only a few scattered and unconnected hints on how to realize it. The same may be said of Judaism and Islam.’

Sangharakshita 1987b p152/3

A Practical System of Morality

As well as being rational and progressive, the Buddhist perspective on morality is also very practical. Indeed, perhaps it is its very pragmatic nature that will be the main reason for its being taken seriously by the business community. Nowhere is the Buddhist tradition concerned with developing a moral philosophy for its own sake. The rational treatment of philosophical issues only has a place insofar as it demonstrably assists the soteriological process, that is, where it is helpful in developing one’s fullest potential as a human being - expressed in Buddhist terms by the notion of Enlightenment.

So it is on the basis of a religious and philosophical alternative to theistic morality and to the values of free market idealism that the arguments in this dissertation are presented. An alternative which has the credibility of being both ancient in origin and also highly and widely regarded in the modern World. An alternative which, rather than providing yet another set of moral rules for us to keep or break at will, points the way along a progressive and practical path of higher moral and spiritual attainment - a path which for the Buddhist eventually leads to Enlightenment and, for the businessperson, assuming the means can be found to demystify and secularize the language, a way of running their business in an ever more moral way.

SUMMARY OF THE THESIS

This thesis comprises two parts: Part One deals with the definition of the problem and the attempts of Western theory to solve it; Part Two proposes a Buddhist solution which, as the argument will show, overcomes some of the limitations of Western theory.

Part One: The Problem of Business Ethics

In Part One the nature of the 'business ethics problem' is examined. From the growing body of business ethics literature it seems that business managers increasingly have a problem of learning how to respond to public and political pressure on business to behave more ethically, while at the same time continuing to run their affairs profitably in an increasingly complex and uncertain business environment.

The first two chapters of Part One provide an overview of the relatively new field of business ethics. In Chapter 2 the view, widely reported in

the literature, that interest in business ethics is growing, is discussed, together with the reasons for this interest. In Chapter 3 the findings of some empirical research are reviewed which confirm that, measured in terms of the publication of relevant articles and papers, there had been a growth of interest in business ethics between 1983 and 1990. The research also shows that the nature of this interest was fairly limited and that: (1) business tends to be passive and react mainly to external pressures for change; (2) it seems to be content with the status quo; (3) the scope of its interest is limited by/to its own concerns; and (4) the role of science and technology in the business ethics debate is virtually ignored.

Given these findings it might be reasonable to conclude that, in general, the business community has no real interest in becoming more ethical. However, perhaps this underestimates the moral sensitivities of many business managers who, assuming that adequate operational guidelines could be provided, may be only too willing to respond positively to the ethical concerns of society. As the remaining chapters of Part One demonstrate, however, Western theory seems hard put to provide such guidelines.

In these chapters the role of Western theory in helping deal with the problem of business ethics is examined. Chapter 4 gives an introduction to the evolution of ethics in the Western philosophical tradition, its principal moral theories and the characteristics and limitations of these theories. Chapter 5 introduces certain theories from moral psychology which provide a description of individual moral behaviour and shed light on what motivates people to think and act in morally different ways. Chapter 6 reviews some of the models that have been developed by business ethicists to overcome some of the limitations of traditional moral theory, models which themselves, as the text illustrates, exhibit certain shortcomings. In order to overcome these, three criteria for improving the contribution of theory to the problem of business ethics are then proposed.

Part Two: An Applied Theory of Business Ethics

In Part Two a possible solution to the business ethics problem is proposed through an applied theory of business ethics. In Chapter 7 some of the basic tenets of Buddhist cosmology and philosophy are introduced, followed by a discussion of the central role of morality in Buddhist spiritual practice.

With this overview of the Buddhist tradition as a foundation, the first concrete step in the direction of an applied theory of business ethics is provided in Chapter 8. This chapter explores the Buddhist moral path from the viewpoint of the individual and, based on an exploration of the notion of moral hierarchy and a description of four constituents of individual morality, proposes five statements which provide practical advice to the individual seeking to be more ethical.

Chapter 9 is the first of two chapters which look at how these ideas can be applied to business. This chapter examines the influences of other people on moral behaviour, particularly at the relationship between the individual and the group, and proposes a collective moral hierarchy equivalent to the individual hierarchy described in Chapter 8. Based on this analysis three categories of moral actor are identified.

In Chapter 10, drawing on the practical advice to the individual and the analysis of group morality provided in the previous two chapters, a general theoretical framework is proposed which can be used to help businesses to become more ethical.

The final three chapters of the thesis seek to demonstrate how this theoretical framework can be practically applied. In Chapter 11 a description is given of how the framework was used to create a moral audit and some of the methodological problems associated with its design. In Chapter 12 an account is given of how the audit was used in a pilot study

of Windhorse Trading, a Buddhist Company based in Cambridge, England. As the findings of this pilot study confirmed, the moral audit proved to be a useful methodology for evaluating Windhorse Trading which, for the most part, tended to support a cooperative morality, as well as highlighting changes that could be made by the company to help it maintain and develop further its current level of morality.

In the final chapter, based on the arguments and research findings presented in earlier chapters, the conclusion is reached that the Buddhist system of morality meets very well the three criteria proposed at the end of Part One. For the ideas described in Part Two to be developed further, however, more research is needed. By doing such research it is believed that the theoretical framework can be taken further and used as the basis for developing operational guidelines to help businesses to make detailed ethical decisions. Guidelines towards which, if the suggestion made in Chapter 3 is correct, many business managers are likely to have a positive response.

A WORD ON DEFINITIONS AND TERMINOLOGY

Wherever possible I have used plain English throughout the text, resorting to technical Sanskrit and Pali terms only when absolutely necessary, and then, omitting the diacritics. I have also tended to use the English terms ‘moral(ity)’ and ‘ethics’ interchangeably according to context.

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PART ONE

THE PROBLEM OF BUSINESS ETHICS

Business, it would seem, has a problem. On the one hand, business managers must learn how to run the affairs of their companies profitably in an increasingly complex and uncertain business environment and yet, on the other, they must learn how to respond to the growing public and political pressure on business to behave more ethically. Being commercially successful but at the same time increasingly ethical will for many seem a difficult, if not insurmountable, problem.

In Part One the nature of this business ethics problem will be examined along with the attempts of Western moral theory to resolve it. The first two chapters provide an overview of the relatively new field of business ethics. In Chapter 1 the view, widely reported in the literature, that interest in business ethics has been growing, is discussed, together with the reasons for this interest. In reviewing the effect of these changes on business values it will be argued that there has been a move away from a private morality where the values upheld in a particular business are the private concern of the owner/manager, to a more public morality where a far wider constituency of opinion and interest than just a company's shareholders must be considered.

Acknowledging this growing interest, the literature also indicates that there are certain limits to corporate concern, especially where an issue does not demonstrably impinge on a company's own interests. Often it seems the

views expressed in business ethics articles and papers are more concerned with damage limitation than with a genuine desire for companies to be more ethical, with the emphasis being on maintaining rather than challenging the status quo.

The idea of not challenging the status quo is further examined in Chapter 3, when the findings of some empirical research are reviewed. In this chapter confirmation is provided that, measured in terms of the publication of relevant articles and papers, there was a growth of interest in business ethics between 1983 and 1990, although over a longer period (1972-1990) a cyclical pattern is evident. In order to understand something of the nature of this growing interest in business ethics, a content analysis of 332 articles published in 1990 was conducted. In doing this four things became clear: (1) business tends to be passive and react mainly to external pressures for change; (2) it seems to be content with the status quo; (3) the scope of its interest is limited by/to its own concerns; and (4) the role of science and technology in the business ethics debate is virtually ignored.

Given these findings one might reasonably conclude that in general the business community has no real interest in becoming more ethical. However, perhaps this underestimates the moral sensitivities of many business managers who, assuming adequate operational guidelines could be provided, may be only too willing to respond positively to the ethical concerns of society - guidelines which, as the remaining chapters of Part One will demonstrate, contemporary Western theory seems hard put to provide.

Chapter 4 is the first of three chapters which examine the role of Western theory in helping business deal with the problem of business ethics. In this chapter an introduction is given to the evolution of ethics in the Western philosophical tradition, followed by details of its principal moral theories. A description is given of the characteristics and limitations of the main

theories from moral philosophy, followed by a discussion of the different types of distributive justice. The chapter ends by acknowledging the dominant role of Western moral theory in business ethics and highlights a significant problem with it which is that, while it can be excellent in training and refining one's thought processes, it is hard to relate the theory to practice.

In Chapter 5 certain theories from moral psychology are introduced which provide a description of individual moral behaviour and shed light on what motivates people to think and act in morally different ways. The chapter reviews the seminal work of Abraham Maslow and also that of Lawrence Kohlberg and Albert Bandura. Although such theories tend to be descriptive in nature and offer little by way of direct guidance, they have been found to be helpful to other theorists who have incorporated them into some of the business ethics models currently being developed.

In Chapter 6 some of the models which have been developed by business ethicists in an attempt to overcome the limitations of traditional moral theory are reviewed. However, as the text illustrates, these models themselves exhibit certain shortcomings which limit their value for providing practical guidance to business. In order to overcome these problems therefore, three criteria for improving the contribution of theory to the problem of business ethics are proposed. It is these three criteria that will be considered in Part Two when a possible role for Buddhism in solving the business ethics problem is explored.

Chapter 2

The Growing Interest in Business Ethics

The first two chapters of Part One examine the view commonly expressed within the business literature that, in the last decade or so, there has been a significant growth of interest in the field of business ethics. In this chapter, having reviewed some of the literature that gives support to this, the influential factors that have contributed to this growth are examined, specifically, factors associated with changes in public awareness and expectations, and also in the nature and structure of business.

A general review of the literature confirms that business ethics is a relatively new field of concern and that interest in it has, according to several commentators, been growing significantly in the last decade or so. McCoy (1985), for example, informs us that 'across the entire spectrum of professions and institutions in the United States, ethics is receiving increased attention' and he cites as evidence 'the appearance of articles and books . . . the rising number of courses on ethics offered in professional schools, and . . . the proliferation of discussions and seminars on ethics among leaders in a wide variety of organizations' (p32). To sample some of the many others who hold a similar view: Hanson (1983) claims that 'there is a growing awareness among both managers and the public that ethics is an important dimension of business . . .'; Hoffman & Moore (1990) say that 'the field of business ethics has grown tremendously since 1984, when the first edition [of their book] was released.'(pxv); Lewis & Speck (1990) suggest that 'ours is an age of heightened interest in corporate social responsibility and ethical consciousness-raising activities of consumer, government and business groups alike'; Randall & Gibson (1991) hold that 'the last decade has been marked by extensive interest in

business ethics on the part of various organisational stakeholders . . .'; and, to give a last example, McDonald & Zepp (1988) argue that 'the topic of business ethics has remained at the forefront of common concern, particularly in the United States where the Harvard Business School has committed \$30 million to the subject of ethics.'

From these and many other examples it seems that there is no shortage of commentators who claim that interest in business ethics is growing. It is very easy, however, for people who have devoted much time and energy to a particular topic, and who are in regular communication with like-minded people, to exaggerate in their minds the importance of their chosen specialism. In Chapter 3, therefore, further confirmation of this growth is provided by reviewing the findings of a bibliometric analysis of a sample of journal articles, the results of which, although not conclusive, would suggest that over the last eight years a real growth has indeed taken place. Looking at the statistics over a longer period (19 years), however, the evidence is far less easy to interpret.

FACTORS CONTRIBUTING TO THIS GROWTH

From the literature it is possible to isolate two main groups of factors that have made a significant contribution to this growth of interest in the behaviour of business: (1) changes that have occurred since the 1960s in public awareness and expectations with regard to the responsibilities of business and (2) changes, in the US since the late 1930s, and in Europe since the Second World War, in the nature and structure of business.

Changes in Public Awareness and Expectations

The growing interest in corporate social responsibility and the allied field of business ethics has been largely American led. Europe, it seems, lags some eight years behind the United States (Van Luijk 1990). A key factor in this growth has been the change in the awareness and expectations of the American public with regard to business.

It is easy to form the impression that up until the mid-1970s, as a key player in the free-market economy, American business was seen as the 'good guy' who promoted affluence and the fulfilment of the 'American Dream'. The fact that, during this period of history, the US, as well as creating immense wealth and prosperity, also fostered great injustice and poverty, even among its own citizens, is often overlooked. An example of the extent of such poverty is given by Braus (1990) who provides information on attempts to 'help the *32 million hungry* [my emphasis] in the US through local food banks which distribute leftovers from hotels, restaurants and others in the catering industry'.

The bubble of free-market triumphalism began to burst, at least to some extent, in the early 1970s, when a series of public scandals involving politicians and businessmen rocked the cosy and secure view that the American nation had of business in the preceding prosperous decades. As scandal was heaped upon scandal, the one time 'good guys' became the 'very bad guys' who could no longer be trusted. In response, there began a significant growth in pressure groups concerned with issues such as consumer rights (pioneered by Ralph Nader in the 1960s); the needs of women and minorities; and environmental protection; as well as in increased government intervention and control through legislation. To give an idea of the extent of this government intervention, George Cabot Lodge, in a conference paper given in 1977, points out that government in the United States is 'probably bigger in proportion to our population than even

in those countries which we call "socialist". Some 16 per cent of the labor force now works for one or another government agency . . .' Referring to the level of state control he talks of the 'pretense' of limited state intervention and says that 'increasingly US institutions live on government largesse - subsidies, allowances, and contracts to farmers, corporations and universities . . .' (Lodge 1977)

The exposure of corporate crime - As has been suggested, the initial motivation for this interest in business ethics seems, in large part, to have been based on a reaction by the American public to the disclosure of a plethora of corporate misdeeds. This, within the context of the general disillusionment that followed the horrors of the Vietnam War and also, some years later, the effect on America's collective self-esteem of Watergate. As Lodge (1977) also pointed out in his paper, 'in the aftermath of Watergate came the disclosure that scores of America's most important corporations had violated the Corrupt Practices Act, making illegal contributions to political campaigns and pay-offs to many politicians for presumed favours.' The famous consumer rights campaigner Ralph Nader in his book *Taming the Giant Corporation* (Nader, Green & Seligman 1976) gives several examples of major corporate bribery cases from about the same period including the \$12.6 million in foreign and domestic bribes authorized by three successive chief executives of Gulf Oil over a fifteen year period; and the involvement of another oil company, Ashland Oil Corporation, in illegally generating and distributing over \$800,000 for domestic political contributions. Examples of bribery and other illegal acts are rife within the business literature. Several authors provide lists of such criminal acts which include illegal political contributions, insider trading, tax evasion, fraudulent money transfers and health and safety issues (Brooks 1989; Purcell 1983; Grant & Broom 1988; and Jones & Gautschi 1988). To show how bad things seem to have become, Tsalikis & Fritzsche (1989), in their very thorough literature review on marketing ethics, refer to 'the most scathing indictment on the

state of corporate ethics . . . voiced by Amitai Etzioni who concluded that in the past decades two-thirds of the 500 largest US corporations have been involved in varying degrees in some form of illegal behaviour.’

Social and environmental issues - Although in some ways less shocking, and certainly less damaging to the American self-view, another key source of motivation for the growing interest in business ethics was provided by a greater public awareness of social and environmental issues. To give just one example of the very many business writers that support this view, Marlene Share at the start of her article on socially responsible investment, says, ‘It is difficult today to open any popular publication without finding some article about the problems that plague society. Acid rain, the ozone layer, pollution, chemicals in foods, nuclear proliferation and war, energy depletion, equal rights, employee relations, education - the concerns among more and more citizens about these vital issues grow like the proverbial wildfire’ (Share 1990).

Changes in the Nature and Structure of Business

The second of the two main groups of factors that have contributed to the growth of interest in business ethics concerns changes that have been occurring in the nature and structure of business in the US since the late 1930s, and in Europe since the Second World War. As Michael Blumenthal, former US Secretary to the Treasury, pointed out, ‘people in business have not suddenly become immoral. What has changed are the contexts in which corporate decisions are made, the demands that are being made on business, and the nature of what is considered proper corporate conduct’ (quoted in McCoy 1985, p33).

Principal among these changes are:

(1) The separation of ownership and control - In the early stages of the industrialization of the Western economy, business was largely in the hands of the owner/manager. Such a person was responsible for the day-to-day management of a company as well as providing the necessary working capital, perhaps drawing on family wealth or on loans from a local merchant 'banker'.

During this period, businesses tended to be quite small. However, at times of economic growth, some of the more successful companies had to find capital to expand and it was this that caused a change in the traditional owner/manager pattern of ownership. More and more, businesses had to look outside for sources of capital for growth. In this respect, the relationship between manufacturing companies and the financial institutions became very important in all the advanced capitalist countries, with the two major sources of external funding being bank lending and new stock market issues (Williams, Williams & Thomas *Why Are the British Bad at Manufacturing?* 1983, p58).

(2) The decline of the small firm - In parallel with this gradual separation of ownership and management came the growth in the economic influence of larger businesses which, with the increasing market dominance of such companies, led to the relative decline of the small firm. This trend became very marked (in the UK) during the fifteen year period 1953-1968 when the percentage share of the top 100 firms of UK manufacturing output rose from 27% to 41% (Prais 1976).

(3) The increasing complexity of organizations - Partly owing to this move towards larger businesses, and partly to the uncertainty and risks associated with greater competition and technological change, the nature of organizations has become, progressively, far more complex. Whereas a small business could be managed, to a greater or lesser degree of success, by one person, or a small number of people working together, in a large

company this was not possible. This growing complexity has led to a greater need for specialization in management and the development of a growing body of 'professionals' whose job it is to assist management in fulfilling their increasingly complex responsibilities.

THE EFFECT OF THESE CHANGES ON BUSINESS VALUES

These changes, both in the size and complexity of businesses, and in the public's awareness of ethical issues and demand for greater accountability, seem to have had a marked effect on business values, although not all writers would agree.

Tom Kitwood, for example, writing as a committed Christian minister, talks of the 'amazing gullibility' of Western society in its acceptance of progress, which he puts down to the fact that there are 'no clear human values' in our society (Kitwood 1970). His position, seemingly, is one of bemoaning the demise of Christian values, clearly a view which is open to debate. With regard to business ethics at least, I would argue that there seems little evidence of such a loss, as neither Christian, nor any other set of 'higher' values for that matter, has ever had a particularly strong influence on general business practice. This is not to deny the diffuse influence Christianity has had on business through its historical role in the development of the social infrastructure of Western society, and the way in which Christian values have informed the Western legislature and business. After all, the protestant work ethic is central to the ideology of capitalism.

Not to be denied, too, is the fact that there have been certain exceptional companies, notably among those formed by Quaker families such as Cadbury, Fry and Clarke, who founded and managed their companies (at least in the early decades) on the basis of high moral standards. Examples of such companies in the history of Western business seem, however, to be

regrettably few. Anita Roddick, the founder of the Body Shop, in two rather wistful quotes from her recent autobiography *Body and Soul* (Roddick 1991), suggests that,

‘For me there are no modern-day heroes in the business world. I have heard of no multinational company which genuinely incorporates the pursuit of profit with social awareness, which provides any kind of vision for its workers, which accepts that commercial success and social responsibility are entirely compatible. I have met no corporate executive who values labour and who exhibits a sense of joy, magic or theatre - qualities which I think are essential in business.’ (p18-19)

‘I am still looking for the modern-day equivalent of those Quakers who ran successful businesses, made money because they offered honest products and treated their people decently, saved honestly, gave honest value for money, put back more than they took out and told no lies.’ (p19)

If matters were as extreme as Roddick suggests, then business is (morally speaking) in a very bad way, and positive values within business would be rare, to the point of non-existence. However, perhaps she is too harsh. What seems more likely is that a range of values, good and bad, have always been present but that what has changed is the public nature of business values.

FROM PRIVATE TO PUBLIC CORPORATE MORALITY

From the beginning of the industrial revolution until the 1950s, the values upheld in a particular business were seen as a private affair and were largely those of the owner/manager. So, if one was unfortunate enough to work for a greedy owner/manager, one would stand a good chance of being exploited. If one’s employer had a benevolent nature, one would be treated with kindness and consideration. Under the influence of the owner/manager it seems most likely that, contrary to the views promoted

by some business historians, the values adopted by businesses were as many and varied as the values and personalities of their proprietors, ranging across the whole gamut from total exploitation to genuine philanthropy. In reading the works of trade union historians like Sydney and Beatrice Webb, or some of the fictional works of people like Dickens and Eliot, it is easy to form the impression that the bosses of the late Victorian period, or the early decades of this century, were a wholly wicked bunch. This, however, seems most unlikely.

In the decades since the 1950s, things have altered quite considerably. Up until this time the moral aspects of business rarely seemed to be an issue. Business was just business, whose role was to produce goods or services and to sell them at a profit. Changes in the structure of the business economy have meant that the era of the owner/manager has largely disappeared. Business has become much more complex and difficult to manage on an ethical basis, even where the necessary motivation exists. Combine this with the growing public awareness of moral issues within business, and no longer can business behaviour be viewed as simply a private matter between management and its shareholders.

Today, corporate behaviour is much more within the public domain. Executive management, when making key decisions, is encouraged, and even sometimes forced through legislation, to consider a far wider constituency of opinion and interest than just shareholders. Whereas even the most enlightened management texts of the 1960s only vaguely acknowledged the possibility of business objectives other than increasing the return on investment for shareholders (H. Igor Ansoff being an early exception - see generally Ansoff 1965), today no corporate management text worth its salt can appear without a lengthy discussion on the nature of the relationship between a business and its key stakeholders - that is, those people and groups who have a stake in the activities of a business, such as its stockholders, creditors, employees, customers, suppliers, government,

unions, competitors, local communities and the general public (Cleland & King 1983).

Commenting first on the traditional role of business in society and then on the shift towards greater social responsibility, Hoffman & Moore (1990) point out,

‘This conception of business’ role has been one of the cornerstones of its legitimacy - that is, society’s belief in the right of business to exist. Recently, however, [this view] has been questioned. Increasingly, business is being asked not only to refrain from harming society, but to contribute actively and directly to public well-being; it is expected not only to obey a multitude of legal requirements, but also to go beyond the demands of the law and exercise *moral* judgment in making decisions.’ (p128)

Not everyone agrees with this perspective of corporate responsibility, however, as the oft-quoted views of economist and Nobel laureate Milton Friedman so clearly represent. To quote from his famous article ‘The Social Responsibility of Business is to Increase Its Profits’ (Friedman 1970):

‘There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profit so long as it stays within the rules of the game, which is to say, engages in open free competition without deception or fraud.’

It is hard not to have some sympathy with Friedman’s views because what he proposes are, in some respects, quite sound and decent corporate values. However, for the most part, contemporary writers on business ethics see Friedman’s view as limited and hold to the position that a company, in viewing its responsibilities, must address a far wider constituency than just its shareholders.

THE LIMITS OF CORPORATE CONCERN

As well as acknowledging a growing interest in the subject, the literature also gives the impression that there are definite limits to the concern of the business community especially where an issue does not demonstrably impinge on its own direct interest - what Vajraketu (1989), the Managing Director of Windhorse Trading (the Buddhist company described in Chapter 12), has termed the 'somebody-else's-problem syndrome'.

One area where this phenomenon is very marked is in the realm of global issues where the action of individual corporations and governments in one part of the world can affect the well-being of communities in other parts of the world. To give an example, consider the relatively low public outcry expressed in Western countries at the Union Carbide toxic chemical leakage in Bhopal, India, where approximately two thousand people died (Corlett 1988), the effect of which was relatively localized; and the nuclear accident at Chernobyl in the former USSR, where very few people were killed, but which, potentially, put at direct risk the health and well-being of people in the West. Another, perhaps lesser, example concerns the employment practices of International Business Machines, one of the largest American multinationals. The circumstances described in *How True Is Big Blue?* points very clearly to the parochial reaction of IBM's home state Vermont to the news that it (IBM) was to get rid of 10,000 jobs worldwide (Vannah 1990). Not a mention was made in the article of the effects of this policy beyond its impact on the local community.

In summary, although there does seem to have been a growing awareness of moral issues in business, the nature of this interest is of a quite limited nature. Often the views expressed in articles on business ethics seem more concerned with damage limitation than with a genuine desire for companies to become more moral. For example, the literature gives the impression of a high degree of self-interest being present in the debate, with a concern

for maintaining the status quo and definitely not for challenging the system upon which the whole edifice of free-market consumerism is based. In Chapter 3 we will return to this question of limited interest.

THE ROLE OF SCIENCE AND TECHNOLOGY

Related to this concern with maintaining the status quo is the role of science and technology which seems to receive very little attention within the literature even though it constitutes an important part of the business ethics debate. Scientists and technologists have had much to do with many of the environmental and social problems the world faces today, both in creating them in the first place, and in drawing the public's attention to some of their consequences. On the one hand we have been provided with many 'blessings', such as the motor car, electricity, aerosols, the 'Big Mac', and on the other hand, we have been told how the world is at risk owing to our own consumption excesses of such 'blessings', which has caused problems like the destruction of rainforests, damage to the ozone layer, and the possibility of social unrest and even wars caused by poorer people coveting but not always being able to share in the fruits of Western consumerism.

Elkington & Hailes (1988) make this case very graphically in their opening comments in the *Green Consumer Guide*:

'Take a bite out of a hamburger, we are told, and we take a bite out of the world's rain forests. Buy the wrong car and we may end up not only with a large fuel bill, but also with fewer trees and, quite possibly, less intelligent children. Spray a handful of hair gel or a mist of furniture polish from certain aerosols, and you help destroy the planet's atmosphere - increasing everybody's chances of contracting skin cancer.' (p1)

To strengthen their case further, the same authors give some statistics pointing out that the average daily energy consumption of an individual in the West is the equivalent of six tonnes of coal, whereas someone in the Third World consumes on average half a tonne. In the US, where consumption per capita is probably greatest, we learn that the average American consumes more soft drinks than tap water, produces four kilogrammes of hazardous waste daily, and drives, on average, 48 kilometres (30 miles) each and every day (p8).

Western society, in its wholehearted and careless adoption of the fruits of science and technology, may be judged as being at best naive and at worst culpable and just plain greedy. In Third World countries, too, there are signs of a similar trend. Tom Kitwood, writing back in 1970 in his critique of Western Society which 'has accepted a great deal in the name of progress with amazing gullibility' confirms that 'the developing countries, too, in the urgent rush for self-advancement, are hurrying into exactly the same mistakes' (Kitwood 1970, p8). Twenty years on, Alex Krauer, Chairman of CIBA-GEIGY, offers a more optimistic prognosis when he acknowledges that public awareness of global and environmental issues is 'literally exploding', and says that 'This has put an end to the era of unconditional admiration for economic progress' (Krauer 1990). Maybe this difference in opinion provides some evidence of a real change in public attitudes in the intervening decades.

In the next chapter we will explore further the apparent lack of attention within the literature to the role of science and technology in terms of both its contribution to the creation of affluence in our society and its responsibility for exploring some of the problems that arise as a result of such affluence. The reason that science and technology has been singled out is that, not only is it a major player in the business ethics debate, but also it provides a major pillar on which free-market ideology rests. Any questioning, therefore, of the contribution of science and technology to the

well-being of society could have the effect of upsetting the status quo and even contributing to the undermining the free-market system itself.

SUMMARY

In this chapter the view, widely reported in the literature, that interest in business ethics has been growing, has been discussed together with the reasons for this interest, namely: changes in the public's awareness and expectations with regard to business behaviour; and changes in the nature and structure of business. In reviewing the effect of these changes on business values, it has been argued that there has been a move away from a private morality where the values upheld in a particular business are the private concern of the owner/manager, to a more public morality where managers of companies must consider a far wider constituency of opinion and interest than just their shareholders.

Acknowledging this growing interest, the literature also indicates that there are certain limits to corporate concern especially where an issue does not demonstrably impinge on a company's own direct interests. Often, it seems, the views expressed in business ethics articles and papers are more concerned with damage limitation than with a genuine desire for companies to be more ethical, with the emphasis being on maintaining rather than challenging the status quo. In this respect, the lack of attention given to science and technology, as a key player in the business ethics debate, was noted.

Chapter 3

Testing for Growth and Quality of Interest - An Empirical Study

In this chapter the results of some empirical research are reviewed. This research was conducted in order to give an overview of the way business ethics is developing, as well to provide information on the issues highlighted in Chapter 2. Although costly in terms of time and effort (in proportion to the total available) this research was deemed necessary in order to develop a clearer picture of this relatively new, and unformed, field of business ethics, and thereby help determine a possible contribution from Buddhism.

In all, three areas (identified in Chapter 2) were the subject of empirical research: first, whether there has indeed been a real growth in interest in business ethics; second, whether there is any evidence that concern for ethics within business is of a limited nature, being concerned with maintaining the status quo and with issues which demonstrably affect the business community or its key stakeholders; and third, whether it could be confirmed that only limited attention is given within the business literature to the role of science and technology both as a source of ethical dilemmas and as a possible means of providing information and guidance to managers on resolving them.

Turning first to the correctness of the view that there has been a real growth of interest in business ethics, this was dealt with by conducting a bibliometric analysis of journal articles published over a nineteen year period. The second and third issues, which seek to identify the qualitative

limits of this interest, and to confirm the general lack of science and technology input into the debate, were examined by conducting a content analysis of 332 articles on business ethics and allied subjects published during 1990.

TESTING FOR GROWTH

In the last chapter it was shown that many writers believed that business ethics as a subject was becoming much more popular. Conclusive evidence as to whether or not this is true is difficult to ascertain as those most closely associated with the field may not be the best people to judge. In order to test whether a real growth of interest had occurred, it seemed important to establish an objective, quantitative measure of that growth. In addition, to overcome the possibility of expert bias, it seemed desirable to draw the research material from the widest possible published sources and not just those which have established links with the subject. This concern with expert bias led to attention being focussed on journal articles rather than books as the latter, I believed, would most likely give a limited and biased picture, especially given the newness and relative immaturity of the field.

The ABI Inform Database

In order to establish a wide, quantitative measure, the on-line business abstract information service offered by ABI Inform was used. This service covers 800 different management and business titles published worldwide. Although it has a definite bias towards US material, this was not seen as a major problem, partly because such a bias correctly represents the fact that by far the largest proportion of business articles written and published annually worldwide are aimed at the US market, and partly because the

field of business ethics is much more developed in the US than elsewhere (see, for example, Van Luijk 1990).

Testing the Database for Consistency and Reliability.

Before testing for growth in business ethics, several independent tests were conducted to measure the reliability of the database. Some limitations were bound to be present owing to factors such as editorial policy, which may have introduced a bias where, for example, priority was given to data which was most easily accessible, or available at least cost. As such limitations would be very hard to measure, certain general tests were applied to see if the database operated in a predictable manner. Three independent searches were undertaken with the results, in each case, conforming to expectations.

First, a search was made for articles on 'Inflation Accounting', a subject known to have been popular in the late 1970s, but now hardly mentioned. This view was confirmed, as Figure 3.1 and Appendix 1 show.

Next, articles on 'Computer Security' (Figure 3.2 and Appendix 1) were examined with the expectation that the number would be low early on, but grow fairly quickly. This was confirmed.

Finally, a search was made for articles which dealt with 'Total Quality Management' (also 'Total Quality Control' and 'Quality Circles') which confirmed predictions that there would be no coverage before 1980, but consistent coverage in the subsequent decade (Figure 3.3 and Appendix 1).

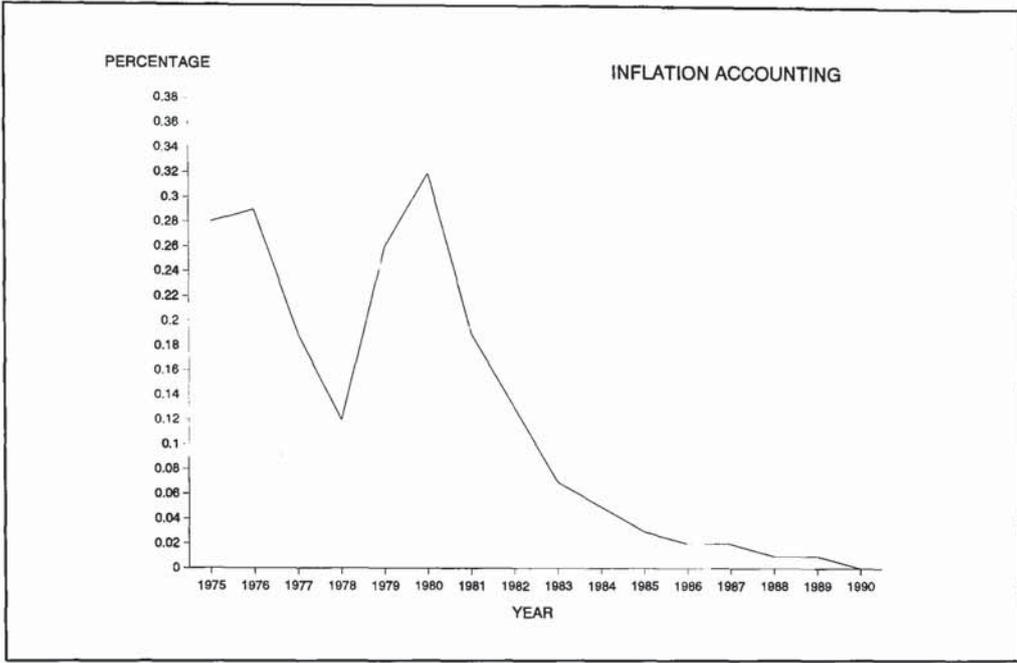


Figure 3.1: Inflation accounting

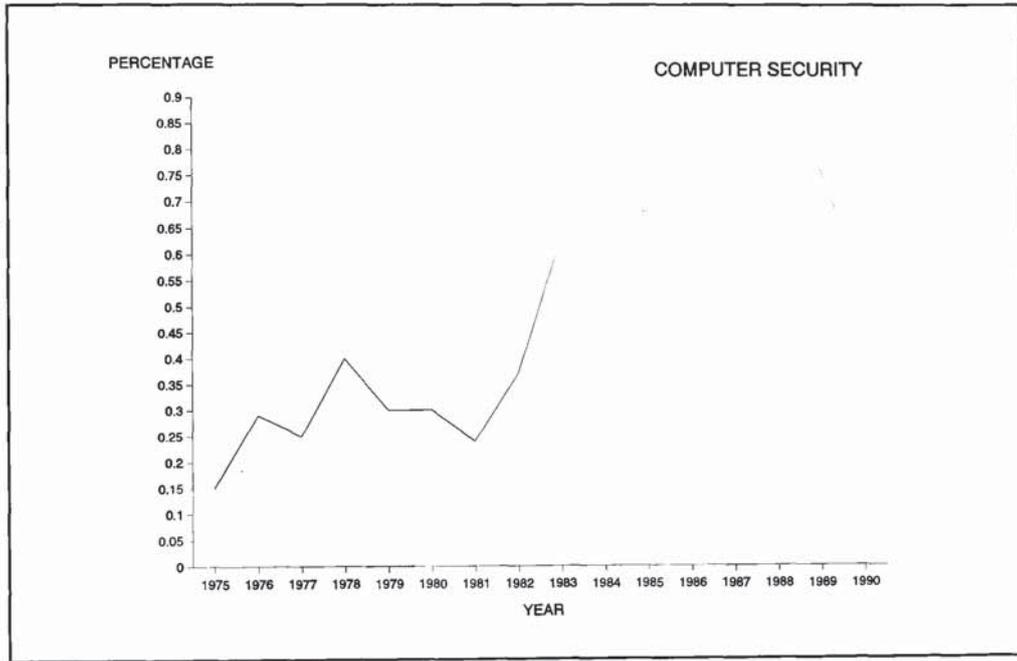


Figure 3.2: Computer security

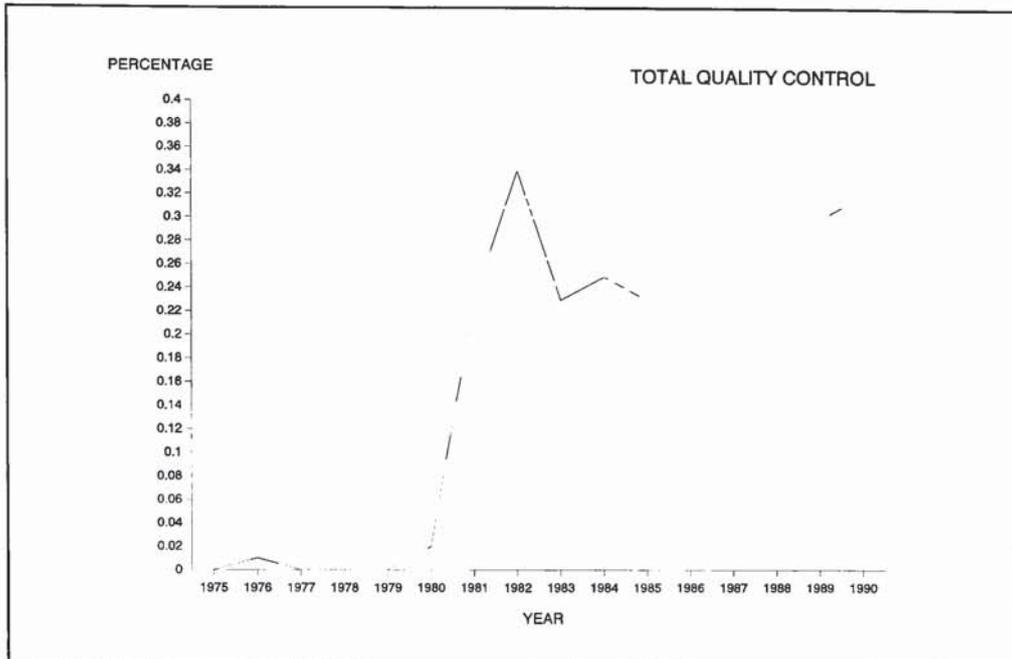


Figure 3.3: Total quality control

The confirmation provided by these tests is by no means conclusive but does provide a degree of confidence that, by using this kind of analysis, it was possible in a fairly reliable and consistent way to identify certain trends.

Testing for Business Ethics Growth

The period chosen for the database search covered the nineteen year period 1972-1990 and included over 530,000 abstracts. These years were chosen because 1972 was the first year of data entry and 1990 was the last complete year when full data was available.

The search was conducted using several keywords/phrases which were thought broadly to represent the subject. These were:

- the number of abstracts appearing which contained the term 'business' [and] 'ethic(?)' for each year of publication. Here, the [and] denotes that both the words 'business' and 'ethic(?)' must appear in the

text. The question mark denotes a 'wild card', so in this case the database software will look for any word starting with 'ethic..' such as 'ethics' and 'ethicality'.

and/or

- abstracts appearing in the database containing both 'social responsibility' and 'business' for each year of publication;

and/or

- entries containing 'business' and 'moral(?)' but excluding 'morale' for each year of publication. Again, the question mark denotes a 'wild card'.

This year-by-year analysis of abstracts containing the keywords or phrases over a nineteen year period provided a measure of absolute growth. However, to take into account possible inconsistencies in ABI Inform's data entry policy, especially in the early years of the service, a measure of relative growth was used. This was arrived at by calculating the percentage of selected abstracts as a proportion of the total abstracts entered on the system in a particular year.

Using the search criteria defined above, the database was examined to provide statistics on the number of journal articles dealing with ethics. This was undertaken with the simple, perhaps naive, expectation that, following the opinions expressed in the literature, there would be a definite growth of journal articles covering ethics or allied subjects in the nineteen year period, and that this growth would follow a fairly uniform growth curve.

In the event this did not prove to be true. As Figure 3.4 shows, during the period 1983-1990 there had indeed been a growth in the number of

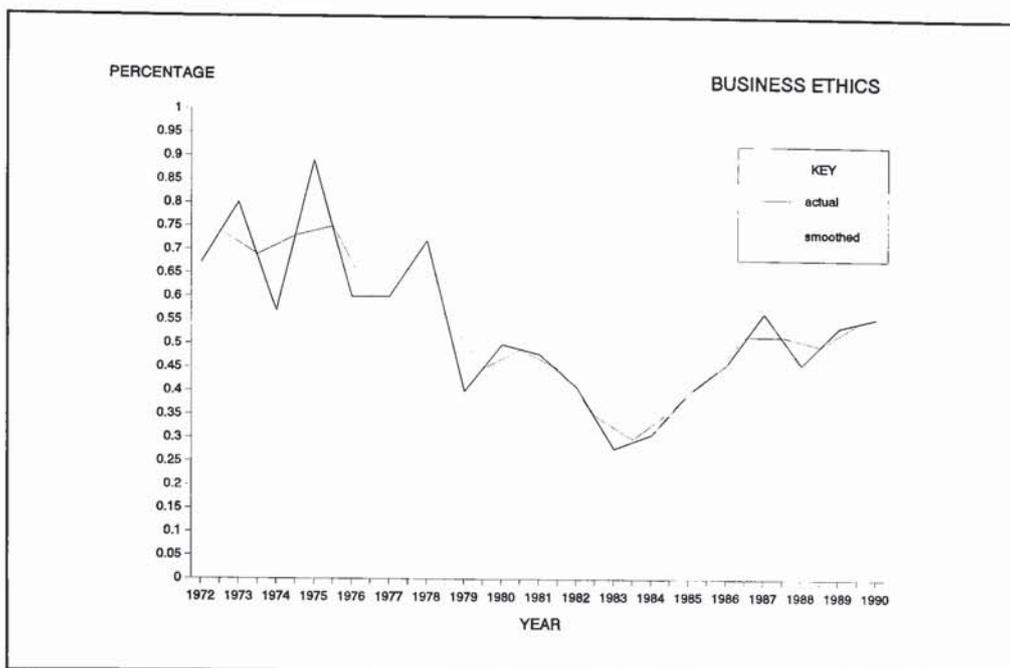


Figure 3.4: Business ethics

business ethics articles published. However, taking the nineteen year period as a whole, a different pattern is evident. Interest, it seems, was at its highest in 1975 with a distinct trailing off in the following eight years (with the exception of 1978). Only since 1983 has there been a progressive growth of interest in the topic once again, although at no time reaching 1975 levels.

As no data is available prior to 1972, one can only guess at the level of interest before this time. However, based on the figures that are available, there seem to be strong indications of a cyclical pattern of interest. One possible reason for this is that the number of articles published in a given period reflects the response in the business literature to the level of public opinion concerning business behaviour at the time. If it can be demonstrated that public opinion is indeed a significant factor, then a useful insight may be gained into the motivation of the business community towards ethical matters. However, it is difficult to demonstrate a direct causal link. Initial attempts at establishing a correlation between certain key historical events (including the end of the Vietnam War; the Watergate and Lockheed Scandals; and certain major environmental catastrophies such

as those at Chernobyl and Six Mile Island) proved inconclusive, as did efforts to link the business ethics interest cycle to certain political trends. It is interesting to note, however, that at the time when Ronald Reagan and Margaret Thatcher were in the ascendancy in world politics during the late 1970s and early 1980s, there was a significant decline in interest in business ethics.

THE MOTIVATION BEHIND THIS INTEREST IN ETHICS

Having demonstrated that there had indeed been a real growth of interest in business ethics over the eight years period to 1990, although at no time reaching the mid 1970s levels, the next thing was to examine the nature of this interest.

In order to do this an extensive literature content analysis was conducted of a large number of articles on the subject published in one particular year. By doing this I hoped to gain both an overview of this new but growing field, and some understanding of the motivation behind this growth. A recent precedent for this methodology is found in Kraft & Siegenthaler (1989) who 'systematically analysed the content of business and management periodicals for the years 1984-1986' for their treatment of gender-specific changes associated with office automation.

The following describes the results of a content analysis of some 50,279 articles published in 1990 and recorded on the ABI Inform CD-ROM database. The year 1990 was chosen because it was the most recent year when relatively complete abstract records were available.

Filtering the Initial Sample

Using fairly wide search criteria the abstracts from 908 articles were selected which seemed to fall broadly within the topic. Owing to the multi-disciplinary and multi-definitional nature of business ethics it was hard to pinpoint precise search definitions, so I instructed the system to highlight those abstracts where any mention at all was made of ethics, morality or social responsibility somewhere in its text.

By conducting a very broad search, I hoped to generate the best possible picture of current attitudes, even though this would mean that quite a bit of redundant material would, initially, be selected. For example, many articles, although containing one of the keywords, had only vague connections with the subject and sometimes none at all.

By reading through each of the abstracts, and also a selection of the articles, I was able to filter the initial sample down to 332 articles which directly related to the subject matter. These were then categorized by principal subject area. (Figure 3.5 and Appendix 2 give a summary.)

General findings of the analysis

The range and treatment of the different topics covered by the sample make, sometimes, fascinating reading. However, given its large and unwieldy nature, only a general summary of the analysis is given here. A brief review of each of the articles described under the main categories will be found in Appendix 2. In conducting the analysis I was as much interested in what issues were not covered in the literature as in what the sample actually contained. For by identifying the 'missing' issues, further insight into what motivates the interest in business ethics would be obtained. In Appendix 2, therefore,

	No.	%age
Total in Sample	332	100
General Articles	24	7
Global Issues	43	13
Interest Groups	35	10

Corporate Ethics	88	26

Financial Services Industry	34	10
The Professions	45	14
Government/Public Services	2	1
National Utilities	5	2
Other National Industries	13	4

Academic Theory/Research	27	8
Business Education	16	5

Figure 3.5: Sample categorized by principal subject area

observations concerning the 'Gaps in the Literature' are appended to each section.

Limits to business ethical concerns

In reviewing the 332 articles published during 1990 it became clear that many issues remain unexplored and that there was much room to expand the business ethics debate. Of course, just analysing one year's articles is unlikely to identify all the main trends. However, with regard to the two

questions posed in Chapter 2 concerning the limits of business interest and the attention given to science and technology, four things become clear.

(1) Business tends to take a passive role and react mainly to external pressures for change - Although a small number of articles in the sample suggest a quite radical approach (notably in the area of human resource management) for the most part, the evidence suggested that business is not taking much of a moral lead but is, largely, reacting to pressures put on it by government and by the consumer.

For example, in its treatment of different business functions, the more 'public' activities of marketing and human resource management received most attention, whereas those functions which have a lower profile, such as production and computing, tended to receive far less coverage. Likewise, in the treatment of different interest groups, it was quite clear that the group with the loudest voice and the greatest influence (i.e. women) received most attention, whereas minority groups, such as black people and the disabled were, relatively speaking, ignored. A further area where public (and government) pressure is significant concerns the high level of attention given to the moral behaviour of the professions who are, increasingly, being perceived by the public as abusing their autonomy, leading many of the professions to fear greater government legislation.

Indeed, throughout the sample a strong legalistic influence was apparent. This was reflected, for example, in the growing pressures (judiciary-led) towards business executives accepting greater fiduciary responsibility, and also the widespread application of codes of conduct in all areas of business activity.

(2) Business seems to be content with the status quo - The overview provided by the sample and, in particular, the analysis of gaps in the literature tended to confirm that, in general, the business community has a

fundamental faith in the present way of things and is not concerned with actively questioning the status quo. For example, there was no challenging of the ideological soundness of capitalism with its mass-consumerist ethic. And there was very poor coverage of its less savoury aspects, such as the unethical marketing and selling practices adopted by some companies, and the tendency for many firms to pursue profit-at-all-costs, oblivious to the possible ethical consequences of some of their pricing, distribution and new product development policies.

Neither was there any real questioning of the behaviour of the main pillars of modern capitalism. For example, government and the major utilities received hardly any attention. Nor was the behaviour questioned of several other economically significant pillars such as the chemical, defence, motor, tobacco, alcohol or drugs industries.

Questions were raised, however, where the behaviour of some groups threatened the status quo, either because they upset it in some way, or because their behaviour put them outside it. The illegal behaviour of some professions and financial institutions comes into this category.

(3) The scope of the ethics focus in business is limited by/to its own concerns - This view that interest in business ethics was probably dependent on how close a moral issue impinged on the well-being of a particular company or interest group is well supported by the sample. For example, there was poor coverage of global issues such as Third World poverty and human rights, and also a lack of questioning concerning the behaviour of multinational corporations whose practices often fall outside of the jurisdiction of any one nation.

With regard to ethical attitudes, the United States in particular frequently seems to exhibit an attitude approaching national-ego-centrism with no

interest being shown in overseas aid and where corporate philanthropy is conditioned by self-interest.

(4) The role of science and technology in the business ethics debate is virtually ignored - Again, the sample clearly confirmed the proposition, suggested in Chapter 2, that little attention was being given within the business literature to the role and impact of science and technology, both as a source of ethical dilemmas, and as a possible means of providing information and guidance to managers on resolving them. Given the unquestioning attitude towards mass-consumerism and the status quo (described above), this lack of attention perhaps reflects a degree of blind-faith in the wonders of technology. For example, nothing appeared in the sample on the moral consequences of using multimedia electronic communications even though the use of such technology now dominates business life, and only Fitzpatrick (1990) showed any concern for the phenomenal increase in computer usage over the last decade when he discussed the ethical problems of sophisticated databases and expert systems.

GENERAL CONCLUSIONS

The findings of this empirical study would seem to confirm that, founded on greater public awareness of moral issues and the mobilising effect this has had on politicians, there has been a growth in interest in business ethics. In terms of the quality of this interest, it seems that there has been a move away from, what I later call (in Chapter 11) a coercive type of morality where the behaviour of a company is determined from the top down, towards one which is much more 'contractual' in nature, and which takes into account the needs and rights, not just of its principal shareholders, but of many of its other stakeholders, and which determines corporate behaviour on the basis of formal agreement.

However, with the heavy legalistic emphasis that this study has demonstrated, and the tendency not to want to upset the status quo, questions arise concerning the basic motivation of the business community in general. Far from grasping the nettle, it seems that the view proposed in Chapter 2 may be true: that the interest in business ethics is 'more concerned with damage limitation than with a genuine desire for companies to become more moral'. Given the excessively consumerist nature of our modern Western society, which does so much to foster greed and competitiveness, this is perhaps not very surprising. For, in a society where the (privileged) individual is all powerful, there is little to motivate people to cooperate and work together, other than as a way of perpetuating their own welfare and interests.

However, perhaps this view is too cynical. Although the research has identified little evidence of any real interest in ethics, it would be wrong to dismiss the activities of the moral minority of people in positions of influence within businesses, who do sincerely try to run their affairs in a morally better way. Likewise, perhaps it would be wrong to underestimate the moral sensitivities of business managers in general who, given adequate operational guidelines on how to run their businesses more ethically, may be only too willing to positively respond to the ethical concerns of society. After all, business managers are as likely as anyone to be concerned about the environment, the needs of minorities, good business practice and the like, and might just need practical help and advice. As the following chapters will show, what seems to be lacking in contemporary Western moral theory is the ability to provide this practical help. Such theory is often confusing and inaccessible to the non-philosopher and often tends to be in conflict with competing theories. Perhaps it is not surprising, therefore, that business resorts to the status quo.

SUMMARY

In this chapter the results of some empirical research are reviewed which was designed to give an overview of the way that business ethics is developing and to provide information on the issues highlighted in Chapter 2. An analysis of the contents of the ABI-Inform online database confirmed that during the period 1983-1990 there had been a growth in the number of business ethics articles published, although over a longer timescale (1972-1990) a cyclical pattern was evident.

In order to understand something of the nature of this growing interest in business ethics, a content analysis of 332 articles published in 1990 was conducted. In doing this four things became clear:

- (1) business tends to take a passive role and react mainly to external pressures for change;
- (2) business seems to be content with the status quo;
- (3) the scope of the ethics focus in business is limited by/to its own concerns;
- (4) the role of science and technology in the business ethics debate is virtually ignored.

Given these findings, questions arise concerning the basic motivation of the business community in general. The main emphasis, it seems, is on damage limitation and one might reasonably conclude that, in general, business has no real interest in becoming more moral. However, perhaps this underestimates the moral sensitivities of many business managers who, assuming adequate operational guidelines could be provided, may be only too willing to respond positively to the ethical concerns of society -

guidelines which, as the remaining chapters of Part One will demonstrate, contemporary Western theory seems hard put to provide.

Chapter 4

Western Moral and Political Philosophy

Business, as we saw in Chapters 2 and 3, is increasingly facing the problem of having to respond to public and political pressure for it to behave more ethically while at the same time continuing to run its affairs profitably. The remaining chapters of Part One look at the role of Western moral theory in helping business to deal with this problem. First, in this chapter, the main theories of moral and political philosophy are reviewed, followed in Chapter 5 by those of moral psychology. Finally in Chapter 6 some contemporary models of moral decision making are reviewed which make use of traditional theory but in such a way as to try to overcome some of the problems of practically applying them within business organizations.

MORAL PHILOSOPHY

Even a cursory review of the business ethics literature will confirm the domination of philosophy and any newcomer to business ethics cannot but be influenced by its opinions and views. For example, the only specialist journal in the field, the *Journal of Business Ethics*, is itself edited by philosophers, as are several large, expensive, and generally American textbooks. Hoffman & Moore (1990), Beauchamp & Bowie (1988) and Shaw & Barry (1989) are three such texts, each one being highly regarded in the field, in their second, third and fourth editions respectively, and each written or edited by philosophers.

These three books, as may be expected, given the profession of their authors, contain a substantial philosophical content. But even where the authors of business ethics books are not themselves professional philosophers, such theory still seems to hold a dominant place. In a survey of 25 leading business ethics texts, Derry & Green (1989) discovered that there was a consensus among those working in the field that normative ethical theory was important and that 'of the twenty-five texts surveyed, sixteen include[d] at least a substantial treatment of theoretical issues.' This domination is perhaps understandable when one considers the longstanding and venerable theoretical tradition of philosophy as a commentator (through moral philosophy) on ethical matters, and also its foundation on the works of great and influential thinkers like Aristotle and Plato. Indeed it is fairly common for writers on business ethics to make direct comparisons between such ancient works and modern day business concerns. Cordero (1988), for example, 'with a little help from Aristotle', looks at issues such as fair exchange and justice, and the understanding of values in modern business. Newton (1983) investigates similar issues - in her case, through an examination of Plato's *The Republic*. But before examining the arguments for and against the dominant role that philosophy has in business ethics, let us first review some of the main threads of the moral philosophical debate.

The Evolution of the 'Good Man'

In his *A Short History of Ethics* Alasdair MacIntyre (1967) provides an insight into the evolution of the philosophical treatment of moral questions. He shows how the pre-socratic conception of good was associated specifically with the duties of a nobleman. Referring to the Greek word *agathos*, 'ancestor of our good', he quotes the work of W.H. Adkins who says that 'to be *agathos*, one must be brave, skilful and successful in war and in peace; and one must possess the wealth and (in peace) the leisure

which are at once the necessary conditions for the development of these skills and the natural reward of their successful employment' (p6). So the use of *agathos* in some way parallels our 'good' but the two words are not interchangeable. For, although as originally used, *agathos* implies virtues such as courage and intelligence, it is also espouses qualities which seem in direct contradiction to our modern use of good, such as cunning and aggressiveness.

As MacIntyre later points out, eventually *agathos* 'became unstable in its attachments' to the specific role of a nobleman. It became linked with more general concepts, especially *arete* or 'virtue' which was seen as being 'what the good man possesses and exercises' (p11). This more general conception contributed to disruption in the social order of ancient Hellenic society, with the development of rival views with respect to the nature of *agathos*. 'On the one hand, the good man [was] conceived as the good citizen', with loyalty being shown to the city state. On the other hand, he was seen as upholding the older order where the 'Homeric chieftain' values of courage, cunning and aggressiveness were honoured and which, 'if exercised by the individual in the city-state, [were seen as] antisocial' (p11).

So the original conception of 'the good', described through terms such as *agathos*, was very definitely social in nature: that is, relating good behaviour to the needs and traditions of the society in which the person lived. It was only later that the idea of 'the good' became more universal, transcending the norms of any one society or set of caste duties. With the advent of Christianity, we have the first major (Western) example of this.

The Christian dilemma, and its motive force for moral behaviour, has been summarized as follows:

‘God is our father. God commands us to obey him. We ought to obey God because he knows what is best for us, and what is best for us is to obey him. We fail to obey him and so become estranged from him. We therefore need to learn how to be reconciled to God so that we can once more live in a familial relationship with him.’ (MacIntyre 1967, p111)

Throughout the Middle Ages this Christian view of morality remained largely unchallenged until the work of atheistic philosophers such as Hume and Thomas Hobbes upset the status quo and forced Christian thinkers into developing a more-worked-out theological view of morality. For, as Pellegrino (1978) cited in George (1988) points out:

‘Ethics comes into existence, properly speaking, when morality itself becomes problematic, when the validity of beliefs about what is right and good comes into question, or when a conflict between opposing moral systems or obligations must be resolved. Morality takes its values and beliefs for granted as presuppositions that apply to all men.’

Categories of Moral Philosophical Thought

Systems of thought, whether religious or not, which specify a particular way of acting, defining how one ought to behave, are described as ‘normative’, being based on ‘an ordered set of moral standards and rules of conduct by reference to which, with the addition of factual knowledge, one can determine in any situation of choice what a person ought or ought not to do’ (Taylor 1975).

It is generally held that there are two main categories of normative moral thought: deontological (or formalistic) and teleological (or consequentialist). Some writers propose more and different categories, although these are often a further working out of the basic two categories. For example, Cavanagh et al (1981) suggest three groups: (1) utilitarian, (one of the main

teleological theories), (2) theories of rights (deontological) and (3) theories of justice (teleological) emphasising the distributional effects of actions.

To give an idea of the broad range of different ethical theories and views that have been promoted over the centuries, Lewis & Speck (1990) in a recent paper which contrasted the Christian and Greek attitudes to ethics, identified 62 different normative ethical theories. These ranged from the Ten Commandments of Judaism to the Nihilism of the nineteenth century Russian Movement and were categorized into teleological (28) and deontological (34).

Ethical Relativism

Before going on to examine these two categories in detail, there is a further group which deserves a mention. This group is called (variously) 'ethical relativism', 'situational ethics' or 'contextual ethics'. The main premiss of this view is that there are 'no absolute principles, virtues or a sense of oughtness that apply universally without qualification. Every ethical dilemma must be evaluated in its particular context or situation' (Pettit, Vaught & Pulley 1990). Hoffman & Moore gave another expression of relativism, saying that, 'the same act may be morally right for one society and morally wrong for another, or more radically, right for one individual and wrong for another' (Hoffman & Moore 1990, p5).

The earliest known exponent of relativism was the Greek philosopher Protagoras, who lived during the fifth century BCE. He seemed to have believed two things: 'first, that moral principles cannot be shown to be valid for everybody; and second, that people ought to follow the conventions of their own group' (Tsalikis & Fritzsche p699). Later philosophers believed to hold similar relativist views have included Hobbes and Spinoza (Lewis & Speck 1990).

Criticising ethical relativism, Tsalikis & Fritzsche (1989) have argued that 'at first glance ethical relativism appears persuasive. But many philosophers contend that it does not stand up well to closer scrutiny. In particular, they hold, it contradicts our everyday ethical experience and the way in which we act and speak about ethical problems and ethical judgments.' Clearly, not everybody agrees. Pettit, Vaught & Pulley (1990), for example, argue that 'in the second half of the twentieth century, with the rise of such disciplines as sociology and psychology, there has been much debate over the power of a given ethos to influence ethics . . .'. They then cite the work of Joseph Fletcher who, with others that followed, 'have attempted to construct an ethical theory around the principle of empathy in a particular context. In other words, given a particular situation, what is the most compassionate action to take.'

Given such differing views, it is tempting to see modern relativism, not necessarily as a denial of the main moral theories, but as an expression of their inherent limitations. This may be particularly so in our modern society where moral issues are often very complex and hard to fathom with simple rules. In Chapter 6, when different attempts at modelling moral behaviour within business are reviewed, we will see how some writers have tried to combined the competing views within a single model.

Teleology or Consequentialism

Teleology (from the Greek *telos* meaning 'goal' or 'end') is based on the moral view that *all* actions can be judged exclusively by their consequences. Such an ethical position has many implied steps, including that one can:

- (1) foresee all critical consequences of one's action;
- (2) pre-estimate the impact on various peoples concerned: individuals,

- groups, society, and organizations;
- (3) ascertain which of these are willed explicitly, and which are implicitly built in;
 - (4) judge the net benefits of the willed action;
 - (5) look for other alternative actions that can do better; and
 - (6) judge accordingly the merits of this action.

(Mascarenhas 1990)

This comprehensive list provides ample evidence of one of the main limitations of teleological systems: that they are extremely difficult to apply in practice. All the steps involve ‘serious research and objective reflection . . . [and, in addition,] there could be lingering doubts as to whether all consequences have been foreseen, and whether their impact on all actors concerned was pre-assessed. Lack of time, data, investigating skills, and objectivity often make the application of this ethical system difficult, if not impossible’ (Mascarenhas 1990). Despite such formidable problems, consequentialist systems have received wide acceptance. Theories in this group include various forms of *egoism* ‘which contends that an act is ethical when it promotes the individual’s best long-term interests’ (Tsalikis & Fritzsche 1989). Some egoists measure this ‘best long-term interest’ through hedonistic values, but others identify good through knowledge, rational self-interest and self-actualization. Critics see the main weaknesses of egoism as including: (1) that egoism takes no stand against social issues such as discrimination and pollution; and (2) that there is no way of resolving conflicts between egoistic interests (Tsalikis & Fritzsche 1989).

Utilitarianism - Principal among the teleological theories is Utilitarianism, a system first formulated by Jeremy Bentham (1748-1832) and further developed and popularized by John Stuart Mill (1806-1873). Stated simply, according to Utilitarianism, a morally preferred act is one which promotes ‘the greatest *total* balance of good over evil, or the greatest good for the

greatest number' (Hoffman & Moore 1990). This is based on the view (to quote from Taylor's (1975) summary) that 'the moral rightness of an act is not itself an intrinsic value. On the contrary, an act is right only when it is instrumentally good and its rightness consists in its instrumental goodness' (p60). To further clarify this view, Taylor comments:

'It is important to realise that for the utilitarian no act is morally wrong in itself. Its wrongness depends entirely on its consequences. Take the act of murder, for instance. If the consequences of murdering a particular man in a particular set of circumstances (say, assassinating Hitler in 1935) were to bring about less unhappiness in the world than would be caused by the man himself were he to remain alive, it is not wrong to murder him. Indeed, it is our duty to do so, since the circumstances are such that our refraining from doing the act will result in more unhappiness (intrinsic disvalue) and less happiness (intrinsic value) than doing it.'

Taylor (1975, p62)

As Utilitarianism developed, different standards were recognized as a measure of the 'greatest good for the greatest number', starting with Bentham himself who saw simple pleasure (Greek *hedone*) as the measure of good. This view was heavily criticized and was later modified by Mill who proposed the Greek *eudaimonia* (happiness or well-being) as being more than merely the sum total of pleasures (see generally the essays by Mill in *Utilitarianism* edited by Warnock 1962). Another measure was proposed by G.E. Moore (1873-1958) who, referring back to the Greek ideal of *agathos*, talked of 'Ideal or Agathathistic Utilitarianism' based on a unique and indefinable property of things (Taylor 1975).

Generally speaking, two types of Utilitarianism are recognized: Act Utilitarianism, which holds that one should always act in order to maximize the total good, and Rule Utilitarianism, which uses the principles of utilitarianism to construct rules which are believed to promote the general good. Rule Utilitarianism has certain advantages in that, by providing a summary of judgments for particular acts, it avoids the need to analyse

each new situation afresh. Both forms, however, have several, well documented disadvantages. In *Moral Issues in Business*, Shaw & Barry (1989, p58-61)) help their readers to determine the possible disadvantages for themselves by asking three questions:

(1) Is Utilitarianism really workable? Here, they draw attention to the practical problems (alluded to above) of evaluating alternative actions and judging the greatest good.

(2) Are some actions wrong, even if they produce good? Put boldly, 'for utilitarians the end justifies the means. No action is objectionable. It is objectionable only when it leads to a lesser amount of total good than could otherwise have been brought about.' This attitude then leaves wide open questions concerning the possibility that doubtful means might be employed in the achievement of the greater good.

(3) Is Utilitarianism unjust? Because Utilitarianism is concerned with the total sum of good it overlooks possible injustices with regard to the distribution of that good. At its extreme, this view can lead to the acceptance, when enshrined in public policy, that the welfare and rights of the individual must be sacrificed for the greater good. The loss of many millions of British lives in the First World War is, perhaps, a good example.

Deontology or Formalism

A way of differentiating between the two main streams of moral philosophical thought is by asking the question, 'What makes one act right and another wrong?' If one's answer is concerned with the goodness of consequences, or with conformity to rules which, if followed, will generally have good consequences, then we have a teleological system. On

the other hand, if right action is seen as independent of consequences (good or bad), and is judged on the basis of its conformity, or not, to a Moral Law, or a set of rules of moral duty based on such a Law, then one's system is deontological (Greek *deon* or 'obligation').

The Categorical Imperative of Immanuel Kant - The writings of Immanuel Kant (1724-1804) are probably the most famous and oft-quoted of philosophers concerned with the development of deontological ethics. In *Fundamental Principles of the Metaphysics of Morals* (1797) he states that:

‘the basis of obligation must not be sought in the nature of man, or in the circumstances in the world in which he is placed, but *a priori* simply in the conception of pure reason.’

Kant's system of moral thought is very complex and abstruse, creating difficulties for scholars in establishing ‘just what Kant "really" held . . . [Apparently] even his contemporaries found him hard to understand’ (Sullivan 1989). His work has been extensively analysed and commented upon in the centuries since its formulation (Sullivan gives several hundred citations). However, in the present context, a brief summary must suffice.

Like other deontologists, Kant holds that one ought to perform right actions not because they will produce good results, but because it is our duty to do so. Central to Kant's system is the Categorical Imperative which has three principal aspects:

(1) There are certain universal modes of behaviour which are absolute, unconditional, and morally binding, regardless of the consequences. In summarizing Kant's position, Hoffman & Moore (1990) suggest that:

‘In making an ethical decision about an action . . . we should ask ourselves whether we would be willing to permit the universal practice of the action. If we are not [so]

willing . . . it is immoral. Kant claims that 'an act is not moral unless it can be made into a universal law' (p15).

(2) One should treat all human beings as ends in themselves, and never, just as a means to an end. In proposing this, Kant realized that there are many instances where one is bound to use others in order to achieve a particular end, but one has a duty to respect a person's intrinsic value.

(3) Fundamental to the Categorical Imperative is the recognition that human beings have freedom of action and have the intellect to differentiate between acts and to choose whether or not to obey moral laws.

Returning to Hoffman & Moore's summary: 'In a denial of psychological egoism, Kant claims that human beings are the only creatures capable of performing an act not because it is to their advantage, but because duty requires it. It is making choices based on duty that we take full possession of our freedom' (p16).

Some weaknesses of the Categorical Imperative - A moral system which acknowledges individual freedom of choice and which encourages the treatment of others as ends in themselves has some advantages over, for example, Utilitarianism, which, emphasizing the summation of the good, shows scant concern for the individual. Kant's system does, however, have several weaknesses. Again, Shaw & Barry (1989) direct their reader to certain questions which will help them explore these weaknesses for themselves:

(1) What has moral worth? Kant held that an act only had moral worth if it was done out of a sense of duty and not if done solely out of self-interest. This is fairly straightforward, but what about right acts done out of habit, instinct, or a feeling of human sympathy? According to Kant, such acts have no moral worth.

(2) Is the Categorical Imperative an adequate test of right? The universal application of the Categorical Imperative does not admit exception. Some critics would argue that this position is too extreme and that Kant failed to distinguish a difference between an individual claiming to be the exception to a rule, from the position that the rule itself has no exceptions.

(3) What does it mean to treat people as means? This question draws attention to the difficulty one can have of distinguishing between means and ends. Indeed, it would be equally valid and problematic to ask the obverse question, 'What does it mean to treat people as *ends*?' The example Shaw & Barry (1989) give is that of prostitutes who sell their services and who allow themselves to be treated as a means. Yet, anyone who works for a wage does the same thing, working for employers who, largely, hire them for their own ends. By this analysis, therefore, all employees would be seen as being treated immorally which is clearly absurd (except, perhaps, from an extreme Marxist viewpoint). Robert Martin (1991) offers a 'more plausible interpretation of Kant's principle . . . What Kant is telling us to do [he says] is always to *consider* others with whom one interacts as ends in themselves: to take their status as rational holders of aims themselves seriously.' Although, Martin then goes on to point out a problem with such an interpretation, that is, that 'the principle that one must *think* of others in this light says nothing about what we should *do*.'

Other Ethical Systems

Hybrid theories - It is clear that each of the ethical systems outlined, both deontological and teleological, has certain limitations. To counter these, some philosophers have tried to create a hybrid out of the two. Rule Utilitarianism is a case in point, being based on the utilitarian standard of maximising happiness, but relying on the adoption of certain moral rules of

right and wrong as the means of promoting the greatest good for society at large. A recent example of hybridization is found in the work of James Rachels (1986) who outlines a theory which, although it has much in common with Utilitarianism, takes seriously people's right to choose and the moral importance of treating people as they deserve to be treated. In this way Rachels follows Kant's emphasis on respect for persons (Shaw & Barry 1989 and Rachels 1986).

Pluralistic systems - Other philosophers, such as W.D. Ross (1877-1971), have argued against both Utilitarianism and the views of Kant. Ross regarded Utilitarianism as too simplistic and not representative of the way human beings ordinarily think about moral issues; and Kant as not taking into account the full variety of human moral obligations. Ross and others make the case that it is not possible to reduce such variety to the single obligation of maximising happiness. He argues, for example, that making promises creates duties of fidelity; wrong actions create duties of reparation; and generosity from our friends create duties of gratitude. Ross in addition defends several other duties, such as the duties of self-improvement; of non-injury; of justice; and of beneficence, which is based on a duty to others, less fortunate, in the world whose happiness we can improve (Shaw & Barry 1989 and Tsalikis & Fritzsche 1989).

A central theme of Ross's philosophy is that of the *prima facie* duty, which neither derives from the principles of Utilitarianism nor from Kant's Categorical Imperative. As Beauchamp & Bowie (1988) point out 'Ross's list of duties is not based on any overarching principle. He defends it simply as a reflection of our ordinary moral beliefs and judgments' (p39). The *prima facie* nature of a duty is based on the idea that a duty must always be acted upon unless at a given time and in given circumstances, it conflicts with a more weighty moral duty. So, for example, Ross saw the duty of keeping a promise as not being totally binding in all circumstances

(as would be the case with the Categorical Imperative), but that, sometimes, breaking a promise may be justified.

The principal weakness of Ross's theory is evident in the ease with which it is possible to rationalize preferred behaviour.

THEORIES OF DISTRIBUTIVE JUSTICE

So far this chapter has been concerned with the normative theories of moral philosophy. An allied and overlapping body of theory comes from the corpus of political philosophy and concerns the distribution of justice.

The notion of justice is based on the idea that 'human society is a cooperative enterprise structured by various moral, legal, and cultural rules and principles . . . [which] form the terms of cooperation in society [and the] implicit and explicit arrangements and agreements under which individuals are obligated to cooperate or abstain from interfering with others' (Beauchamp & Bowie 1990, p41). Coming from a Soviet Marxist-Leninist position, Sheptulin (1978) gives a similar definition. He writes that 'man cannot exist outside of society and the human collective which always places certain obligations on the behaviour of its members . . . [and later, that] morality is a collection of standards and rules of human behaviour in society at a given stage of its development, expressing society's views (or those of some class) concerning human actions from the point of view of good or evil, justice or injustice, honesty or dishonesty' (p449-450).

An important aspect of justice is 'distributive justice' which 'refers to the proper distribution of social benefits and burdens'(Sheptulin 1978, p551), measured according to factors such as: equal shares, individual need, personal effort, merit and contribution to society. Such measures are

normally materialistic and not concerned with achieving a measure of justice with regard to 'spiritual' needs, such as, with helping a person make the most of (or actualize) his or her human potential.

There are three principal theories of distributive justice discussed in the literature: Egalitarian, Libertarian and Marxist.

Egalitarian Theory

Some conception of the equal distribution of benefits and responsibilities 'has had an important place in most influential moral theories' (Beauchamp & Bowie 1988 p552). Utilitarianism, for example, although concerned with the collective good, does accord different persons equal value in terms of wants, preferences and happiness. Again Kant's theories, whilst emphasising the unwavering adherence to universal moral laws, which can seem unjust in certain individual cases, does insist on the treatment of persons as ends in themselves and not just as means.

In Egalitarian theory an important issue concerns whether people should be considered equal in all respects in terms of their moral and social responsibilities and the rights and benefits they accrue from society. This has given rise to two forms: radical and qualified Egalitarianism. The radical view holds that individual differences should be ignored when it comes to sharing out the burdens and benefits of society, and that uneven distribution, in any form, is unjust. The state of affairs in most of the world's economies, where the majority of wealth is in the control of a small minority of people, would be seen, from a radical egalitarian standpoint, to be totally unjust. This would be true even if a clear, well-argued case could be put forward (which is unlikely) which could justify the extremes of individual poverty and wealth on the basis of merit and just deserts.

This radical position is, however, regarded by most Egalitarians as extreme, and certainly untenable. Most are more realistic in their interpretation, acknowledging that just being a member of the human race is not sufficient grounds to expect an equal share of society's wealth. For the qualified Egalitarian desert is seen, to some extent, as justifying differences in distribution, with the proviso that there are 'some basic equalities among individuals that take priority over their differences' (Beauchamp & Bowie 1988, p553). An example given by Brody (1983) points out the preference among egalitarians for progressive, rather than proportional rates of taxation, even though the proportional rate would treat everyone equally. The thinking behind such a preference seems to be a pragmatic acknowledgment of the realities of life, where such a progressive taxation policy would move society from a position of less equality to one of greater equality.

In John Rawls' *A Theory of Justice* (1971) we have a recent example of a qualified Egalitarian approach. In praise of this book Shaw & Barry (1989) suggest that it 'is generally thought to be the single most influential work of the postwar period in social and political philosophy . . .' (p108). This work develops Rawl's central thesis that all economic goods and services should be distributed equally except where it can be demonstrated that an unequal distribution would either work to everyone's advantage, or at least benefit the less-privileged within society. Rawls sees his theory as being in direct opposition to Utilitarianism which he sees as being indifferent to the distribution of satisfaction among individuals, and where social distribution based on the maximisation of collective utility 'could entail violation of basic individual liberties and rights expressive of human equality . . .' (Beauchamp & Bowie 1988, p553).

Drawing on the 'Kantian conception of equality' Rawls argues that a valid principle of justice would be one in which everyone would agree if they were to view it freely and impartially from, what he calls, the 'original

position', which is free from the constraints and influences of any actual society. The philosophical device which Rawls proposes in order to create this 'original position' is the 'veil of ignorance' which stipulates the hypothetical situation where a person's particular characteristics and background are not known, so that factors such as sex, intelligence, race, family history, special talents or handicaps, and wealth, will not influence opinion.

Under these theoretical conditions, Rawls argues that two fundamental principles of justice would be unanimously agreed upon. First, that each person would have an equal right to the most extensive basic liberty compatible with a similar liberty for others; and second, that social and economic inequalities should be arranged so that they are both (1) reasonably expected to be to everyone's advantage, and (2) attached to positions and offices open to all.

Libertarian Theory

The individual's freedom to act is the fundamental basis of the Libertarian view of justice. Freedom which permits others 'to live as he or she pleases, free from the interference of others' (Shaw & Barry 1989, p100).

Libertarian philosophy runs counter to the views of Utilitarianism, which allows for limits to be set on individual freedom if it can be seen as being for the greater good. The Libertarian sees individual freedom of action, without coercion from others, as taking priority over other moral concerns, and sees government controls and state intervention of any sort as running counter to this basic freedom.

In his 'challenging and powerful advocacy of Libertarianism . . . [Robert Nozick, Harvard Professor of Philosophy and author of *Anarchy, State,*

and Utopia (1974)] stimulated much debate, obliging philosophers of all political persuasions to take the Libertarian theory seriously' (Shaw & Barry 1989, p101).

The starting point for Nozick's case is found in the work of the political philosopher John Locke (1632-1704). Nozick refers to what he calls the 'Lockean Rights' of the individual which he defines as 'natural', 'in the sense that we possess them independently of any social or political institutions' (Shaw & Barry 1989, p101), and negative, in that they do not require us to do any particular thing, but only refrain from acting in certain ways, especially in not interfering with others.

Nozick's position is fairly unyielding. He argues that infringing someone's rights, for any purpose whatsoever, is never justified, even if it can be clearly demonstrated that such an infringement would be to the general good, or that it would reduce the sum total of all rights violations.

The belief in these rights (which he calls 'side constraints') form the background from which Nozick develops his specific 'entitlement theory' of economic justice. This theory has three aspects: (1) concern for what is already held (goods, money and property); (2) concern for the methods used to acquire such holdings; and (3) concern for putting right earlier injustices.

Entitlement with regard to what is already held is based on an assessment of whether a holding was originally acquired fairly, without infringing anybody's Lockean rights. If this is the case then one may dispose of one's holding in any way one chooses, whether foolishly or wisely, without reference to anyone else. Taken to its extreme it may be argued that 'even though other people may be going hungry, [libertarian] justice imposes no obligation on you to assist' (Shaw & Barry 1989, p102).

The second aspect of the theory is concerned with the acquisition of holdings. Legitimate acquisition is based on methods which do not infringe a person's Lockean rights, such as through exchanging money for goods or services, gift-giving or barter. Illegitimate acquisition is founded on the infringement of rights through theft, coercion and fraud.

The third aspect is concerned with rectifying earlier injustices. This involves the repeated application of the first two aspects as a check to establish that a person has come by a holding in a just manner.

In summary, Nozick's theory of distributive justice would suggest that: 'A distribution is just if persons are entitled to the holdings they possess under the distribution' (Shaw & Barry 1989, p103). Nozick argues that a significant advantage of his theory over others is that for the others, justice is concerned with the present distribution of goods, whereas his is concerned with how the goods are acquired. Most theories are either concerned with the structure of distribution (e.g. for equality, or for the general good), or with distribution according to certain rules based on factors like need or merit. Nozick's conception of justice ignores such factors and deals only with historical entitlement. His critics might point to this lack of any concern for issues such as poverty, and the unjust privileges accorded to the very rich, as reason for nullifying any serious consideration of the theory. A moment's reflection, however, leads one to realize that this criticism is not valid.

If Nozick's ideas could be applied in practice (which would be problematic, if not impossible), it would have a curative effect on the very injustices the critics might identify as being ignored by the theory. Indeed, if taken to its logical conclusion, its application would structurally undermine our whole society. After all, if one could trace back the pattern of acquisition of all the major wealth holders in our society (royalty, the church, international

business, etc.) it seems unlikely that much, if not most, of it would have been acquired according to Nozick's conception of entitlement.

A central problem with Nozick's theory, however, concerns its foundation on Locke's notion of 'rights' which is quite different from, say, the Marxist approach which emphasizes social and economic factors, rather than *a priori* natural factors in determining moral 'rightness'. In evaluating Nozick's ideas, therefore, one must first determine whether Locke's notion of 'natural rights' has sufficient meaning to sustain the 'theory of entitlement'.

Marxist Theory

The economic system which dominates the world economy, especially since the demise of Soviet communism, is capitalism, with its emphasis on a system of free-market exchange, and with (in theory at least) the minimum of government intervention and regulation. To a great extent, the foregoing discussion on Egalitarianism and Libertarianism has taken place within the implicit context of Capitalism. For it is the values associated with the free-market which largely condition the debate on the nature of the just distribution of wealth and responsibility. To generalize, one might say that those espousing right-of-centre politics tend towards a non-interventionist, libertarian view, whereas those left of centre favour some form of intervention based on an egalitarian ideology.

Some philosophers, however, argue that many of the most important questions cannot be dealt with *within* Capitalism and that there is a need to stand outside of the system in order to address certain criticisms associated with the competitive free-market itself. 'Perhaps the strongest and best-known challenge to Capitalism comes from the political and social philosophy of Marxism' (Beauchamp & Bowie 1988, p556).

Since Marx first formulated the views contained in his famous work *Das Kapital* (Volume One 1867) several competing schools of Marxist thought have evolved ranging from the heavily centralist views of Soviet Communism to, what might be termed the more realistic stance of some Western Marxists who have to function within a predominantly capitalist context. It is interesting to reflect on the strong and very dismissive views of Capitalist morality which emanates from the Soviet school. A lengthy quotation from Sheptulin's *Marxist-Leninist Philosophy* (1978) will illustrate this point:

'In capitalist society . . . the morality of the capitalists, the bourgeois morality, predominates. Private ownership of the means of production serves as the economic foundation of this morality. Yet in the view of the Russian proletarian writer Maxim Gorky, private ownership disunites people, arms them against one another, creates an irreconcilable clash of interests, lies to conceal or justify this clash and corrupts everybody with a torrent of slander, hypocrisy and malice.

The principle of sale and purchase dominates in bourgeois society. Everything is a commodity. Not only consumer goods can be bought, but also people, their blood and conscience. Money becomes the main criterion of human relations. Those who have money, no matter how they acquired it, are considered honest and enjoy respect. In his pursuit of profit, the bourgeois would flout moral standards and would commit crime'. (p454)

These are strong criticisms indeed and reflect Marx's own opinions. Marx, writing in the early decades of the Industrial Revolution, argued that as capital and the means of production became concentrated into the hands of a small number of people then the balance of power would change away from the labourers (proletariat) and towards the capitalists (bourgeoisie). This was because, as the workers had nothing to sell but their labour, the bourgeoisie would be in a position to exploit them and pay them less than the true added-value that their labour created (Shaw & Barry 1989 p151). Marx disagreed with the capitalist conception that it was just to pay a

labourer the sum agreed. In his view the proletariat had no choice but to work, at less than the real value of their labour, in order to feed, house and clothe their families. He also held the view that without the proletariat providing their labour at less than its true value, the capitalist would not be in a position to make a profit.

As Beauchamp & Bowie (1988) point out, many contemporary Marxist critiques challenge the adequacy of capitalist theories of justice. They view 'both libertarians and egalitarians [as being] naive in their assumptions that true freedom of choice in economic matters is compatible with systems of private property and capitalist exchange' (p557).

The solution proposed by Marx himself totally rejected capitalism and suggested that an entirely new social arrangement for property, labour and human relations was needed (Beauchamp & Bowie 1988, p557). This new arrangement would involve the institutionalization of values which would give workers the share of the money that their labour represented, and also attend to the human aspects of the worker-production relationship to overcome the problem of alienation which Marx argued was the consequence of capitalistic production, a problem brought about by, among other things, a system which only valued an individual on the basis of what he or she could produce.

THE DOMINANT ROLE OF WESTERN PHILOSOPHY

Returning now to the question raised earlier concerning the dominant role of Western philosophy in the field of business ethics and whether this is a satisfactory state of affairs. We have already discovered that 'any newcomer to business ethics cannot but be influenced by the opinions and views of philosophy.' However, one significant problem with moral philosophical theories which cannot easily be overcome is that, while they

can be excellent in training and refining one's thought processes, it can be very hard to relate theory to practice.

Derry & Green 'conclude that there is a serious lack of clarity about how to apply the theories to cases and a persistent unwillingness to grapple with tensions between theories of ethical reasoning.' The noted British philosopher, Iris Murdoch offers a complementary view in the opening chapter of her book *The Sovereignty of Good* (1970). She criticizes current moral philosophy as being 'unsatisfactory in two related ways, in that it ignores certain facts and at the same time imposes a single theory which admits of no communication with or escape into rival theories' (p1).

In the area of ethics teaching Brady & Logsdon (1988) criticize the prevailing teaching approach which largely ignores situational factors and is 'dominated by philosophy-orientated teaching materials'. Citing the earlier work of Trevino (1986) they address two distinct limitations of normative theory: (1) that it is not designed for the purpose of explaining or predicting behaviour, and (2) that few managers are likely to think of their day-to-day decisions in normative terms. In his less-than-kind interpretation of why philosophers are taking such a keen interest, Willard Enteman (1983) points out that 'some cynics might say that the threatened enrollment decline in traditional philosophy courses and the rush of students from liberal arts to undergraduate business programs [has] hastened their discovery of business ethics'. He is also scathing in his observation of the philosophy academics' approach to business ethics. He explains how, in his view, 'the academy specializes in talk [and so] beyond constructing courses, no new actions were needed; the academics could go on doing what they always did: talk and write.'

There are many, it seems, who would argue that there are major problems in applying normative moral theory to business practice, and yet the articles and books keep coming. As we shall see in Chapter 6, some theorists have

tried to model business moral behaviour taking due account of such normative theory. How successful their efforts are, we shall see.

SUMMARY

Business is coming under increasing pressure to behave more ethically. This is the first of three chapters which explore the contribution of Western moral theory to helping business do this. An introduction has been given of the evolution of ethics in the Western philosophical tradition followed by details of its principal moral theories. A description has been given of the main characteristics and limitations of the two main categories of moral philosophical thought (deontology and teleology) as well as of ethical relativism. This is followed by a discussion of the three main theories of distributive justice: Egalitarian, Libertarian and Marxist. The chapter ends by acknowledging the dominant role of Western moral theory in business ethics and highlights a significant problem with it that, while it can be excellent in training and refining thought processes, it is hard to relate the theory to practice.

Chapter 5

Theories of Moral Psychology

In the last chapter the normative theories developed within the fields of moral and political philosophy were introduced. These, for the most part, are concerned with prescribing how persons ought to act in a given situation. There is another important group of theories which does not *prescribe* how one should act, but is concerned with providing a *description* of individual moral behaviour, shedding light on what motivates people to think and act in morally different ways.

The name given to this group is Moral Psychology, which in turn is a subset of Humanistic Psychology, a body of theory which is concerned with trying to understand the emotional, intellectual and moral development of human beings. Several humanistic theories are based on a stage model of human development which assume that, by moving from one stage to the next, one's state of being will mature, and that this is a good thing to happen. As such stage (or hierarchical) models figure in some of the business ethics models described in Chapter 6, as well as, in the later Buddhist analysis, it may be helpful to explore the way they have evolved within the Western psychological tradition.

Abraham Maslow

The work of Abraham Maslow provides perhaps the most famous example of a stage model of human development. His Hierarchy of Needs is widely regarded and is most well-known as a model of five stages: physiological; safety/security; social or other-esteem; self-esteem; and self-actualization.

What is not often understood, however, is that this is an early version of the model and that, over many years, Maslow expanded it responding ‘both to criticism and uncritical adulation’. Taking the sum of his modification and additions Leary et al (1986) offer a seven stage model (summarized in Figure 5.1).

Level	Needs
(1) Physiological	basic need satisfaction for food, shelter, sex, etc.
(2) Safety/security	protection from the unknown and threat from other people
(3) Effectance	desire to tame, control, dominate or conquer people and things
(4) Social needs	desire for membership, belongingness and acceptance, affiliation, warmth, esteem for others’ affection, love respect, recognition and status
(5) Self-esteem	self-knowledge, -confidence and -respect
(6) Self-actualization	desire for wholeness, integration and balance; to be all that I have it in me to be; to be a fully functioning person, physically, mentally and spritually
(7) Transcendence of self	desire to dedicate oneself to a higher ideal or task and commit oneself to achieving these ideals in the outside world
(after Leary et al 1986)	

Figure 5.1: Maslow’s Seven Stage Model of Human Needs

Some Dangers of Stage Models - Before going on to examine certain other humanistic theories some caution is needed. For, although such hierarchical stage models are widely used, and often have a common-sense appeal, there are several objections to them. These objections, although not necessarily invalidating the approach, do need to be clearly recognized and acknowledged. Some of these objections include:

(1) The tendency to see such models in *fixed* stages rather than as arbitrary flags marking points in a continuous process;

(2) That such models can often be seen as rigid, linear and one dimensional, rather than as a theoretical attempt to provide a partial explanation of complex relationships;

(3) Stage models do not easily allow for a wide movement between stages by specific individuals to take into account complex psychological types;

(4) There is a risk of elitism, where such a descriptive, hierarchical model is used in a subjective and judgmental fashion. For example, by seeing oneself as superior and relating to others accordingly (the missionary attitude).

Exploring the possible danger of elitism when applying stage models of development, Leary et al (1986) give the example of a child learning to walk, describing four stages or modes of increasing mobility from 'static' through 'rolling' and 'crawling' to 'walking'. It would be difficult to argue that, in this simple case, moving from one stage to the next would not be a good thing, 'however, it would clearly be dangerous nonsense to consider a child who can walk as a "better person" than one who is beginning to explore the delights of crawling. Similarly, an adult who is handicapped in such a way that he or she can't walk, but can crawl, is clearly not a "worse

person" as a result (although they may well be treated as such in practice . . .)’

Other Humanistic Theories

Maslow’s work on human development probably had a strong influence on several of his contemporaries and later writers in the field. Although not always directly acknowledged, the similarities between Maslow and the other theories seem to be too close for it to be a coincidence. Another possible explanation for this similarity is that different humanistic psychologists have separately been influenced by certain archaic and even archetypal representations of how human beings evolved. For example, as we shall see in a later chapter, there are many similarities between the Buddhist perspective on human growth developed some 2500 years ago, and that of modern Humanistic Psychology.

In their very useful literature analysis, Leary et al (1986) examine twenty-two developmental theories and show how the ideas they contain overlap. Based on an analysis of Maslow’s work, they coin their own seven developmental stages and show, in an extensive annexe (p33-42), how each of the sixteen theories fit together. These seven are then related, in matrix form, to three aspects of human action and human decision-making: thinking, feeling and willing.

Lawrence Kohlberg - The developmental theory of one particular humanistic psychologist, Lawrence Kohlberg (1979 & 1981), will form a central part of the comparison between Buddhism and humanistic psychology to be found in Chapter 8. Kohlberg’s stage theory of moral reasoning has ‘long dominated’ research in the field of moral development (Derry 1989). It was strongly influenced by the earlier work of the child psychologist Piaget (1932) which was concerned with studying the way

children reasoned about right and wrong. In his research, Kohlberg 'sought to determine whether there are universal stages in the development of moral judgments' (Baxter & Rarick 1987) and, as a result of empirical analysis, he argued that there were 'six universal and invariable stages through which individuals progress as their moral reasoning develops' (Derry 1989). Figure 5.2 summarizes Leary et al's (1986) description (in seven rather than six stages) of Kohlberg's stages divided into three categories of moral development.

In subsequent years attempts have been made to test and confirm his stage theory. For example, Conry (1990, also 1989 with Nelson) discusses Kohlberg in the context of two long papers which attempt to 'advance and refine a process for law teaching that fosters the moral development of students'. In 'Environmental Integrity and Corporate Responsibility', Guerrette (1986) uses Kohlberg's theory to relate individual conscience to corporate conscience.

Of the several experimental studies which test Kohlberg's theory we have: Wood et al (1988), who examine the ethical attitudes of students and business professionals through a questionnaire dealing with seventeen different ethical dilemmas; Weber (1990), who assesses the response of thirty-seven managers to three moral dilemmas; and, taking a slightly different approach, Robbin Derry (1989), who, through open-ended interviews with 40 first-level managers (20 women and 20 men), randomly selected from the *Fortune 100* industrial corporations, tried to measure the level of their moral reasoning, and to identify whether differences were gender- or context- specific.

Differences between women and men - Critics of Kohlberg point to several problems. For example, a significant challenge was offered by Carol Gilligan (1977 & 1982) who pointed to the bias inherent in

POST-CONVENTIONAL MORALITY

Universal Ethical Principles:

Good is determined by individual conscience in accordance with self-chosen ethical principles of justice, human rights, respect for others.

Social Contract:

'Good' behaviour is seen in terms of individual rights, that are protected in law with the participation of everybody. Freedom of opinion, opportunity to change laws.

CONVENTIONAL MORALITY

Law and Order:

Orientation towards authority, fixed rules, maintenance of social order, for their own sake. Recognizing one's duty and doing it. Little desire to change the rules.

Interpersonal Concordance:

One sees 'good' behaviour as that which pleases or helps others and is approved by them. Approval is earned by being 'nice'. Strong conformity to norms around what is considered 'natural' behaviour.

Instrumental Relativism:

'Good' action is that which instrumentally satisfies one's own needs and occasionally the needs of others. 'You scratch my back and I'll scratch yours.'

PRE-CONVENTIONAL MORALITY

Punishment/Obedience:

Avoidance of punishment and deference to power are what guide one's actions. 'Good' is what I can get away with.

Egocentric:

'Good' is what I want and like.

Figure 5.2: Kohlberg's Seven Stages and Three Categories of Moral Development

Kohlberg's model which was based on findings from a sample which was entirely male. Reporting on Gilligan's work, Derry (1989) described how she found what she called a 'different voice', an attitude expressed more frequently by women than men. This different voice was not based on a morality which was defined by justice, fairness, or universal rights, as Kohlberg argued, but instead, was based on what she called a 'morality of care': 'on responsibility to others, [and] on the continuity of interdependent relationships'. This orientation, Gilligan argued, resulted in clearly different ways of reasoning and of resolving moral conflicts which suggested 'a distinct moral orientation [and] not merely one of Kohlberg's stages of moral development' (Derry 1989).

Later research, including Gilligan et al (1982), Langdale (1983) and Lyons (1983), provided confirmation that men and women define moral issues differently and use different bases of moral reasoning. It found that there was a statistically significant relationship between gender and moral orientation. However, none of the studies suggested an 'absolute split along gender lines. In each there were men using the care orientation and women using the justice orientation . . .' (Derry 1989).

Taking these findings on face value this research does seem to offer a significant criticism of Kohlberg's theory. However, other studies have seriously questioned whether there are such inherent differences between the sexes, including Derry (1989) who says that 'while Gilligan suggests that the socialization process of infants and children results in these differing moral orientations, it appears that the different modes of reasoning are learnable later in life in response to environmental stimuli.' Other studies which have failed to establish significant gender differences have included: Fagenson (1990) and Tsalikis & Ortiz-Buonafina (1990).

Even though the evidence is inconclusive, it would be wrong to ignore the possibility that differences in gender may be significant in determining

moral orientation. However, it may be that the strong feminist position held by Gilligan, and her desire to prove gender difference, clouded her judgment. Seen in a different light, the two orientations she identified may in fact be describing two different aspects of the same phenomenon. A clue to this possibility is given in the lack of an 'absolute split along gender lines' mentioned above.

Clearly in some ways men and women are quite different, but it is also clear that they have many similarities. At physiological level they share many of the same biological functions and indeed both are, to some extent, bisexual, having hormones of the opposite sex. Psychologically, too, there is much overlap. Erich Fromm (1985), among others, talks of the problem of male-female polarity and how the psyche of each person, of whatever physical sex, contains both 'male' and 'female' aspects. He argues that 'there is masculinity and femininity in *character* as well as in *sexual function*. The masculine character can be defined as having the qualities of penetration, guidance, activity, discipline, adventurousness; the feminine character by the qualities of productive receptiveness, protection, realism, endurance, motherliness' (p36). According to Fromm, each individual contains a blend of the two sorts of qualities 'with the preponderance of those appertaining to "his" or "her" sex'.

It is clear that there is considerable overlap between Fromm's conception of 'masculinity' and 'femininity' and Gilligan's conception of 'justice orientation' and 'care orientation', and if Fromm's views are correct, then one might expect each person to exhibit qualities of both care and justice in different proportions. Here we have the possibility of synthesising the views of Kohlberg and Gilligan, by seeing Kohlberg's hierarchy in the vertical plane representing ascending levels of moral development, with Gilligan's categories on the horizontal plane, helping to describe a person's moral response in terms of their psycho-sexual orientation at a particular moral level.

In his lecture entitled "Masculinity" and "Femininity" in the Spiritual Life' Sangharakshita (1987) shows how Buddhism takes these ideas very much further. This lecture forms part of a series in which Sangharakshita describes the highest ideal in Buddhism (at least from a Mahayana perspective) represented by the Vow of the Bodhisattva. The Bodhisattva 'represents a living union of opposites' (p3) and is concerned with practising the Six *Paramitas* (Perfections) in order to attain Enlightenment (*Nirvana*) not just for his or her own sake, but in order to release from suffering all sentient beings. In this particular lecture Sangharakshita describes how the Bodhisattva synthesizes the opposite qualities of 'masculinity' and 'femininity' in order to reach this ideal. He relates the 'feminine' to the Perfection of *Ksanti* (translated as 'patience', 'forbearance' and 'spiritual receptivity'), and the 'masculine' to the Perfection of *Virya* ('energy', 'vigour', 'masculine potency'). From this perspective the Bodhisattva 'may be described as psychologically and spiritually bisexual . . . [integrating] the masculine and feminine elements at each and every level of his own psychological and spiritual experience' (p23). From the perspective of the novice or aspiring Bodhisattva, the devotee is encouraged to become less sexually polarized and take on both 'masculine' and 'feminine' qualities, or to use Gilligan's terminology, to synthesize both the 'justice' and the 'care' orientation. And as the novice becomes more morally and spiritually developed, he or she will be less identifiable with a particular sexual form. As Sangharakshita (1987, p23) points out, this idea is very clearly reflected in early Buddhist iconography where it is often hard to determine whether the representation of particular Buddhas and Bodhisattvas is masculine or feminine.

Echoes of this move away from sexual polarity are probably implicit in the practice of chastity found in many religious traditions where the devotee is encouraged to contain his or her sexual responses in order to focus their energies more fully on religious practice. Certainly this was part of the teachings of an early heretical sect of Christianity as represented by the

gnostic Gospel According to St. Thomas (see generally Grant & Freedman 1960 and Sangharakshita 1987, p24).

Empirical and theoretical limitations - A further significant criticism of Kohlberg's theory is offered by Jensen & Wygant (1990). They confirm that Kohlberg's is 'the theory that has received most attention' but complain that 'unfortunately it has not proved very useful'. They point out that the presumed 'innate preference for higher stages of thinking which develops with age and experience' is unproven, and that exactly why 'higher stages are preferred, or what makes one stage higher than another is . . . not adequately justified'. Citing various research studies, they also argue that the validity of the theory 'has not been demonstrated satisfactorily', and that one the 'biggest problems with moral reasoning is that, in most cases, reason can provide a rationale for supporting either side of a moral issue, without indicating a proper course of action'. In this latter criticism the authors seem to be falling into the common trap of expecting a descriptive theory to prescribe 'right' action.

The limitations inherent in Kohlberg's theory is justification, according to Jensen & Wygant, for developing a new theoretical basis for understanding moral reasoning. Their particular offering is based on the work of another psychologist Albert Bandura. Again, rather like Gilligan, these authors seem to want to 'throw the baby out . . .' and to dispense with Kohlberg in favour of an alternative theory. As a later chapter will show, there may be room for both.

Albert Bandura - Like Kohlberg, Albert Bandura is a noted psychologist, having been a former president of the American Psychological Association and author of *Social Cognitive Foundations of Human Behaviour* (1986) which, according to Jensen & Wygant (1990), 'presents a comprehensive explanation for human behaviour'. Bandura's work is helpful in the way it

sheds light on the mechanisms by which human beings create value in their lives.

A central tenet of Bandura's social-cognitive theory is the idea that 'personal cognitive processes determine future behaviours'. Defining 'intention' as 'the determination to perform certain activities or to bring about a certain future state of affairs' (Jensen & Wygant 1990), he identifies two cognitive sources of intention as being: forethought, which is concerned with how people anticipate the future; and goal-directed activity, which is measured against certain personal values or standards.

In discussing these personal values or standards, Bandura speaks of two types, 'internal standards (values)' and 'external standards (values)' and it is how the first of these are developed, and how people use them to guide behaviour that is the crux of Bandura's model (Jensen & Wygant 1990).

Internal standards - are categorized by Bandura as either 'standards for achievement' or 'standards for morality'. A major determining factor in the way these standards are formed is the influence of 'significant other' people in our lives: such as parents and teachers when we are young; and spouses and employers in later life. The psychoanalyst Alice Miller in her book *The Drama of Being a Child* (1987) describes the central role of the parents in conditioning a child's life and values. In her vivid description she explains how she sees the violence and cruelty present in our society as having its roots in conventional child rearing and education. Based on her clinical experience she argues that children have to 'sublimate their full potential in order to fulfil the desires of their parents, impeding the creativity, vitality and integrity that is authentically their own' (back cover).

In this context, Bandura's ideas seem important because they help bring awareness and understanding to the process of value-formation, helping the

individual see-through this ‘significant other’ conditioning and through this knowledge learn to develop their own distinctive and individual voice.

Bandura identified the three sequential steps which he saw as regulating individual behaviour, a process echoing the Buddhist practice of mindfulness described in a later chapter. Bandura’s three sequential steps are:

Step 1 - Self-observation. This refers to the process by which people become aware of their own activities, paying attention to some aspects of their behaviour, rather than others, depending on their particular circumstances or situation. Self-observation includes gathering information, setting goals and standards and evaluating behaviour. By bringing awareness to our behaviour in a concentrated manner we can learn to understand responses which are normally automatic and habitual.

Step 2 - Self-judgement. By observing our behaviour we are able to measure it against certain internal and external values of performance and moral standards. In paying attention to our behaviour in this way we can learn about any shortcoming and inconsistencies between our beliefs and attitudes, and the way we act. This judgment is typically based on a comparison with past performance and future expectations, and also with the way others perform in similar circumstances.

Step 3 - Self-reaction. Based on this self-judgement Bandura believes that ‘people pursue behaviour which brings positive self-reaction and avoid that which brings about negative self-reaction’, and on the basis of this, ‘people usually do what they think is right, or what is in line with their values and standards’. This idea resembles the levels of self-esteem and other-esteem of Maslow’s hierarchy and the qualities of *hiri* and *ottopa* described in the Buddhist tradition.

Moral psychology and business ethics

The theories described in this chapter, being largely of a descriptive nature, offer little by way of direct guidance in solving the problem of how business can become more ethical. In combination with other theories, however, certain ideas from moral psychology have been incorporated into some of the business ethics models currently being developed - these are reviewed in Chapter 6. As the theories developed by Maslow and Kohlberg in particular are fairly widely known and, to some extent, supported by a body of research evidence, some of their ideas may also have a role to play in explaining to a wider business audience the Buddhist approach to business ethics described in Part Two.

SUMMARY

This chapter has introduced some of the theories of moral psychology which provide a description of individual moral behaviour and shed light on what motivates people to think and act in morally different ways. A description has been given of the seminal work of Abraham Maslow and other related humanistic psychological theories including those of Lawrence Kohlberg and Albert Bandura. Although such theories tend to be descriptive in nature and offer little by way of direct guidance on how businesses can become more ethical, they have been found to be helpful to other theorists who have incorporated them into some of the business ethics models currently being developed.

Chapter 6

Models Derived from Theory and Observation

In Chapter 4 the principal categories of moral philosophical thought were introduced along with the main theories of distributive justice. Helpful though these may be in aiding ethical understanding, each of the theories discussed do, as we learnt, have certain shortcomings and limitations. Perhaps this is why many writers, in their attempts to describe 'better' the nature and role of morality in business, have chosen to move away from a single theory and combine several theories into a single model, or develop a methodology for selecting between different theories according to circumstances. This review of some of these models and methodologies will follow the four part typology suggested by Derry & Green (1989).

Reference was made in Chapter 4 to Derry & Green's extensive review of business ethics texts. It will be remembered that they were most critical of the prevailing attitude within many of these texts which showed a 'persistent unwillingness to grapple with the fundamental differences between theories'. In summarizing their findings they identified four different approaches to the treatment of moral issues:

- (1) Approaches in which no effort is made to apply normative theory to moral choices;
 - (2) Efforts to combine theories of moral choice;
 - (3) Selecting between theories of moral choice;
 - (4) Interactive approaches which combine theory with actual cases.
- (Derry & Green 1989)

In constructing their typology Derry & Green found that, although many authors included several different approaches in their writing, they 'often abandon[ed] students to their own intuitions and opinions about which theories are the most useful and how to use them'. If they are right then the situation perhaps reflects a lack of theoretical cohesion between the opposing theories and within the business ethics literature in general - an argument I will return to at the conclusion of this chapter.

APPROACHES IN WHICH NO EFFORT IS MADE TO APPLY NORMATIVE THEORY TO MORAL CHOICES

The first of the approaches covered by the typology seemingly falls outside of the present discussion as it ignores normative theory altogether. When examining Derry & Green's analysis, however, it will be seen that this is not strictly true. In this category they include descriptive theory which serves as a way of highlighting moral issues but provides no further guidance on how to act; and what they call the 'minimalist approach' which they describe as being rational, scientific and non-normative. Both approaches, however, do have a normative element, in the former case as a way of helping to describe moral behaviour, and in the latter, as an implicit component of the minimalist approach. One example of this approach is Beauchamp's five methods for dealing with moral disagreements:

- (1) Obtaining Objective Information;
- (2) Definitional Clarity;
- (3) Adopting a Code;
- (4) Example-Counterexample; and
- (5) Analysis of Arguments and Positions.

(Beauchamp & Bowie 1988, p13-16, also discussed in Derry & Green 1989)

This model although seemingly rational and scientific within the terms of Derry & Green's definition does not exclude a normative position. This is implied in the third method, the adoption of an agreed code of behaviour. That a scientific and rational approach need not exclude the use of normative theory is confirmed by Regan (1984), another writer Derry & Green describe as adopting a minimalist approach. In his description of the ideal moral judgment, as well as calling for conceptual clarity, information, rationality, impartiality and coolness, he argues that 'it is also essential that the judgment be based on a valid or correct *moral principle*.'

Another example of a model which has a strong rational element but still takes heed of ethical principles is found in Shaw & Barry (1989, p45-46) who suggest that the minimum adequacy requirement for moral judgments are that they should be:

- (1) logical,
- (2) based on facts, and
- (3) based on acceptable moral principles.

MODELS WHICH COMBINE DIFFERENT THEORIES OF MORAL CHOICE

In Chapter 4 Rule Utilitarianism was offered as an example of a hybrid theory which brings together ideas from both teleological and deontological theories, being based on the Utilitarian standard of maximizing happiness, but relying on the adoption of moral rules of right and wrong to promote that happiness.

In the recent business ethics literature there are many examples of other such hybrid theories, some being firmly based on traditional theory, others less so. Included in the former category is the decision tree developed by Cavanagh et al (1981) and designed to enable ethics to be incorporated into

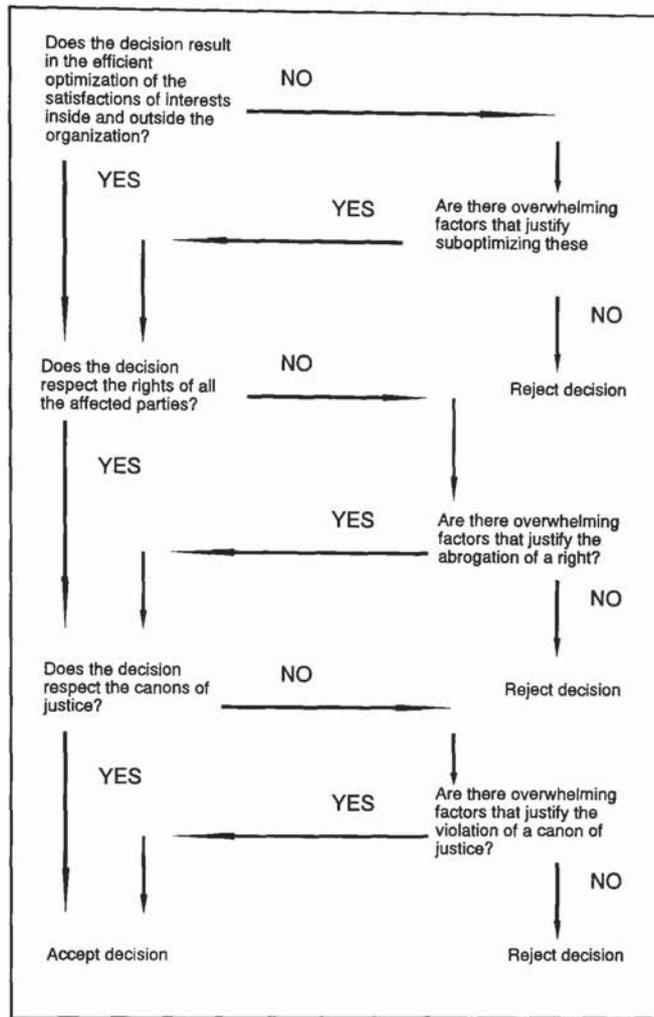


Figure 6.1: A decision tree for incorporating ethics into a decision

the decision making process. Their prescriptive model integrates Utilitarian principles with certain theories of justice and of moral rights. In the modified version the model which appears in Tsalikis & Fritzsche (1989) (reproduced here as Figure 6.1) the

requirement is incorporated that a particular decision must "pass" the test of all three ethical theories, unless there is an "overwhelming factor" that precludes the application of any one of them. The sort of situations which may lead to such exceptions could involve conflicts within or between criteria, and a lack of the wherewithal to employ the criteria. A similar model of ethical decision making was proposed by Fritzsche (1985) which,

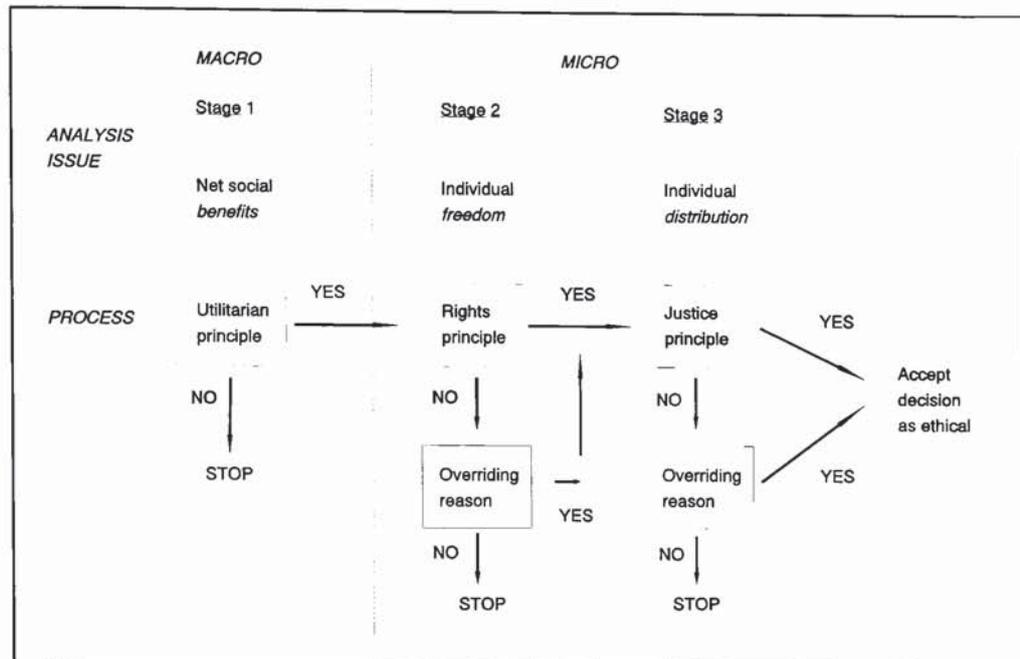


Figure 6.2: A model for ethical decision making

by the author's own admission, is strongly influenced by Cavanagh et al's work. This model (Figure 6.2) is aimed at the needs of marketing management and is split into two sections: the macro part which deals with the utilitarian benefits to society at large and which acts as a screening device for the micro section. This latter section is concerned with the rights of individuals and of the effect of a particular decision on issues such as freedom and the distribution of justice.

Taking a slightly different tack, Laczniac (1983) is critical of many decision models found in the literature as being limited to the simple citation of moral maxims, such as the Golden Rule (treating others as you would wish to be treated), or taking actions which maximize the greatest good for the greatest number. Following the theories of Ross, Rawls (see Chapter 4), and others, Laczniac proposes a series of sequential questions (Figure 6.3) which, if all can be answered negatively, indicates that an action is probably ethical.

Does action A violate the law?

Does action A violate any general moral obligations:

- duties of fidelity?
- duties of gratitude?
- duties of justice?
- duties of beneficence?
- duties of self-improvement?
- duties of non-maleficence?

Does action A violate any special obligations stemming from the type of marketing organization in question?

Is the intent of action A evil?

Are any major evils likely to result from or because of action A?

Is a satisfactory alternative, action B, which produces equal or more good with less evil than action A, being knowingly rejected?

Does action A infringe on the inalienable rights of the consumer?

Does action A leave another person or group less well off?

Is this person or group already relatively underprivileged?

Figure 6.3: Evaluating moral decisions - Questions posed by Laczniac

As well as the normative models which are directly based on traditional moral theory, there are several others where the link is less formal. Mathison (1988) describes two such models. Both involve progressing along a series of steps by posing several questions which should be addressed sequentially. Linda Nash's twelve questions take in issues such as problem definition, empathy, historical factors, loyalty, honesty and communication (Nash 1981, discussed in Hoffman & Moore 1990, p80 and Mathison 1988). Pagano's model deals with legality, cost-benefit, the categorical imperative, public opinion, the Golden Rule, and the opinion of a wise friend.

Each of these models has a definite practical appeal because, while taking account of traditional moral theory, they are not weighed down by it and are therefore, presumably, more accessible to those without a formal philosophical background. Indeed, there are several other models of this genre. Perhaps the most widespread, being the 'code of conduct' which in recent years has found wide currency within the business and professional community. Here the application of normative theory is often shrouded in 'common' language.

The Use of Codes as a Model of Behaviour

To give an idea of how widespread the code of conduct is as a model to guide corporate behaviour, several writers have suggested that around eighty per cent of major (American) corporations have adopted such a code (for example, see Benson 1989 and Burns & Lanasa 1990). In smaller companies the use of a code is not so common. Statistics are hard to ascertain, but one survey of American management accountants (reported in Sweeney & Siers 1990) showed that only 56% of the respondents' companies have codes of conduct and that 'codes are more prevalent in larger firms'. Among the professions there is also a growing emphasis on codes (see for example Backof & Martin 1991, and Gavin, Roy & Summers 1990 (Accounting); and Hite, Bellizzi & Fraser 1988, and Sisodia 1990 (Marketing)).

Beauchamp & Bowie (1988) cite three advantages of adopting codes:

- (1) They provide more stable, permanent guides to right and wrong conduct than do human personalities;
- (2) They provide guidance in morally ambiguous situations such as conflict of interest dangers; and

(3) They act as a partial check on otherwise unchecked powers of employers.

The same authors do, however, point out that there are 'substantial problems' in implementing a code even where it is taken seriously and enforced. Indeed, as the adoption of codes of conduct have become widespread, a small industry seems to have developed of people involved in analysing, criticising and giving guidance on how codes can be designed and implemented. In 'The Effectiveness of Corporate Codes of Ethics', for example, Weller (1988) proposes several hypotheses concerning why a code may or may not be effective. Further examples of such analysis and criticism can be found in Hyman, Skipper & Tansey (1990), and Hite, Bellizzi & Frazer (1988).

SELECTING BETWEEN THEORIES OF MORAL CHOICE

There is pressure on business managers to be more ethical and yet, increasingly, the situation they find themselves in is very complex. Under such conditions, applying models that combine different moral theories can become quite complicated. At worst this may lead either to their abandonment owing to their unwieldy nature, or to indecision and inaction caused by the frequent failure of many business decisions to meet the stringent demands of the combined theories. Indeed, it is easy to imagine that sometimes such models, rather than being regarded as a tool to help managers direct their businesses in a more socially responsible manner, are seen negatively as an impediment to successful enterprise by restricting initiative and freedom of action.

Under such conditions, choosing an approach which is based on a single theory may be an attractive option. In their review article Derry & Green identify two alternative ways that this strategy can be pursued: one which

'resorts to social consensus' (whether based on a theory or not); and the other which suggests that a particular theoretical approach is chosen and its inadequacies put up with. Of the former social consensus approach Derry & Green are, as might be expected, fairly critical suggesting that 'while it is easy to appreciate the practical exigencies which foster this strategy, the limits and difficulties are not hard to discern.' Here they cite its inadequacy in dealing with complex issues where no clear consensus exists and also the 'more serious problem' inherent in the very relativism of this approach where one consensus may not take into account the claims of other consensuses (Derry & Green 1989). To these I would add a further criticism that social consensus does not necessarily demonstrate moral rightness, as the many examples of collective atrocities in world history patently prove.

The alternative to social consensus in selecting between theories can be described by the simple directive to 'pick a theory and get on with the decision', a strategy which 'seems to rest on the assumption that since major philosophers favour each approach, it doesn't matter which one is selected as long as the arguments are properly developed' (Derry & Green 1989). This means, presumably, that each of the theories is seen as being as good as another. Strongly critical of this approach, Derry & Green argue that its most serious limitation is that 'it furthers the misconception that ethics is fundamentally a matter of individual opinion . . . and, in a powerful way . . . reinforces the common prejudice that ethics, as opposed to other areas of enquiry, is the domain of subjective preference and "gut" feelings about right and wrong.'

INTERACTIVE APPROACHES WHICH COMBINE THEORY WITH ACTUAL CASES

The final approach in Derry & Green's typology involves creating an interplay between competing theories and actual cases. At its simplest, business ethics writers who recommend this approach typically note the inherent conflicts between competing theories and then urge their readers to move on quickly to the analysis of actual cases, with the expectation that this may somehow help solve the theoretical conflicts. However, as Derry & Green caustically observe, where such an approach is recommended, in general 'no further theoretical guidance or discussion is offered and no explanation is provided as to how the illumination supposedly conferred by case analysis will occur'. Roundly criticising this approach, Derry & Green argue that 'the hope that by proceeding directly to case analysis we may somehow be able to transcend theoretical disputes and "decide", therefore, seems elusive without further theoretical efforts that address the most basic issues. Merely juxtaposing theory and cases does not lead to insight, clarification and resolution' (Derry & Green 1989).

The other approach to handling theory which Derry & Green discuss under 'Interactive Approaches' to some extent deals with this criticism. Commenting on the Dialogical Method they say that it 'at least assumes the need for further and intensive theoretical investigation and an ongoing interchange between theory and cases' (Derry & Green 1989). Their article cites two examples where the dialogical method is proposed (Caplin 1980, and discussed in Beauchamp & Bowie 1988, p52). However, as they conclude, in texts where this approach is mentioned it only exists as a suggestion and nowhere is the idea of a dialogue between theory and cases fully worked out.

A possible contribution to the task of providing a worked-out interactive method may be found outside of the mainstream of business ethics

literature in the *American Business Law Review*. In the second of two long articles, Edward Conry (1990) (also Conry & Nelson 1989) 'attempts to advance and refine a process for law teaching that fosters the moral development of students.' In the Philosophical Dialogue proposed by Conry, not only is there a dynamic interaction between theory and cases, but there is an actual dialogue between persons of different levels of moral reasoning.

Conry's work, while directed at a specific student population, could easily be more widely applied. In the following section some of his main ideas (slightly simplified) are presented.

The Philosophical Dialogue Proposed by Edward Conry - Conry's approach essentially involves setting up a structured dialogue between an instructor or facilitator and (initially) two students, and then iterating this process several times. The successful outcome of such a dialogue seems to rest on two principal conditions: (1) the presence of a skilled group instructor/facilitator; and (2) the ability of that facilitator to assess the relative level of moral reasoning of each of the participants. In Conry's scheme, such assessment is based squarely on the acceptance of Kohlberg's stages of moral development (see Chapter 5), with measurement founded either on methods such as James Rest's (1979) Defining Issues Test (DIT), or on the group facilitator's own listening skills.

Interestingly, the characteristics required of the instructor/facilitator of the Philosophical Dialogue are more those of the skilled group specialist-cum-psychologist than of the moral philosopher. For example, the influence of people like Carl Rogers (1961) is clearly evident, with strong emphasis being placed on developing empathy, group rapport, and a feeling of mutual respect. These Conry regards as 'essential because true moral communication is so delicate that expressions of condescension,

superior knowledge, ridicule, or paternalism will generally end any candid moral exchange'.

Conry places great stress on the need to prepare the group properly before the dialogue is approached. Indeed, he identifies four preliminary activities which, taken together, 'can consume up to fifteen to twenty percent of the course time allocated to Philosophical Dialogue'. Only after careful preparation can the Dialogue proper begin. A slightly simplified version of the process follows.

- (1) The instructor/facilitator poses a moral query. This can be based on things such as an administrative ruling, a management action, or an issue raised by a particular management theory.
- (2) An initial student, who is assessed as being at a lower stage of moral reasoning, is asked to respond to the moral query stating both his/her conclusions and the reasoning justifying these conclusions.
- (3) Next, the instructor/facilitator assesses the response to establish whether both the conclusion and reasoning is clear, the student has been authentic, and the response is compatible with the student's initial stage assessment of moral reasoning. If necessary the instructor will ask supplementary questions. (The outcome of this stage is not disclosed to the student or to the participating group.)
- (4) Before moving on the instructor, perhaps by summarising the student's response, indicates that he or she has been heard and understood, although not necessarily agreed with. This stage echoes the emphasis Carl Rogers always placed on the importance of acceptance in therapeutic and student-centred teaching situations which promoted 'a healthy change in the person, an increase in his flexibility, his openness, his willingness to listen' (Rogers 1961, p305).

(5) Now a second student, the evaluator, who is judged to be at a higher stage of moral reasoning, is selected and asked to evaluate the first student's response. First of all, he or she is required to give a philosophical analysis of the first student's position, then asked to articulate clearly his or her own view and also to identify precisely where the two views differ.

(6) In the final stage the first student is given the opportunity to reconsider his or her position.

(7) The above process is then iterated one or more additional times, on each occasion using a student who is judged as reasoning at the next higher stage as an 'evaluator'.

Some Limitations of the Dialogue - In a business training context the Philosophical Dialogue has certain characteristics which may limit its acceptability. For example, it is fairly complex and requires the participant to be philosophically literate and, therefore, many business people may be unable or unwilling to spend the time necessary to learn the appropriate concepts and skills. However, such resistance may be eased by the student-centred nature of the teaching approach with, in the first instance, just a bare introduction being given to the philosophical concepts.

Other problems with the dialogue include the amount of time involved in applying the model and the difficulty in measuring participants whose moral reasoning will often be at a similar level (for example, see Wood et al 1988), which Conry himself points out 'does not mesh well with the process of Philosophical Dialogue' (Conry 1990, footnote 54).

Perhaps the overriding difficulty that might be experienced in applying the Dialogue in a business context concerns finding the right person to act as its instructor/facilitator. This person not only needs to be a capable thinker

and philosopher (and by implication, at a high stage of moral reasoning), but also very skilled as a group facilitator. He or she will need to combine the qualities of clear and logical thinking with a high degree of emotional maturity and an ability to listen empathetically so as to draw out and encourage each of the group members. Quite a tall order. But assuming such a person can be found, and given an organizational climate which will support the process, then the Philosophical Dialogue may be a good way to help managers and business professionals develop their moral reasoning.

INTEGRATED MODELS OF ETHICAL BEHAVIOUR

The foregoing literature review of decision models based on Derry & Green's four part typology gives only scant mention to descriptive models (dealt with under the first approach). Within the business ethics literature there are several examples of complex descriptive models which offer a general theory of individual ethical behaviour and which try to integrate philosophical, psychological and situational factors. It is not always clear, however, whether such models are intended to be descriptive or prescriptive as they often contain elements of both. Examples of several such integrated models are presented in Figures 6.4 (Stead, Warrell & Stead 1990), 6.5 (Ajzen 1989) and 6.6 Zahra (1989) which provide three general models; and Figures 6.7 (Hunt & Vitell 1986), and 6.8 (Ferrell & Gresham 1985), two models aimed specifically at moral decision making within marketing.

As to which model is most successful at describing moral behaviour, this is probably a matter of choice. Several models, for example Ajzen (1989) and Stead, Worrell & Stead (1990), are in need of further theoretical and empirical support. On the other hand the work of Hunt & Vitell (1986) is now well established.

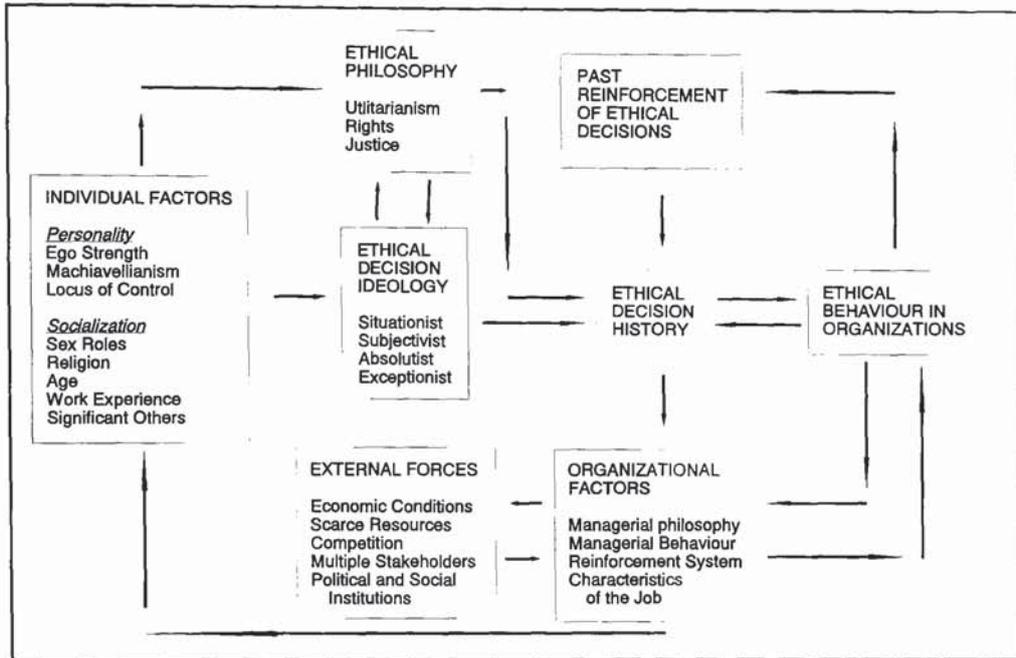


Figure 6.4: Model of ethical behaviour

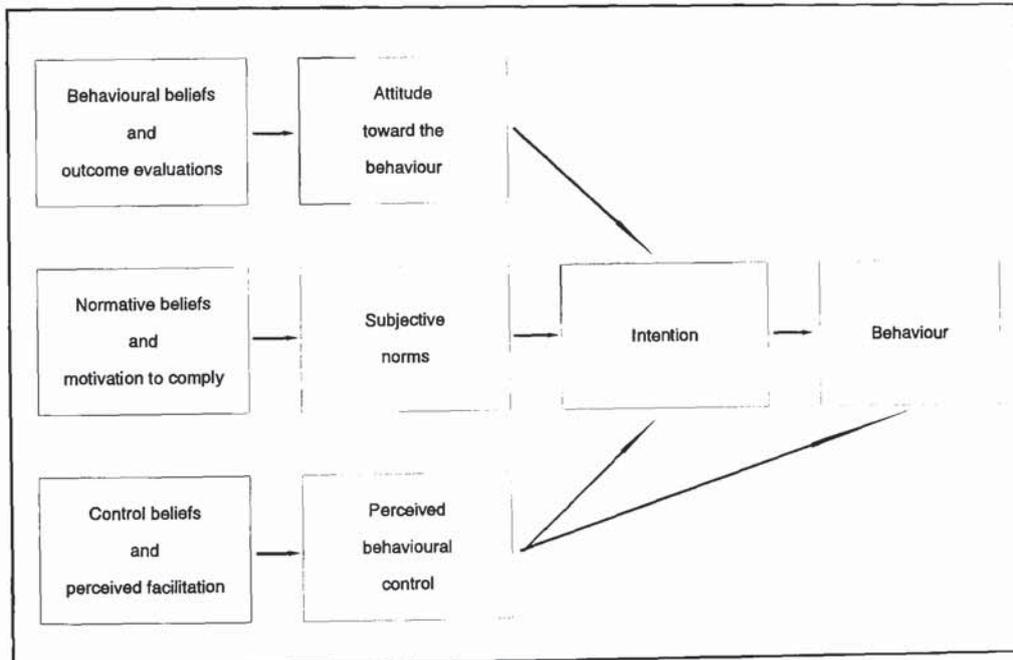


Figure 6.5: Model of the theory of planned behaviour

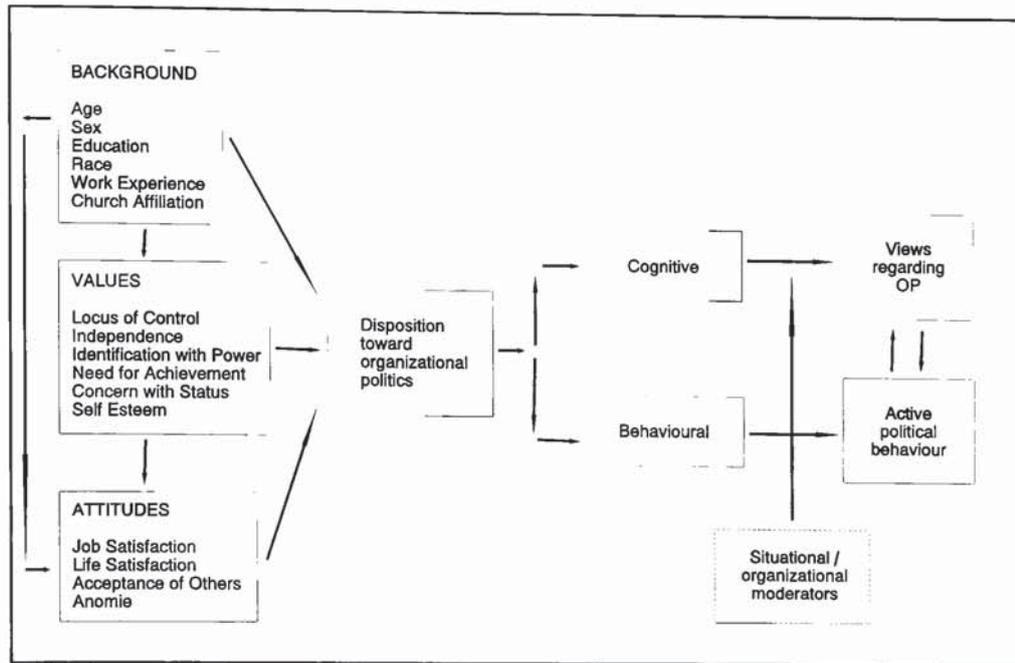


Figure 6.6: Effect of background and personality variables on OP perceptions

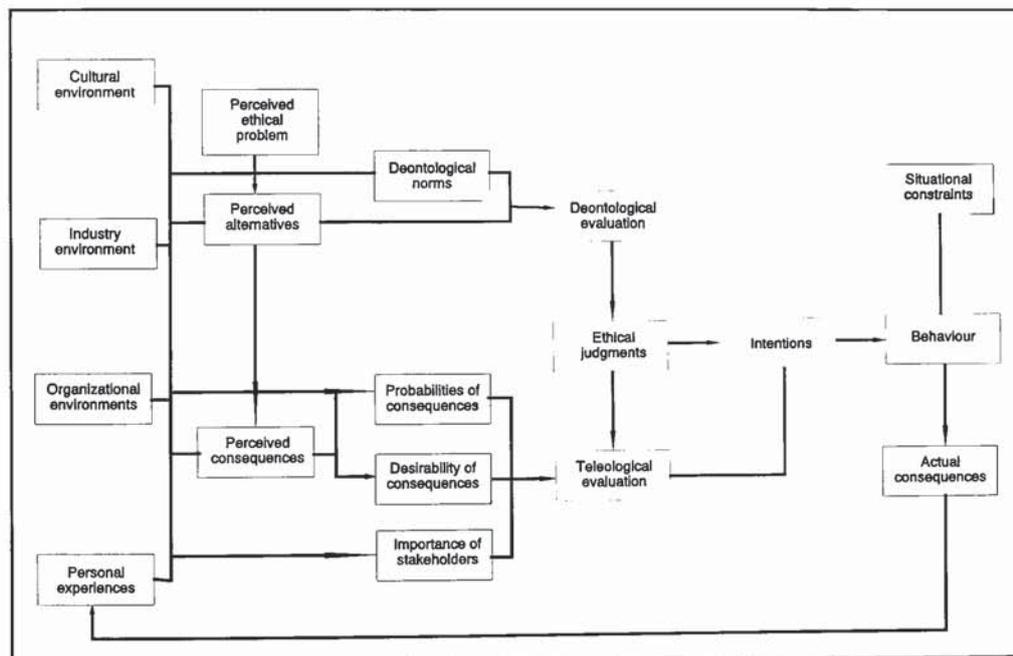


Figure 6.7: General Theory of Marketing Ethics

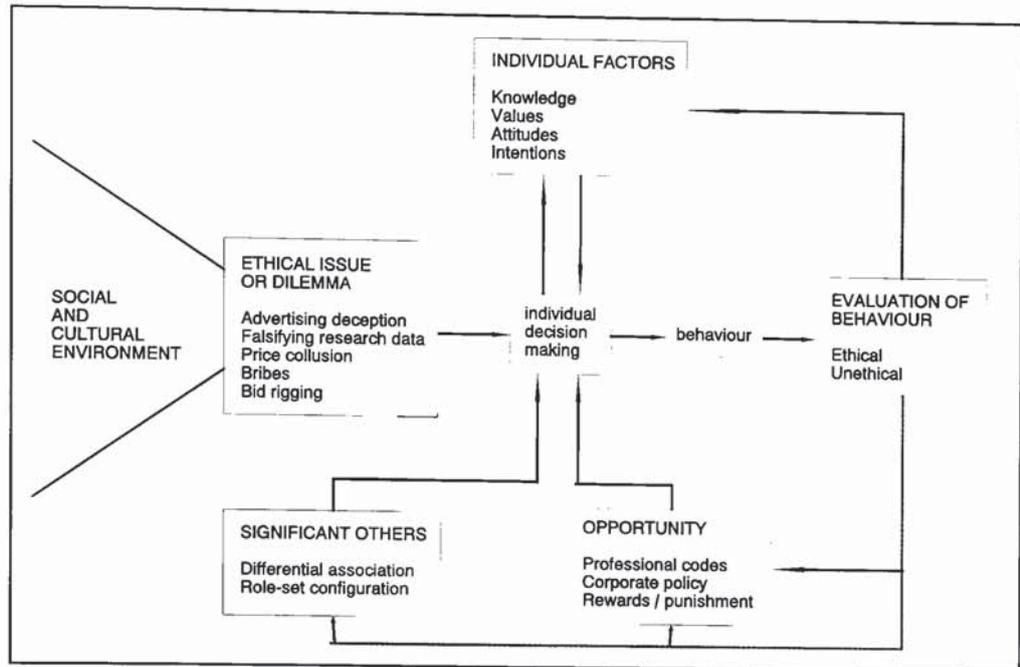


Figure 6.8: A contingency model of ethical decision making in a marketing organization

General Theory of Marketing Ethics (Hunt & Vitell 1986)

The starting point of Hunt & Vitell's model (Figure 6.7) concerns the individual's perception of a moral problem given a particular social and organizational context. So the first point at issue is what makes a person perceive a problem as having a moral content. Here Hunt & Vitell highlight four influences (or constructs). The first three concern the individual's cultural, industrial and organisational environments and the fourth his or her personal experiences, modified by progressive iterations of the moral decision making process. Only where a problem is perceived as having a moral content will the subsequent elements of the model come into play.

When this is the case the next stage is to examine the various perceived alternative actions (rarely, will a person recognize all possible alternatives). Next, two types of evaluation will take place: a deontological evaluation which compares the rightness or wrongness of the alternatives against certain pre-established norms; and the teleological evaluation which reviews the consequences of alternative actions. This latter, according to the model, has four constructs: (1) the perceived consequences for various stakeholder groups; (2) the probability of a particular consequence occurring; (3) the desirability or not of a particular consequence; and (4) the relative importance of each stakeholder group. Just who will be regarded as a stakeholder, and what will be their relative importance, will vary (for example see Brenner & Molander 1977).

Following this twofold normative evaluation 'the heart of the model comes next' for it postulates that, with rare exceptions, an individual's moral judgments involve a combination of both deontological and teleological concerns (a view consistent with some of the combined normative models described above). According to Hunt & Vitell, such 'judgments [and actions] will often differ from intentions because the teleological evaluation also independently affects the intentions construct.' Or to put it another way, an individual may choose a less moral alternative because it may have more desirable consequences. As the model shows, situational constraints may also be responsible for such a dissonance between intentions and actions.

Finally, Hunt & Vitell propose that the individual will evaluate the consequences of a particular action which will feed back to, and inform, the construct of personal experiences. Following this model through it will be seen that individuals might arrive at quite different moral judgments owing to differences in their worldview (perception) and the way they apply their judgments. Likewise, two individuals might arrive at the same decision, but from quite different bases.

In their paper Hunt & Vitell (1986) proposed several testable propositions implied by their model and suggest four ways of testing it. In subsequent years some attempts have been made at doing this. A notable example being Mayo & Marks (1990) 'An Empirical Investigation of a General Theory of Marketing Ethics'.

Hunt & Vitell do, however, have their critics. Commenting on their 'reductionist approach' which assumes 'that individuals engage in some sort of cognitive calculus, invoking the tenets of either deontology or utilitarianism, or possibly a hybrid of the two . . .', Tsalikis & Fritsche (1989) contend that such approaches give 'little, if any, consideration to the other competing strains of moral philosophy such as relativism, egoism or justice'. This criticism is, however, not entirely fair as relativism is, at least partially, covered under 'situational constraint' and also the three environmental constructs and Egoism is implied under the personal experiences construct and in the mechanism which identifies and chooses between perceived alternatives.

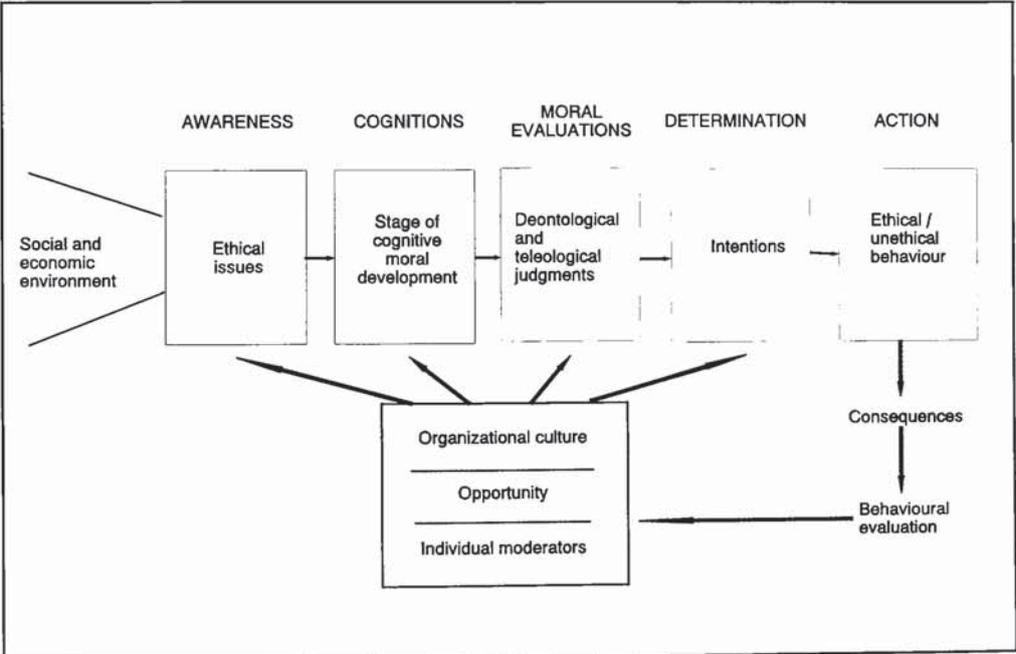


Figure 6.9: A synthesis integrated model of ethical decision making in business

Ferrell, Gresham & Fraedrich (1989) take the process of integration a stage further. In their 'Synthesis of Ethical Decision Models for Marketing' (Figure 6.9) they integrate several ideas from Tsalikis & Fritsche's and Ferrell & Gresham's (1985) models (Figure 6.8) with Lawrence Kohlberg's stage model of cognitive moral development (see Chapter 5). In presenting their integrated model Ferrell, Gresham & Fraedrich argue that by bringing together the different models 'a more complete perspective emerges that better describes the decision making process'. Whether this is true remains to be seen. Some research is needed to test the usefulness of the model as the authors attest, and indeed they themselves put forward four propositions which they believe would benefit from such research.

Although Ferrell, Gresham & Fraedrich's model does seem to be helpful in simplifying theory by bringing together several existing models, their representation of the stages of moral development as being on the same plane as the other categories seems confusing. Perhaps the level of moral reasoning that a person has reached would be better seen as an *a priori* construct which informs the general running of the model, rather than as a stage in the decision making process itself.

The Limitations of These Simple Models

This specific criticism directed at Ferrell, Gresham & Fraedrich leads naturally onto several more general concerns with regard to the limitations of representing complex social processes in simple models. For example, persuasive though some models may be, they do not, and can never, tell the whole story; they can only give a provisional and partial representation of the truth.

A theoretical example of the possibility that a significantly different 'truth' can exist outside of a tried and tested model is provided within the relatively new field of holistic or gestalt mathematics (see Bertalanffy 1972). The example, described in King (1989), is based on a simple waterwheel where a stream of water flows into a bucket near the top and which slowly discharges through a hole in the bucket as it descends. The motion of the wheel 'has long been assumed' to be based on a simple system described by three equations based on three variables. As physicists have discovered, however, this view is fine until the flow of water exceeds a threshold value. Then the wheel becomes erratic because the top bucket has less time to fill up and the other buckets less time to drain, which has the effect over time of the water wheel reversing direction time and time again. This pattern of reversal has three surprising aspects: first, contrary to expectations, it never settles down to a steady state but exhibits 'random' behaviour; second, a pattern embedded in this random behaviour can be established if the interactions between the three variables are plotted over time, this pattern taking the form of an 'owl's mask' or a 'butterfly's wing'; and third, this apparent pattern is not itself fixed, but (arguably) infinitely and minutely variable. The purpose of providing this lengthy example is to demonstrate that while the interaction between variables may be modelled in one way, the same variables, in a different time frame or under changed conditions may exhibit a quite different and unpredictable relationship. A lesson which may be useful when reviewing ethical models.

THE SHORTCOMINGS OF WESTERN MORAL THEORY

In the course of the last three chapters the principal moral theories developed within Western philosophy and moral psychology have been reviewed to see how suited they are to the task of helping business resolve the problem of managing its affairs more ethically. In this respect, as we

have seen, Western theory has several shortcomings. For example, theories from moral and political philosophy tend to be too abstract and difficult to apply in practice, in large part because they offer too many different and conflicting views and so it is difficult to choose between them. Moral psychological theory, being descriptive, is not suited to giving practical advice.

An overriding problem with all of these theories is that they tend to be individual/person-centred and not readily transferable to the decision making needs of an organization. Business ethicists, in an attempt to overcome some of these problems, have developed models which combine in various ways traditional theories. Such models, some of which have been described in this chapter, have not, in my opinion, been very successful. The models proposed have either tended to be overly pragmatic and not well founded in theory, or overly descriptive and unsuited to providing practical guidance.

A Lack of Theoretical Cohesion

Recalling the view expressed at the start of this chapter when, in response to Derry & Green's criticism that many authors failed to guide business ethics students on how to choose and handle conflicts between theories, I suggested that perhaps this reflects a lack of theoretical cohesion between the opposing theories and within the business ethics literature in general. It is clear that many writers have juxtaposed different theories for quite pragmatic reasons such as 'it may help overcome theoretical limitations or conflicts', thus dealing with Iris Murdoch's (1970) general criticism (cited in Chapter 4) that such theories ignore certain facts and impose a 'single theory which admits of no communication with or escape into rival theories'. But it seems there are no convincing theoretical reasons to justify such juxtaposition. Theories are brought together largely on the

basis of intuition or common sense and then attempts are made to 'prove' empirically the resulting model. What business ethics theory seems to lack is a coherent general theoretical framework out of which more specific practical theory can evolve.

Three Criteria for Improving the Contribution of Theory

Bearing in mind these criticisms, what seems to be needed is:

(1) to find a theoretically consistent way of selecting the most appropriate ideas from Western moral theory

or else an alternative body of theory, which will help

(2) establish clear, practical guidelines (well founded in theory) that can be readily put into practice, which are,

(3) applicable at an organizational and not just a purely individual level.

In Part Two these three criteria will be considered as we begin to explore a possible role for Buddhism in solving the business ethics problem.

SUMMARY

In this final chapter of Part One several contemporary models have been reviewed which have been developed by business ethicists in an attempt to overcome some of the limitations of traditional moral theory. The structure of the review was based on the four part typology of approaches to the treatment of moral issues proposed by Derry & Green (1989). Next several integrated models of ethical behaviour were reviewed, including

Hunt & Vitell's (1986) General Theory of Marketing Ethics, which itself has been the subject of empirical research and theoretical extrapolation. Finally, following comments on the shortcomings of the models described in this chapter, three criteria for improving the contribution of theory to the problem of business ethics were proposed. It is these three criteria that will be considered in Part Two when a possible role for Buddhism in solving the business ethics problem is explored.

Changing The Corporate Mind

PART TWO

AN APPLIED THEORY OF BUSINESS ETHICS - A BUDDHIST SOLUTION

In Part One it was suggested that the business community has a growing problem of responding to public and political pressure to be more ethical while, at the same time, trying to run its affairs profitably in an increasingly complex and uncertain business environment. This was followed by a review of the attempts of Western theory to solve this problem. In Part Two a possible solution is proposed through an applied theory of business ethics which focuses on the decision-making needs of contemporary Western business. Owing to time limitations, it has not been possible to apply the theory to the decision-making needs of non-Western business, such as in South East Asia, although this is potentially a very productive area for future research.

Developing such an applied theory, however, has not been a particularly straightforward task, for two reasons. First, because Buddhism, being an essentially pragmatic tradition, lacks a well worked out moral philosophy. Second, because very little direct guidance on the subject is forthcoming, either from modern Buddhist scholarship, or from traditional texts. Given that morality is central to the whole Buddhist path, there are surprisingly few contemporary books on it and none which deal directly with business morality. The books that have been published in the last 70 years,

specifically devoted to Buddhist morality, probably number no more than a dozen - the principal ones being: Tachibana (1926); de la Vallee Poussin (1927); King (1964); Saddhatissa (1970); and Misra (1984).

Confirmation of this lack of published material is provided by Reynolds (1979) who, in his extensive bibliographical essay, observes that 'unfortunately, modern scholars have devoted relatively little attention to the study of Buddhist ethics. The works on the topic are neither very extensive nor, for the most part, very impressive.'

Whether or not Reynolds' criticism is entirely correct is a matter for conjecture. However, it does seem that the material that has been published in recent decades does have distinct limitations. For example, as Reynolds himself points out, most of it emanates from the Southern School of Buddhism, which tends to be very formalistic in nature and to be preoccupied with codes of conduct. This formalism reflects, to some extent, the emphasis of traditional Hinayana Buddhist texts which stress the duty aspect of behaviour. Among the traditional sources, for example, we have a major group of Buddhist scriptures, known collectively as the *Vinaya Pitaka*, which deal with the rules of conduct and the duties of a bhikkhu (monk). Another traditional text which deals with conduct and duties, this time of the laymen, is the *Sigalovada Sutta* found in the *Digha Nikaya* of the *Sutta Pitaka*.

AN OVERVIEW OF THE BUDDHIST TRADITION

Before looking specifically at the Buddhist view of morality there is a need to give an overview of the main cosmological and philosophical tenets of Buddhism. This is necessary not only because of the richness and diversity of the Buddhist tradition, which is so different to the Western way of seeing things, but also because, by its very nature, the Buddhist view of the

world does not easily lend itself to Western philosophical compartmentalization and therefore must, at least in outline, be treated as a whole. This is especially so given some of the assumptions that a Western reader might bring to the arguments that follow, which will, in all likelihood, be heavily influenced by the Judeo-Christian and a scientific/rationalistic way of seeing things - a way which is essentially, although sometimes very subtly, dualistic and quite different from the non-dualistic world-view of Buddhism.

In Chapter 7 therefore, to provide a context for the later discussion, some of the basic tenets of Buddhist cosmology and philosophy are introduced, including the recognition of two types of truth: 'relative' and 'absolute'; the Buddhist doctrines of rebirth and *karma*; the Law of Causality; and several associated teachings. Towards the end of Chapter 7 the central role of morality in Buddhist spiritual practice, and a structural model of Buddhist morality based on the notion of moral hierarchy, are introduced.

THE BUDDHIST MORAL PATH

With this overview of the Buddhist tradition as a foundation, the first concrete step in the direction of an applied theory of business ethics is provided in Chapter 8. This chapter explores the Buddhist moral path of the individual. It starts by developing further the notion of moral hierarchy by proposing a five stage model and then describes four constituents of individual morality: (1) commitment; (2) right motivation; (3) awareness of moral consequences; and (4) mindfulness. Based on this description five statements which provide practical advice to the individual seeking to be more ethical are then proposed.

BUDDHIST MORALITY APPLIED TO BUSINESS

Having developed some practical advice for the individual on how to be more ethical, Chapter 9 is the first of two chapters which looks at how these ideas can be applied to business. This chapter examines the influence of other people on moral behaviour, particularly the relationship between the individual and the group, and explores the notion of 'group mind'. Based on this a collective moral hierarchy is proposed, with five collective stages equivalent to the stages of the individual hierarchy. Developing these ideas further, one of the collective stages Conventional Group Morality is then split into three further categories: coercive, contractual and cooperative. Finally, from this analysis of the relationship between the individual and the group, it is concluded that, when reviewing the moral dynamics of a group, account needs to be taken of three categories of moral actor: the group as a whole, its significant personalities and its individual members.

In Chapter 10 a general description is given of how the four constituents of Buddhist morality can be applied to business. Then, drawing on the ideas developed in the previous two chapters, a general framework is proposed. This framework, which incorporates the four moral constituents on one axis, with the three categories of moral actor on the other, can be used to provide practical guidance on how a company can become more ethical.

THE THEORY APPLIED TO BUSINESS PRACTICE

An example of how the theoretical framework can be practically applied is provided in the final three chapters. Here a description is given of how, by using the framework to create a moral audit, it was possible to identify the information that was needed to evaluate the morality of a company (its commitment, motivation, etc.), as well as where the information should

come from. By analysing the findings of the audit, useful statements could be made on what moral issues the audited company needed to address and how it might raise its general level of morality.

Chapter 11 deals with how the audit was designed, with issues associated with methodology and with the choice of the company (Windhorse Trading) to be studied in a pilot audit. By preference the pilot audit would have been conducted through personal interviews. However, as this proved impractical, two questionnaires, administered consecutively, were used. These questionnaires were designed taking into account the theoretical framework with the different dimensions of it being used to guide the formulation of the questions.

Chapter 12 describes the administration of the pilot audit and its findings. These findings confirmed that the audit provided a meaningful way of evaluating the morality of the audited company which, for the most part, tended to support a cooperative morality. Evidence was found for this in all dimensions of the theoretical framework.

As well as confirming that Windhorse Trading tended to support a cooperative morality, the audit also highlighted certain changes that could be made, both in its day-to-day management and in the longer term. It showed that Windhorse needed particularly to address certain issues of corporate harmony for, although at the time of the audit the degree of harmony in the company was high, were it to continue to grow and to be successful in both business and moral terms, then a definite change of emphasis would be needed.

In the final chapter, based on the arguments and research findings presented in earlier chapters, it is concluded that the Buddhist system of morality meets very well the three criteria for improving the contribution of theory proposed in Part One. It clearly does offer (1) an alternative body

of theory which can be used (2) to establish clear, practical guidelines (well founded in theory) which can be readily put into practice and which are (3) applicable at an organizational and not just a purely individual level. For the ideas described in the thesis to be developed into a fully-fledged applied theory of business ethics, however, more research is required. Given that such research is undertaken, it is concluded that it would be possible to take the theoretical framework further and use it as the basis for developing operational guidelines to help businesses to make detailed ethical decisions. If this could be done then, as suggested in Chapter 3, there may be many business managers who would be very willing to respond positively to these ideas. It is to the development of such guidelines, therefore, that further research into an applied theory of business ethics should be directed.

Chapter 7

Buddhism: Its Philosophy and Cosmology

As the introduction to Part Two makes clear, very little direct guidance can be found in traditional texts or modern Buddhist scholarship with regard to business ethics. In order to develop an applied theory of business ethics from a Buddhist perspective therefore, there is a need to go back to basics and explore the fundamental tenets of its philosophy and cosmology. By doing this it will be possible to construct such an applied theory. But first of all let us explore, in general terms, the reasons why Buddhism may have something to offer.

THE THREE CRITERIA

At the end of Chapter 6 three criteria for improving the contribution of theory to solving the problem of business ethics were proposed. In general Buddhism meets these criteria very well.

(1) An Alternative Body of Theory

As will become clear in this chapter, Buddhism offers a strong alternative cosmology (or, in more down to earth terms, world-view) which has the advantage of being:

(a) very broad and all-encompassing - not dependent on the acceptance of a particular narrow view, such as the existence of a God or the truth of a

particular theory (in fact, in the Buddhist system all views of any kind are ultimately seen as false); and yet,

(b) open to everyone - emphasizing the moral responsibility of the individual and stressing his or her unlimited potential for Enlightenment (seeing things as they really are) expressed in active terms through *karuna* (compassionate action informed by wisdom).

(2) Providing Clear Practical Guidelines (well founded in theory) that Can Readily Be Put into Practice

Being essentially a pragmatic tradition, based on shared practice (orthopraxy), rather than commonly held views (orthodoxy) Buddhism has a well established set of practical guidelines (the Precepts) which have not just been laid down from 'on high' by the Buddha, or some other sage, but which can be precisely and clearly related to Buddhist philosophy. At root, in recognition of the interdependent nature of all things, all of the precepts are based on the notion of not doing harm of any sort and, where possible, positively doing good.

(3) Applicable at an Organizational and Not Just a Purely Individual Level

Even though there is no established body of theory or commentary associated with morality and the organization, because the notion of spiritual community, and the understanding of the self in relationship to others, is so central to the path or process to Enlightenment, by extrapolation, Buddhism has some important things to say on the collective-cum-organizational aspects of ethics.

THE FOUNDATION OF BUDDHIST PHILOSOPHY

Academic scholarship associated with the study of Buddhist history is relatively new and arguments are rife concerning the historicity of the main events of the Buddha's life and of the way the Buddhist Sangha (spiritual community) has evolved in the intervening millennia. (A short 'life' of Siddhartha Gotama, the historical Buddha, is given in Appendix 3). Different Buddhist schools and teachers are often described as being associated with one or another of three main *yanas* or 'ways': the Hinayana, the Mahayana and the Vajrayana. Such a way of seeing things can often be very misleading, however, for although adherents to Hinayana doctrine are, supposedly, only concerned with their own salvation (the Arahant Ideal), and those of the Mahayana, with the more lofty salvation of all beings (the Bodhisattva Ideal), the reality is that all the major schools of Buddhism promote the two central planks of Buddhist philosophy: the Development of Buddhist Wisdom and the Practice of Great Compassion, each in their own different ways. Taking this view for granted, I shall only comment in passing on differences of doctrinal emphasis between different schools and limit my comments to what may be seen as the core teachings of Buddhism.

The central idea posited by Buddhist metaphysics upon which all other Buddhist teachings can be understood is that of the existence of two truths: 'relative truth' and 'absolute truth'. It is the realm of relative truth, or *samsara*, which describes one's 'normal' perception of a world where most people experience a mixture of pleasure and pain, success and failure, sickness and health, and where all, without exception, eventually die. Only within the context of insight (and probably after many years' spiritual practice), can one expect to have a 'glimpse of a glimpse' of absolute truth. An experience which is 'unthinkable and indefinable in [its] essential nature' (Sangharakshita 1980, p52). More will be said about absolute truth

later in this chapter. For the moment, we will deal with the relative, samsaric world as described by the Buddhist tradition.

BUDDHIST COSMOLOGY

That time has no beginning and space has no limits is fundamental to the Buddhist way of viewing the world and the way that the Buddhist soteriological path is perceived. Looking first at space, many Buddhist texts explicitly describe a universe which is infinite and without boundary. Often, very poetic and fantastic language is used to provide a sense of this infinitude. The *Gandhavyuha Sutra*, for example, talks of there being, in each of the ten directions of space, as many oceans of worlds as there are atoms in a single Buddhaland: that is, a section of the universe under the protection of a particular Buddha. (Note: All Buddhist schools acknowledge not only Siddhartha Gotama, the historical Buddha, but an infinite number of other Buddhas who have appeared throughout beginningless time in different parts of the universe.)

As well as seeing space as having no boundaries, Buddhist cosmology also sees space as being multi-dimensional. It recognizes a large number of planes of existence which are described as forming six realms. These are (briefly): (1) the Human and (2) the Animal Realms, both of which can be perceived in our four dimensional space/time; (3) the Hell realm in which beings suffer a continual state of agony, either in burning hot hells, or ones which are icy cold; (4) the Realm of *Pretas* or 'Hungry Ghosts' where beings, despite the availability of an ample supply of food and drink, are unable to derive nourishment from it but, in despair and anguish, continually crave sustenance; (5) the Realm of the *Asuras* or 'Jealous Gods', who are filled with enmity towards the gods and always at war with them; and finally, (6) the Realm of the *Devas* or 'Gods' who, as a result of previous good actions, live very long lives, enjoy perfect health, experience

no frustration or pain, and have all their needs met in an instant. According to tradition, gods may be reborn into one of several different planes. (For more discussion of this and of the six realms in general see Kennedy 1985.)

Beings inhabit a particular realm until the effects of past actions have been exhausted. Thus, someone born into one of the hells is not destined to stay there forever but, once the effects of past bad actions (*karma vipaka*) are used up, will be reborn into another realm. Likewise, a being born as a *deva* will eventually exhaust its good *karma* and be reborn elsewhere.

Pivotal to this discussion of different realms of existence is an understanding of the doctrines of rebirth and *karma* which will be examined shortly, but first, having reviewed the Buddhist conception of infinite space let us examine its understanding of beginningless time.

Buddhist texts often describe beginningless time in terms of the *kalpa*, a vast period of time which length 'is to be grasped, if it may be grasped at all, not by any process of mathematical computation, but by a flight of spiritual imagination' (Sangharakshita 1980 p27). There is a famous description of the length of an aeon (a fourth part of a *kalpa*) found in the *Samyutta Nikaya*:

'Long indeed is the aeon, brother: it is not easy to reckon it in this way: "So many years, so many centuries, so many millenia, so many hundred thousand years" . . . [it is] just as if, brother, there were a mighty mountain crag, four leagues in length, breadth and height, without a crack or cranny, not hollowed out, one solid mass of rock, and a man should come at the end of every century, and with cloth of Benares [silk] should once on each occasion stroke that rock: sooner brother, would that mighty mountain crag be worn away by this method, sooner be used up, than the aeon.'

(translated by Woodward 1951, pp184-5)

According to Buddhist cosmology, a *kalpa* is divided into four aeons, and describes the time it takes for a world system, or universe, to move

through a complete cycle of material evolution or expansion, and material involution or contraction. In addition to a material world cycle, Buddhist cosmology posits a concurrent spiritual cycle and, according to Sangharakshita (1980, p27) 'maintains that the line of biological development from amoeba to man is not single but double, being the joint product of a process of spiritual degeneration or involution, on the one hand, and of material progress or evolution, on the other'. This view presupposes the existence of a spiritual world or plane (already indicated by our discussion of the Six Realms) as well as a material plane.

In the Buddhist system a *kalpa* describes the time of one world cycle, that is, the time it takes for one involution and one evolution of the universe. During the first aeon of a *kalpa*, the material universe is completely destroyed (except for some residual energy of matter) and the beings which once inhabited the material world are reborn into various levels of the spiritual plane. During the second aeon the two planes remain completely isolated and only well into the third aeon does the process of interaction between the two commence, and the re-evolution of the material world begin; a re-evolution based on the residual energy of matter left over from the last *kalpa* and on the rebirth of the majority of beings inhabiting the spiritual plane into the material world.

Here the story is taken up in an account found in the *Agganna Sutta* of the *Digha Nikaya*, which echoes the metaphor of the fall from grace by Adam and Eve described in Genesis. Although this story, rather than indicating man's fall owing to a single act of disobedience against God, describes man's progressive decline through ignorance of the ethical consequences of his actions.

From the account in the *Agganna Sutta* we learn that, initially, on being reborn, 'Eden-like', into the material plane, beings had a very happy existence. Their bodies were ethereal, luminescent, and they experienced no

discrimination between male and female, good and evil, rich and poor, subject and ruler. 'The earth itself was made of a delightful edible substance that looked like butter and tasted like honey,' (Sivaraksa 1990). Gradually, however, owing to the residue from previous bad actions, things began to go wrong. The *Cakkavarti-Sihanada Sutta*, also from the *Digha Nikaya*, tells a similar story, although this time describing the actions of the *cakkavarti-rajā* or 'universal monarch' who was around during the golden age at the beginning of the current world cycle. Through his skilful action a happy existence was maintained throughout his empire and prosperity and contentment were experienced by all. However, after a very long period of time had passed, and in line with the Buddhist teaching of impermanence, the great monarch became old and passed on his power to his son who unfortunately lacked his wisdom. From this point on the sutta describes the gradual degradation of the world and those who lived in it. As things began to go wrong, and people failed to prosper, greed and selfishness entered into the world.

'Thus, from the not giving of property to the needy, poverty became rife, from the growth of poverty, the taking of what was not given increased, from the increase of theft, use of weapons increased, from the increased use of weapons, the taking of life increased - and from the increase in the taking of life, people's life-span decreased, their beauty decreased, and as a result of this decrease of life-span and beauty, the children of those whose life-span had been eighty thousand years lived for only forty thousand . . . [and so on until] Monks, a time will come when the children of these people will have a life-span of ten years . . . and the ten courses of moral conduct will completely disappear . . . and for those of a ten year life-span there will be no word for "moral", so how can there be anyone who acts in a moral way?'
(Walshe's (1987) translation)

In passing, it is interesting to note that whilst Buddhist cosmology is very different to its Western Judaeo-Christian counterpart, it does find echoes in some of the ideas of modern physics. For example, the six realms of Buddhist cosmology may not seem so outrageous in the light of the string

theory which proposes the possibility of ten or twenty-four dimensions in the universe and not the usual four (see, for example, Hawking 1988, Chapter 10). Likewise, the notion of an infinitely evolving and involving universe becomes more credible in the light of some recent ideas from physics which propose an existence for the universe before the 'Big Bang' and after the 'Big Crunch'.

THE DOCTRINES OF REBIRTH AND KARMA

As infinite, multidimensional space and beginningless time, provide the cosmological backdrop of Buddhist soteriology, so the doctrines of rebirth and *karma* provide an insight into the place of sentient beings within that cosmology. For what use are such cosmological infinities, if the purview of our existence is limited to the one birth offered by Western cosmology with its end in annihilation or heaven depending on one's belief.

Rebirth

According to Buddhism, sentient beings have no first birth but are subject to an endless cycle of birth, sickness, decay, and death. Throughout countless lifetimes they reiterate self-interested thought patterns and behaviour which are motivated by the three mental poisons of greed, hatred and ignorance (*lobha*, *dvesa* and *moha*). Through their ignorance of the law of *karma*, sentient beings cannot perceive the consequences of their actions and so condemn themselves to infinite rebirths and deaths. As Cook et al (1992) suggest, 'while rebirth may have a positive connotation to some people in the West, to the Buddhist, wearied of endless repetitions of patterns that produce suffering, the goal is to "stop the wheel" and bring the cycle of rebirth to an end.'

Karma

This ancient Indian Sanskrit term refers, in a general linguistic sense, to all actions of whatever type, but it also has several more specific and technical meanings. In Hinduism, for example, it has distinct social and political connotations. Here *karma* is seen as providing a doctrinal explanation for why a person is born into a particular social caste. It can also be used as a justification for the abuse and oppression that is sometimes meted out by those in the higher castes to members of lower castes. For example, in the *Manu Smṛti*, a highly respected Hindu text, there is a specific injunction that, if people from a low caste are found to have been listening to the sacred teachings, they should have molten lead poured into their ears!

In Buddhism *karma* is interpreted quite differently. It is divested of all social and political connotations and given a purely moral meaning. According to the Buddhist interpretation, all willed actions are seen as having moral consequences, be they of a positive, negative or neutral nature, and that the quality of an act (good or bad, skilful or unskilful) is dependent solely on the mental state that motivated it. So, if '[one] acts with a sullied consciousness, with greed, hatred, and delusion, sooner or later [one] will encounter suffering' (Sangharakshita 1990a). Likewise, if one acts with generosity, compassion and mental clarity, happiness and contentment will be the eventual outcome.

In assessing the consequences of actions, Buddhism does not teach a fatalistic view that everything that is experienced in life is the result of *karma*. (Although scholars of the Yogacara may want to disagree with this as, in the philosophy of this school, all phenomena are seen as being 'mind-made'.) In traditional texts the Buddha is repeatedly shown as 'condemning the doctrine of fatalism and as declaring that, though he teaches that every willed action produces an experienced effect, he does not teach that all experienced effects are products of willed actions or

karma' (Sangharakshita 1977, p69). This distinction is further clarified and elaborated by the doctrine of the Five *Niyamas*, which describe the different orders of cause and effect obtaining in the universe. They are *utu-niyama*, physical inorganic order; *bija-niyama*, physical organic or biological order; *mano-niyama*, (non-volitional) mental order; *karma-niyama*, volitional order; and *dharma-niyama*, transcendental order. (For more details on the *niyamas* see Sangharakshita 1977, Chapter 10)

Karma and Moral Development

According to Buddhism, *karma* has a special role where an individual aspires to a higher level of moral development. For it is the mechanism of *karma* which allows the conditions to be created within which the individual can develop morally. To be more specific, it is the good consequences or fruit (*karma vipaka*) of one particular skilful action which helps to provide the foundation for further positive action, which in its turn can support further good action, and so on. The symbol of the upwardly pointing spiral is often used in the Buddhist canon to describe this phenomenon. But more of this later when we examine the process of *karma* and the symbol of the spiral path further.

THE LAW OF CONDITIONALITY

Insight into this process or cycle of infinite rebirths and deaths, and into the karmic ignorance that fuels it, is provided by the teaching of *paticca-samuppada*, translated variously as 'dependent origination' (Woodward 1973) or 'conditioned co-production' (Sangharakshita 1980). In simple form it is described in the following verse:

'From the arising of this, that arises,
from the ceasing of this, that ceases.'

This verse describes the Law of Conditionality which states that nothing can exist independently, but that 'each thing, person or event arises out of a field of conditions without which it passes away [and that] each single event arises in dependence on a vast network of conditions which ultimately embraces the entire universe' Kennedy (1985).

In more worked out form, *paticca-samuppada* can provide further insight into this process of conditionality. The Twelve *Nidanas* or Links in the Chain of Conditioned Existence describe why sentient beings suffer an endless cycle of birth, sickness, decay and death. The chain begins with *avidya* or 'ignorance of the conditioned nature of mundane existence', and ends with *jara-marana* or 'decay-and-death, with sorrow, lamentation, pain, grief and despair in train.' Sangharakshita (1980 p100). A detailed account of the Twelve Links is given in Kennedy (1985).

In *Samyutta-Nikaya* ii 3-4 the Buddha defines the Twelve *Nidanas* as follows:-

'Actions are determined by Ignorance: by Actions is determined Consciousness: by Consciousness are determined Name-and-Shape: by Name-and-Shape are determined Sense: by Sense is determined Contact: by Contact is determined Feeling: by Feeling is determined Craving: by Craving is determined Grasping: by Grasping is determined Becoming: by Becoming is determined Birth: by Birth is determined Age-and-Death, Sorrow and Grief, Woe, Lamentation, and Despair.'

And in the same *sutta* the Buddha describes how

'With the utter fading out and ending of ignorance comes also the ending of Actions: from the endings of Actions comes the ending of Consciousness [and so on, until] from the ending of Birth comes the ending of Age-and-Death, Sorrow and Grief, Woe, Lamentation and Despair.'

The Three Lakshanas or Characteristics of Conditioned Existence

Further understanding of the problem of ignorance that fuels the *Nidana* Chain is provided by the Three *Lakshanas* or Characteristics of Conditioned Existence: namely that all conditioned things are inherently *dukkha* (unsatisfactory), *anitya* (impermanent) and *anatman* (insubstantial and devoid of selfhood).

That 'life is ultimately unsatisfactory' (*dukkha*) is one of the central insights of the Buddha's teaching. *Dukkha* (also translated as 'suffering') is traditionally seen as manifesting in a number of ways: in birth, in sickness, in decay (old age), and in death; as well is in the general day-to-day experience of actual pain (both physical and psychological), of pain brought about by the prospect of being separated from what one likes, as for example when a sexual relationship comes to an end, and finally, of what might be called the existential angst or pain of separateness and aloneness that one experiences by just living in the world. 'Buddhism, of course, does not deny that there may be pleasant experiences in life as well as painful ones. But Buddhism does say that even the pleasant experiences are at bottom painful . . . [and that] pleasant experiences themselves are really only concealed suffering, suffering "glossed over", the "honey on the razor's edge" ' (Sangharakshita 1990b, p193). (Further discussion of *dukkha* is provided below, in the section on the Four Noble Truths.)

The second and third *lakshanas* may be seen as providing background conditions for the experience of *dukkha*. Suffering is caused, for example, when one fails to acknowledge that all things are impermanent (*anitya*) and when one tries to fool oneself that a particular relationship or object will last forever. Likewise suffering is brought about by an existential feeling of isolation from the rest of the universe when one fails to comprehend (in the depth of one's being) the truth that 'things' lack substance (*anatman*). This idea that, in the final analysis, all phenomena are insubstantial and

lack true selfhood, is very important to the whole of Buddhist tradition. It is the understanding of this that provides the basis of Buddhist insight, and it is the perpetual misunderstanding of it (thinking that a permanent and unchanging 'self' actually exists) that is the cause of ignorance and suffering.

Over the centuries the teaching of *anatman* has been interpreted in several ways. For example, in the Madhyamika School we have the teaching of Great Emptiness (*Sunyata Sunyata*), and in the Chinese Hua-yen School, there is the teaching on the interdependent nature of all phenomena.

Several Buddhist schools have developed insight meditation practices which are intended to help one to develop insight into *anatman*. For example, in the Pali Canon the Six Element Practice is described, which asks the meditator to reflect on how, like all experienced phenomena, he or she is made up of six elements (earth, water, fire, air, space and consciousness), and how eventually, on death, each of the elements that make up the 'self' are returned to, and merge with, the universe. From the same tradition we have the meditation on the emptiness of self through reflection on the five *skandhas* (aggregates or heaps). These basic doctrinal categories define the psycho-physical nature of sentient beings as being made up of five qualities (form, feeling, perception, volition and consciousness). This latter practice, together with four other more esoteric meditations are described in Hookham (1988).

The Interrelatedness of the Three Lakshanas

To provide further understanding to this complex topic, De Silva (1991, pp59-60) explains the interrelatedness of the Three *Lakshanas*:

‘What we call an "individual" or "I" is, according to the Buddha, a combination of physical and psychological factors which are in constant change. By projecting a sense of "permanence" onto a process which is in constant flux, man becomes disappointed when he faces change, destruction and loss. This complex which we consider as an "individual" is liable to constant suffering, and if we project and anticipate a continuous life of pleasure and joy in terms of our sense of an individual person, we find it difficult to accept that we are liable to sickness, grief and suffering.’

THE FOUR NOBLE TRUTHS AND THE NOBLE EIGHTFOLD PATH

The emphasis given to suffering or *dukkha*, particularly within the Theravada, has often given Buddhism an unwarranted reputation for being very negative and even nihilistic. An exploration of the Four Noble Truths and the Noble Eightfold Path, two of the best known of the Buddha’s teachings, will demonstrate why such a reputation runs contrary to the truth. For, although Buddhism does indeed stress the unsatisfactory nature of life, it also proposes a very practical path by which one can become free from this state of suffering.

The Four Noble Truths are: first, that conditioned existence is essentially unsatisfactory (*dukkha*); second, that the reason for this state of *dukkha* is craving (craving based on a yearning for the impossible experience of a fixed and permanent state of happiness and selfhood); third, that a state of freedom from this craving and suffering is possible (through the attainment of *Nirvana* or Enlightenment); and fourth, that there is a way or path leading to the attainment of this freedom.

The Noble Eightfold Path is one of several Buddhist teachings which provide a working out, as it were, of the fourth Noble Truth - ‘the way leading to the cessation of suffering’. The eight stages or limbs are

sometimes presented as forming two paths: the Path of Vision which acknowledges that before freedom is possible one must first 'see', however faintly, that such a state can be realized; and the Path of Transformation, which is concerned with showing how one can progress towards such a state of emancipation.

The first stage of the Eightfold Path, the Perfection of Vision, forms the Path of Vision, and the other seven stages, the Path of Transformation. These are respectively, the Perfection of Emotion; of Speech; of Action; of Livelihood; of Effort; of Awareness; and of *Samadhi* or Meditation. (A detailed exploration of the Eightfold Path is given in Sangharakshita 1990a).

NON-DUALITY AND THE PROBLEM OF VIEWS

The ideas described in this chapter: of a universe which is infinite in time and space, which contains many realms of existence, and which functions according to the 'Laws' of Rebirth, of *Karma*, and of Conditionality, provides the metaphysical background against which a practical working out of Buddhist morality can be realized. But before moving on to this, there is a need to return to the Buddhist idea of there being two forms of truth.

As stated earlier, the central idea posited by Buddhist metaphysics in the context of which all other Buddhist teachings can be understood is that of the existence of two truths: 'Relative Truth' and 'Absolute Truth'. Relative Truth is the 'normal truth' that is experienced through the six senses; that is, the usual five plus the mind. It is the truth that is obscured from absolute truth by one's subjective preferences and needs, or *klesavarana* ('veil of passions'). Absolute Truth is the truth experienced by an

Enlightened mind which is free from the *klesavarana* and who can directly experience Reality.

So, while from the perspective of Relative Truth ideas like *karma* and rebirth have meaning, they have no Absolute Truth. For, in the final analysis (that is, from the perspective of Absolute Truth), such ideas, and all other ideas for that matter, are just 'views' and are not ultimately true. As the *Lankavatara Sutra* from the *Tathagatagarbha* tradition makes clear, all philosophical views being mutually conditioning and subject to the law of causation cannot express the highest reality (Goddard 1970, pp277-356).

From the perspective of Absolute Truth, Relative Truth may be seen as a skilful means (*upaya-kausalya*) insofar as it assists one to live a more moral and happy life, and guides one in the direction of Insight, but it is not ultimately true.

The simile of the raft provides a good illustration of this. In the *Majjima Nikaya* of the Pali Canon (i.134) an account is given of how the Buddha cautioned his disciples not to become too attached to any particular teaching or view but to be prepared to discard it when it had served its purpose. Using the simile of a raft, he likened not discarding such a teaching to a man who needs to cross a great stretch of water. First he makes a raft out of sticks and branches and when, having crossed over the water, is so pleased with the raft that he decides to carry it on his head and shoulders for the rest of his journey.

Impossible though Absolute Truth is to describe, Buddhist scriptures often attempt to provide an insight into it by trying to shock the mind into seeing things differently, such as with the use of paradoxical argument and with meditation based on the Zen koan (such as, 'What is the sound of one hand clapping?'). A notable example of the paradoxical approach is given in the *Hridaya Sutra* (Heart Sutra) from the *Prajnaparamita*, or Perfection of

Wisdom, corpus. Here we learn that 'form is no other than emptiness, emptiness no other than form' and later that there is,

No ignorance of end of it,
Nor all that comes of ignorance;
No withering, no death,
No end of them.

Nor is there pain, or cause of pain,
Or cease in pain, or noble path
To lead from pain;
Not even wisdom to attain!
Attainment too is emptiness . . .

Puja Book, Windhorse 1990

BUDDHIST MORALITY AS A 'WAY OF SEEING'

As this discussion on non-duality and absolute truth makes clear, the central concern of Buddhist religious practice is to remove the delusion caused by the veil of ignorance (*klesavarana*) and to develop Insight into Reality or, to put it in traditional terms, to develop 'knowledge and vision of things as they really are' (*yathabhuta-jnanadarsana*). And it is on the basis of this 'knowledge and vision' that the conditions for the experience of Complete and Perfect Enlightenment can arise.

It is important to grasp this point fully, for on it turns the distinction between the Buddhist view of morality and the way that it is generally understood in the West. Here, a distinction can be drawn between morality based on power and that based on insight. Morality based on power, as the term implies, is determined by those with power whether founded on the commandments of God, or the laws of some ruling elite (who in some cases may claim God's authority). Morality based on Insight is, at least in a Buddhist sense, the product of a non-dualistic understanding which sees everything in the universe as interdependent.

The Threefold Way

With this non-dualistic understanding as a foundation, Buddhist morality, as has already been noted, cannot be separated from the rest of Buddhism. This becomes very clear when one examines the Threefold Way, which may be said to encompass the whole of Buddhist spiritual practice. It consists of three aspects (Figure 7.1): Morality, Meditation and Wisdom.

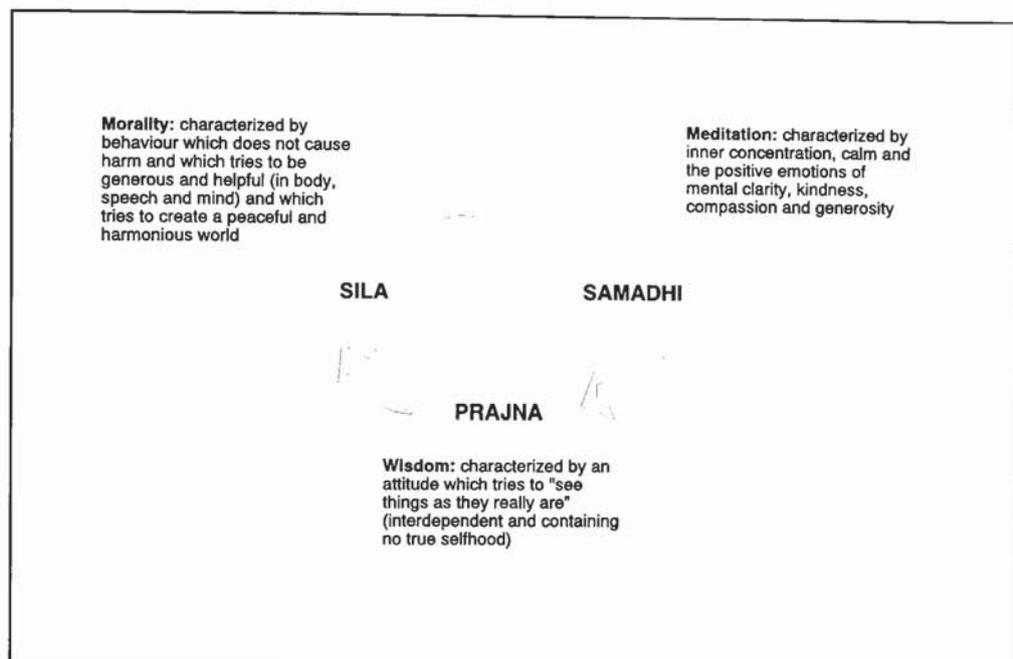


Figure 7.1: The Threefold Way

Wisdom - Buddhist insight or wisdom, as has already been described, can be expressed conceptually in terms of the Three *Lakshanas* ('marks' or 'characteristics') of conditioned existence; a teaching which suggests that life as we experience it is unsatisfactory (*dukkha*), impermanent (*anitya*) and insubstantial, lacking true selfhood (*anatman*). It is important to note that access or insight into this wisdom cannot be achieved through intellectual or conceptual understanding alone. Traditionally, the development of Wisdom is seen as comprising three stages: hearing,

reflecting and becoming. It is only with this final stage when one has become 'at one' with the Wisdom-idea, that insight can be said to have truly arisen. This is where meditation and morality play an important role.

Meditation - A prerequisite to the development of Wisdom is the progressive refinement and purification of one's consciousness achieved through the practice of meditation. As implied by the three stages of Wisdom just mentioned, Buddhist tradition does not tend to give intellectual activity the same lofty status as we do in the West. Buddhist Wisdom is seen as a total experience, involving both the heart and the mind (*citta*), and not just the fruit of intellectual understanding. So, it is only by creating a subtle and receptive heart and mind through meditation, that one can comprehend reality and 'see things as they really are'.

Morality - The foundation of this process of refinement and purification of the mind, is morality, for without an adequate moral practice one cannot hope to experience these higher meditative states. (A mind plagued with anxiety, resentment or confusion, cannot experience peace and calm.)

Viewing the Threefold Way as a whole it can now be seen how each stage is linked. Positive moral practices form the foundation for the development of higher meditative states. Meditation, in turn, helps to create the pliancy and clarity of mind (and heart) for insight to arise. Insight into the impermanent, unsatisfactory and interdependent nature of things in turn modifies the way one behaves. The relationship described here, and shown in Figure 7.1, is actually far too simplistic. An alternative representation is given in Figure 7.2, which shows how the three aspects overlap to form a whole.

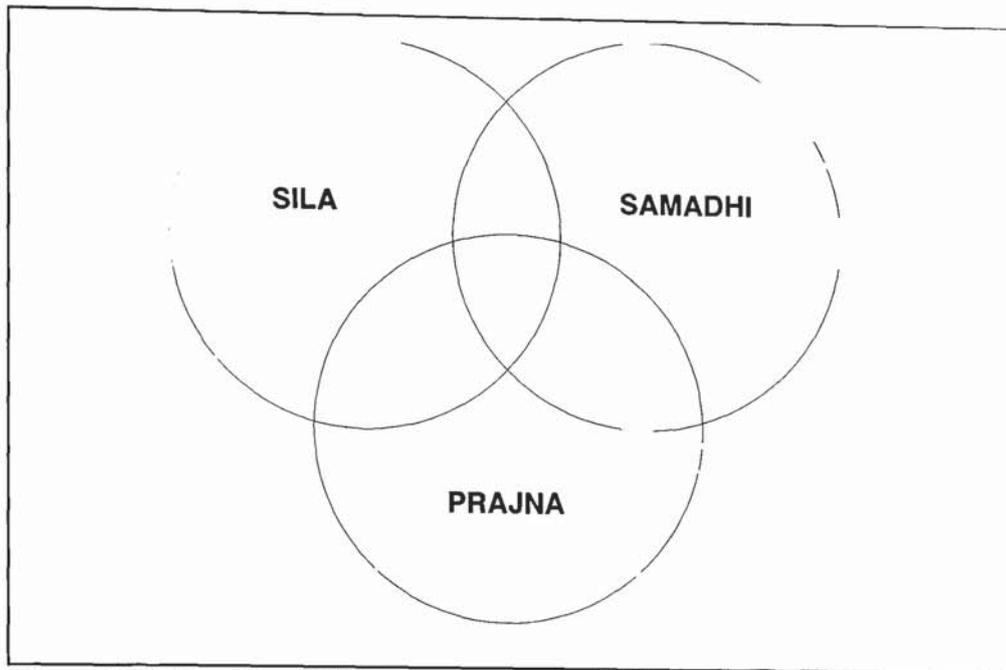


Figure 7.2: The Threefold Way - an alternative representation

THE NATURE OF BUDDHIST MORALITY

As we have seen, Buddhist morality is not concerned with a restrictive or dogmatic application of moral rules laid down by some authority, but rather with encouraging the individual to develop a particular 'way of seeing', based on insight into Absolute Truth, which in turn, helps to determine how he or she behaves. With this understanding one can begin to look at Buddhist morality in more depth.

The importance of morality to followers of the Buddhist path cannot be overstressed as this quotation from the *Lalitavistara* makes clear:

'*Sila* (moral perfection) is the greatest happiness, the road to freedom, the field of perfection. *Sila* is the foundation of enlightenment, the chief among all good things. Watch over *sila* as your most precious possession, for life itself is at stake: Foolish are they who renounce it. All things that are born have but a limited existence, but this is not true of *sila*.'

(Trans. Bays 1983)

Different Types of Action

To see where Buddhist morality applies to the practical concerns of the individual (and in later chapters, to the business) who is trying to live his or her life in a morally better way, there is a need, first of all, to develop an understanding of the process whereby the judgment of an action as being right or wrong is based upon the Law of Causality and how certain types of action are more supportive than others to Insight.

In Buddhism particular actions are deemed right or wrong according to the state of mind in which they are performed. So moral judgment is founded on a general understanding of one's mind and on the mental states associated with a particular action, rather than on the application of some philosophical, theological or political creed.

Actions are traditionally described as being of two kinds, 'skilful' (Pali - *kusala*), and 'unskilful' (Pali - *akusala*). Terms like 'good' and 'bad', 'right' and 'wrong', have no absolute meaning in Buddhism. Unskilful actions are defined as being rooted in the negative mental states of greed, hatred and mental ignorance; and skilful actions as being motivated by the opposite qualities of generosity, compassion and mental clarity.

As these definitions suggest, different actions are regarded as having both an emotional and an intellectual content, with emotions, whether skilful or unskilful, being founded on a particular mental understanding of the world, or worldview. To explain this, let us look at the relationship between the two negative emotions of greed and hatred which, although apparently quite different emotions, both have as their foundation the mental state of craving based on ignorance.

The second of the Four Noble Truths described in the last chapter indicates that the reason for the state of universal suffering within the world is

craving. Human beings, it seems, manifest craving in many ways, but at root it is based on mental ignorance, on a yearning for the impossible experience of a fixed and permanent state of happiness and selfhood. Thus, identifying with this fantasy, one responds to the world with hatred and greed. Anything that threatens one's happiness or self-view is rejected (hatred), and anything that affirms this happiness or self-view, one tries to appropriate (greed).

Understanding the relationship between mental ignorance and the different emotions is very important, for it is the degree of mental ignorance (or mental clarity) that determines the nature of one's emotional response and one's motivation for a particular action. (Actions, according to Buddhism, are defined as deeds of body, speech and mind.)

At this point the paradoxical nature of this way of judging mental states should be noted for, as De Silva (1991) acknowledges, 'a meritorious action paradoxically helps us to collect more fuel for a longer journey in *samsara* ("the wheel of existence").' To understand this paradox it may be helpful to distinguish between two orientations: first, an 'Enlightenment Orientation' where actions are judged as being *kusala* or *akusala* according to whether or not they are helpful in supporting the arising of insight and moving one towards the goal of Enlightenment; and second, what might be called a 'Happy Rebirth Orientation' where concern is for actions which accumulate merit (*punya*) and which avoid demerit (*papa*) so that a happy and prosperous time may be experienced in the next lifetime. Applying this distinction one can see that De Silva is using 'meritorious' in a very specific way, as being concerned with the accumulation of merit towards a happy rebirth.

In principle, within Buddhism, morality is only concerned with the first type of orientation, although in practice, a balance is needed between two as a degree of merit is required to create the right conditions (a

favourable rebirth, sufficient wealth, etc.) for progress to be made towards Enlightenment. Sometimes, however, the wrong balance is struck. Within the Theravada tradition, for example, unless a person is able to live a full-time monastic life he or she is seen as being beyond the pale in terms of serious spiritual practice, and is encouraged to limit his or her concern to the accumulation of sufficient merit in this life to ensure more favourable conditions in the next. (That is, where a full time monastic life is possible!) This is not the place to examine the limitations of such an attitude, except to offer the opinion that it runs counter to the spirit of Buddhism which emphasises the ability of all to progress towards Enlightenment.

The Structure of Buddhist Morality

As was noted earlier, according to the Buddhist view, all *willed* actions (*karma*) have consequences (*karma vipaka*). The Pali equivalent to the word 'will' (or alternatively 'volition') is *cetana* which, as De Silva (1991) suggests, is 'usually translated as motive, [but is] a complex term covering intention and motive as well as the consequences of action dependent on the motive or intention'. This definition suggests that there are three components of willed action. In the model shown in Figure 7.3 I have described these as: (1) the longer term motivation and mental habits which determine actions in general, (2) the proximate intention and mental state associated with a specific action and (3) the material, social, and mental consequences of an action. (Note: these three types of consequences relate to the traditional Buddhist way of defining action as being of body (material), speech (social) and mind (mental).

As Figure 7.3 signifies, all actions are influenced or flavoured by a person's general motivation and mental habits and it is these, combined

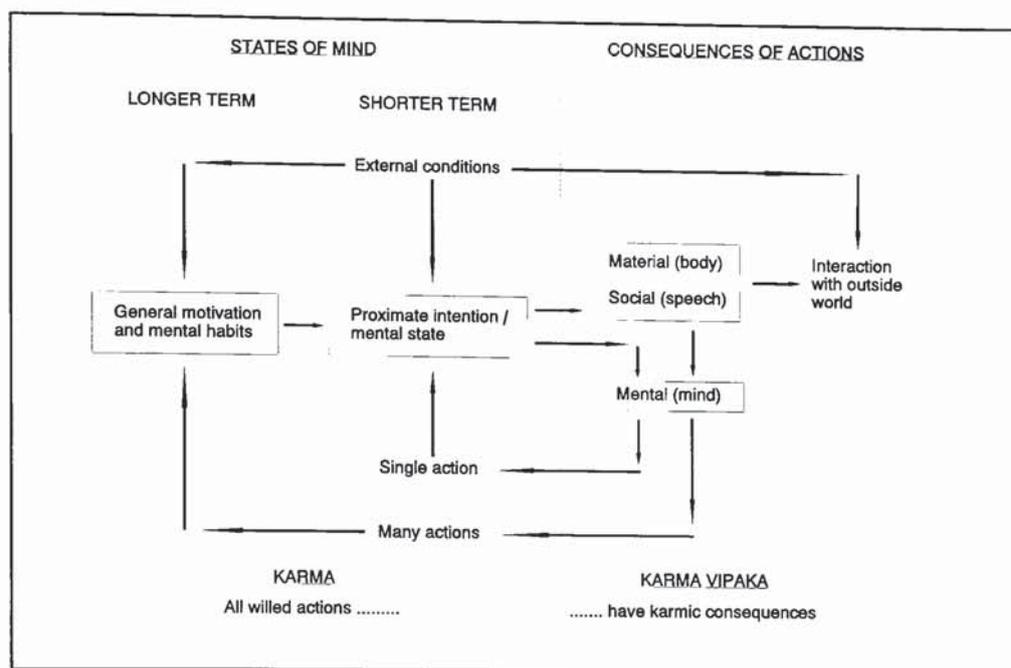


Figure 7.3: A structural model of Buddhist morality

with external conditions, that determine the proximate intention/mental state associated with a specific act.

Turning to the consequences of an act. The figure shows that its mental (karmic) consequences serve to support or alter a person's general motivation and mental habits, and also feedback to, and influence, the proximate intention/mental state of associated short term actions. As the feedback lines suggest, the material and social consequences of an act influence a person's general motivation and proximate intention in two ways: (1) through their direct influence on mental consequences, and (2) indirectly, through interaction with the outside world and the consequent effect on external conditions.

A Hierarchy of Moral Development

Implicit in this view of morality is the existence of a hierarchy of moral cum spiritual mental states with the level a particular person has reached being determined by their longer term motivation and mental habits. The

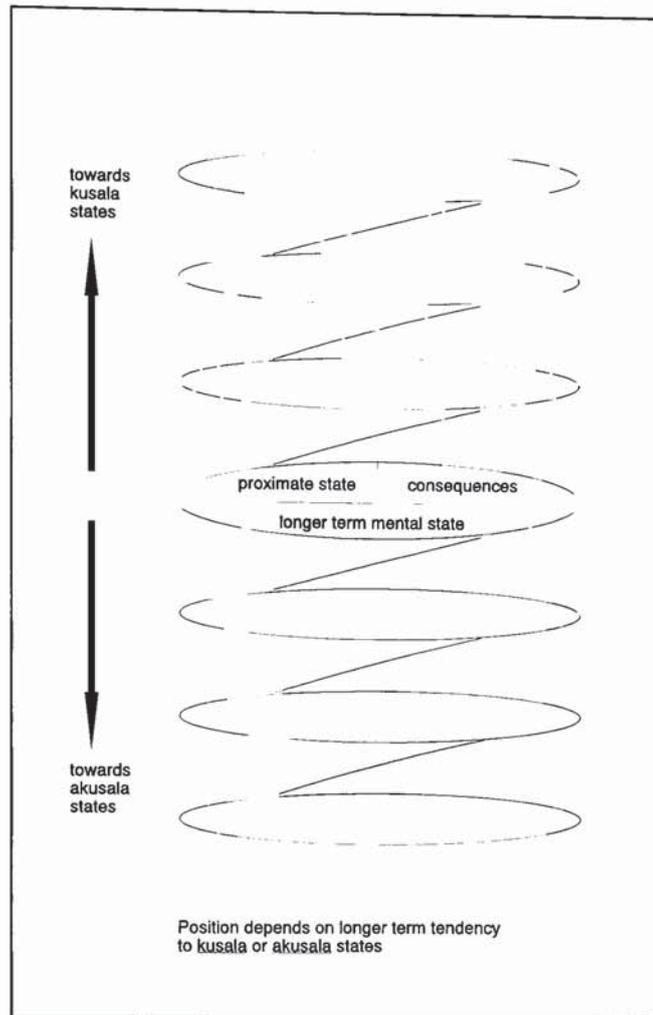


Figure 7.4: A spiral model of moral development

relationship between the different levels is illustrated in Figure 7.4 using the traditional image of an upwardly pointing spiral. As this figure shows, the position a person has reached on the hierarchy is dependent on his or her tendency towards *kusala* or *akusala* longer term mental states. The existence of such a hierarchy is confirmed by all schools of Buddhism. The Theravada, for example, describes it in terms of Stream Entry, Once Returner, Non-returner and Arahant; and the Mahayana in terms of various stages (*bhumis*) of the 'Bodhisattva Path'. Further discussion of the nature of this moral hierarchy, and how it can be couched in more Western, psychological terms, will be found in the next chapter.

SUMMARY

In order to develop an applied theory of business ethics from a Buddhist perspective there is a need to go back to basics and explore the fundamental tenets of its philosophy and cosmology. This is because, neither modern Buddhist scholarship nor traditional texts can provide very much guidance.

At the outset of the chapter the three criteria proposed in Chapter 6 for improving the contribution of theory were reviewed. In general, Buddhism was deemed to meet these very well. Some of the fundamental tenets of Buddhist cosmology and philosophy were then introduced, starting with the notion of two types of truth: 'relative truth' which refers to one's 'normal' perception of the world, and 'absolute truth' which is the truth experienced by an Enlightened person.

It is within the context of relative truth that a description was given of the nature of Buddhist cosmology, and how it is based on infinite, multidimensional space and beginningless time. Against this cosmological backdrop, the doctrines of rebirth and *karma*, which existentially underpin the Buddhist view of morality, were introduced. Further insight into the process of infinite rebirths and deaths, and the karmic ignorance that fuels it, was then provided through a discussion of the Law of Causality and the associated teachings of the Three *Lakshanas*, the Four Noble Truths and the Noble Eightfold Path.

Towards the end of this chapter, in the context of a discussion of non-duality and absolute truth, the distinction was drawn between morality based on power (whether founded on the commandments of God or the laws of some ruling elite) and the Buddhist conception of morality based on insight, which is the product of a non-dualistic understanding and which sees everything in the universe as interdependent. With this non-dualistic

understanding as its foundation, the central role of morality (as a constituent of the Threefold Way) in the whole of Buddhist spiritual practice was then explored. Here two types of action were identified: 'skilful' and 'unskilful', with unskilful action being rooted in greed, hatred and delusion; and skilful action in the opposite qualities of generosity, compassion and mental clarity. Finally, a structural model of Buddhist morality based on the notion of moral hierarchy was introduced, which has three components: (1) longer term motivation and mental habits; (2) the proximate intention and mental state associated with a specific action; and (3) the material social and mental consequences of an action.

Chapter 8

The Buddhist Moral Path

As Chapter 7 has clearly illustrated, in terms of the Three Criteria, Buddhism does provide a strong alternative, based on a very broad and all-encompassing cosmology, to traditional Western moral theory. An alternative which, with its stress on individual insight and responsibility in moral decisions, is in principle open to everyone. How good it is at providing clear, practical guidelines (well founded in theory) which can be readily applied to organizations as well as to individuals, we have yet to see. As a step in this direction, this chapter explores the Buddhist moral path of the individual and identifies certain practical guidelines which, if followed, will guide the individual along the path to Enlightenment. Chapters 9 and 10 will relate these guidelines to the organization.

A HIERARCHY OF MORAL DEVELOPMENT

In Chapter 7 the notion of moral hierarchy was introduced, based on the idea that in principle any person can move up the hierarchy by developing increasingly skilful mental states. In that chapter the hierarchy was described in traditional Buddhist terms. In order to ease the transition between Buddhist tradition and business practice, the following proposes a five stage model of moral hierarchy couched in more Western, psychological terms.

This hierarchy parallels to some extent the work of Maslow and Kohlberg although, as we shall shortly see, their theories fall short of the Buddhist

view by not taking into account what might be called the transcendental dimension of moral development (Figure 8.1).

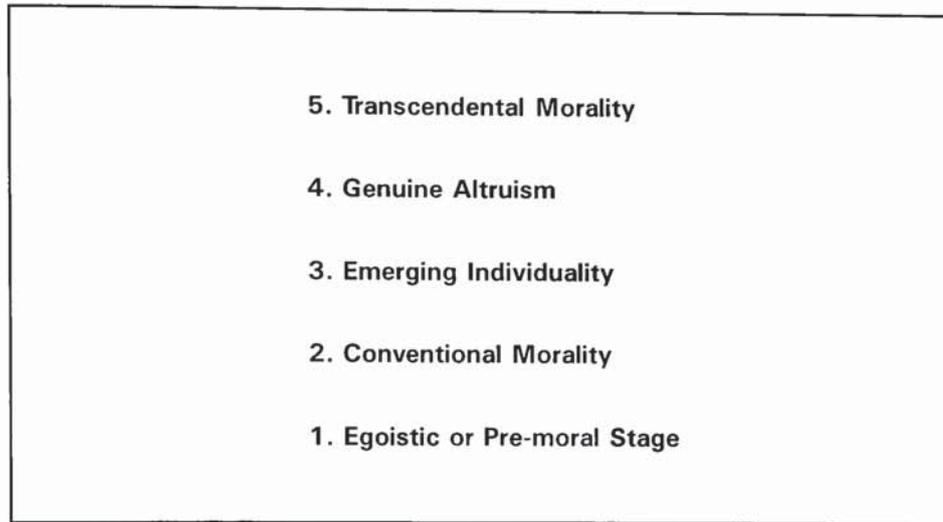


Figure 8.1: A five-stage hierarchy of moral development

Stage 1: Egoistic or Pre-moral Stage

The lowest level of the hierarchy, the Egoistic or Pre-moral Stage, is not really a level of morality at all, but is a state where an action will be performed only where a reward is promised, or a punishment threatened. This may be seen as the stage of the infant, or even the animal, where basic need satisfaction for food and shelter are the primary motivators.

Stage 2: Conventional Morality

This is the stage of socialization where the norms and values of the group begin to take over. Here individual action becomes much less overtly egocentric, and much more based on what is acceptable to significant others, such as parents, peer groups and teachers.

Stage 3: Emerging Individuality

With a foundation of acceptance and esteem from the significant other people in one's life, it is possible to move on from 'conventional morality' to the stage of 'emerging individuality'. This is a stage of progressive autonomy, where a person starts to emerge from the milieu of (often unconsciously adopted) group norms. The emerging individual begins to develop his or her own views and values which are, to an increasing extent, independent of the need for group approval.

Stage 4: Genuine Altruism

The growing independence from group pressures and the development of a strong and positive self identity allows the individual to begin to explore and fulfil his or her higher human potential. Paradoxically, as a person becomes psychologically bigger, and sense of self-worth stronger, he or she becomes much less preoccupied with the fulfilment of limited egoistic needs and much more concerned with the greater good. There comes a point where a genuine concern for the needs of others becomes at least equal to a concern for the fulfilment of one's own needs (but without denying such needs), and at this point it can be said that one has entered the stage of Genuine Altruism.

Perhaps it should be stressed that this stage of moral development is very difficult to reach and, as a later example will demonstrate, the stage a person has attained cannot be judged by their propensity to do good.

Stage 5: Transcendental Morality

This very lofty moral stage can be equated to the highest level of spiritual attainment. An example will help to clarify what is meant by Transcendental Morality.

Imagine there are four people, each apparently having a distinct tendency for generous acts. In terms of ethical utility, each may be judged as being similar, carrying out generous acts of approximately the same value, frequency and consequence. But in terms of moral motivation, and the mental states which determine that motivation, they may be very dissimilar indeed. The first person might be generous because, by being so, he or she may gain approval from others (Conventional Morality). The second person may have made a conscious decision to be generous because such behaviour is seen as being both conducive to his or her own well-being and also part of his or her responsibility to other people and to society at large. Such a person is not moved by praise or blame, but 'by self-chosen ethical principles that usually value justice, dignity, and equality' (Baxter & Rarick 1987), (the stage of Emerging Individuality). The third person probably does not even stop to think about whether or not to be generous. If someone has a need then he or she simply and willingly tries to respond in an appropriate manner (Genuine Altruism). Finally, the fourth person transcends the distinction between self and other completely, for, rather than just *acting* in a generous manner, this person has *become* generosity itself. Such a person has transcended human egoistic limitations altogether, no longer does he or she perceive a difference between subject and object, the giver and the receiver.

According to Buddhism, only rarely in human history has anybody achieved the lofty stage of Transcendental Morality. But perhaps the point at issue is not whether an individual will ever achieve such a high moral state (at least in this lifetime!), but that such a state is possible at all. Its

very existence, and the possibility, albeit quite distant, that every human being has the potential to reach it, gives the practising Buddhist a sense of purpose and an ideal to strive for.

At this point the discussion may seem to have entered the realm of the fantastic, even the mystical, and some may feel uncomfortable with this (although, presumably no more so than with some of the ideas from Buddhist cosmology outlined in Chapter 7). However, it is very important to make a clear distinction between the lessons, some doubtless very helpful, that certain psychological theories can offer, and the foundations of Buddhist philosophy, which are essentially the product, not of intellectual theorizing, but of the insight of the historical Buddha and of other Enlightened Masters.

Parallels with Moral Psychology

As suggested earlier, this five stage model based on the Buddhist notion of spiritual hierarchy parallels to some extent the work, described in Chapter 5, of Maslow (1943) and Kohlberg (1979 & 1981). For example, the Egoistic stage can be seen as relating to Kohlberg's Pre-conventional stage and Maslow's physiological and safety/security needs.

Likewise, the second stage equates to, and indeed shares the same name with, Kohlberg's 'Conventional Morality' and also parallels Maslow's recognition of the need for 'effectance and control', and of the social need for being well regarded by other people ('other-esteem').

Kohlberg's research provides some insight into the relationship between the first two stages by showing that up to the age of seven years the moral judgements of children are mainly determined by the avoidance of punishment or the attainment of rewards. After this, and certainly by the

age of thirteen, most moral dilemmas are evaluated and resolved on the basis of conventional morality. According to Kohlberg, many individuals never progress beyond conventional morality to what he called 'postconventional morality' and what here has been called, more descriptively, emerging individuality, a stage which relates to the needs identified by Maslow for 'self-esteem' and 'self-actualization'.

At the fourth stage of the hierarchy the work of the humanistic psychologists has, in large measure, been left behind. Although, as Leary et al (1986) point out, later in his life, and after receiving quite a lot of positive feedback and also criticism, Abraham Maslow did modify and extend his well-known five stage 'Hierarchy of Needs', to eight (or nine) stages, the highest of which he called 'Transcendence of Self'

APPLYING THE MORAL HIERARCHY TO PRACTICE

Influenced by an Enlightened mind or not, this discussion on moral hierarchy, as well the discussion of any other theoretical or philosophical issue for that matter, only has relevance from a Buddhist point of view insofar as it can be applied to the practical concerns of moral and spiritual life. Indeed, in an ultimate sense, only insofar as it has relevance to the individual-in-relation-to-Buddhahood. And it is to this that we will now turn, commenting in passing that one should be cautious about interpreting this hierarchy in too rigid a way. (Recall the limitations of hierarchical models described in Chapter 5). Probably, most people, most of the time will manifest behaviour which is mixed. Perhaps being largely conventional, but at times containing a hint of the self-determination of the Emerging Individual, and sometimes the self-seeking attitude of the Egoistic or Pre-moral Stage.

In the remaining part of this chapter four important constituents of the individual morality are identified: (1) commitment to a moral path; (2) moral motivation and (3) awareness of the moral consequences of actions; followed by a discussion of a methodology for developing these first three constituents through (4) mindfulness.

COMMITMENT TO A MORAL PATH

An examination of the Buddhist moral path must start with a review of the place of commitment within it, for without the development and constant reaffirmation of such commitment, Buddhist morality has no practical meaning. This becomes clear when one reflects on the soteriological goal of Buddhism (Enlightenment), and the role of morality in the process of moving towards that goal through the creation of ever more skilful (*kusala*) mental states.

As Sangharakshita makes clear, this commitment to the development of insight and the eventual attainment of Enlightenment, is 'the central preoccupation, of Buddhism' (Sangharakshita 1977, p14). Traditionally, it is defined in terms of Going for Refuge to the Three Jewels: with 'Going for Refuge' being synonymous with 'commitment'; and the 'Three Jewels' being the term given to the three central ideals of Buddhism: (1) the Ideal of Enlightenment, as represented by the Buddha; (2) the Ideal of the *Dharma*, or Path to Enlightenment taught by the Buddha; and (3) the Ideal of the *Sangha*, or Spiritual Community of individuals who follow the teachings of the Buddha and who have either attained, or aspire to attain, Enlightenment.

Words, and even images, can only very imperfectly describe Enlightenment; the first and foremost jewel which provides the focus for the other two. It is sometimes defined in terms of what it is not, such as

the 'Unmanifested' and the 'Uncompounded'. It is also spoken of in terms of 'Vision', 'seeing things as they really are'; of 'Experience', as in 'the cool nature of peace and tranquility' (Cook et al 1992, p64); of 'Qualities', such as 'an unfathomable knowledge, a boundless compassion, and an ineffable joy' (Sangharakshita 1977, p13); and of 'Freedom', 'from all delusion, all misconception, all wrong, crooked thinking . . . all mental conditioning, all prejudice' (Sangharakshita 1977, p17).

The vastness of the Enlightenment experience and its profound nature has been described using the image of a handful of leaves (*Simsapa Sutta*, *Samyutta Nikaya* v. 437). This *sutta* recalls how, on one occasion, the Buddha when walking in a forest picked up some *simsapa* leaves and then, turning to his disciples, asked them whether the leaves he held were few or many. 'The disciples of course replied, "Well, in comparison with all the leaves in the forest, the few leaves which you hold in your hand are as nothing. They are just a handful . . . [And] "so it is [the Buddha replied] with all the truths that I have realized compared with what I have been able to reveal to you," ' (account in Sangharakshita 1985).

MORAL MOTIVATION

For the moment, taking this need for commitment to certain moral ideals as a 'given' (more discussion of this important topic will be found in Chapter 10), let us now examine how an individual can seek to ascend the moral hierarchy and move towards Enlightenment. As the arguments in Chapter 7 suggested, this can broadly be approached from two directions: directly, through understanding and modifying a person's moral motivation (state of mind), and indirectly, by evaluating the consequences of his or her actions.

As we have already learnt, the nature of a person's moral motivation will be dependent on his or her tendency towards longer term skilful (*kusala*)

mental states which determines his or her position on the moral hierarchy. As Chapter 7 also made clear, making judgements about one's own or others position on that hierarchy can be most difficult because good action does not necessary imply skilful motivation. In order to bring more understanding to the nature of the relationship between the different moral stages and skilful mental states, the following describes what I have called an Openness of World-view Model, which relates the moral hierarchy to the differing perceptions of the world (or world-views) experienced by individuals at different moral levels.

Openness of World-view Model of Moral Growth.

This Openness of World-view Model extends the idea developed in the last chapter that Buddhist morality, at root, is concerned with developing a 'way of seeing' which will eventually lead to Enlightenment. As Figure 8.2 illustrates, this model incorporates the five stages of the moral hierarchy just described, and shows that one way of understanding the relationship between them, and of providing insight into how a particular individual might progress up the hierarchy, may be determined by an assessment of the openness of their world-view. That is, the extent to which he or she is able to critically evaluate new knowledge and experience, to be receptive to the unknown, and to be open to the possibility that his or her view of the world, his or her reality is only provisional. A number of circles radiate out from a common centre, each circle marking the limit of an individual world-view, given a particular moral level. To further clarify this idea, let us now identify the sort of qualities which can help in evaluating a person's world-view:

(1) Size and Complexity of World-view - At the lower stages of moral development the body of knowledge and experience that constitutes a

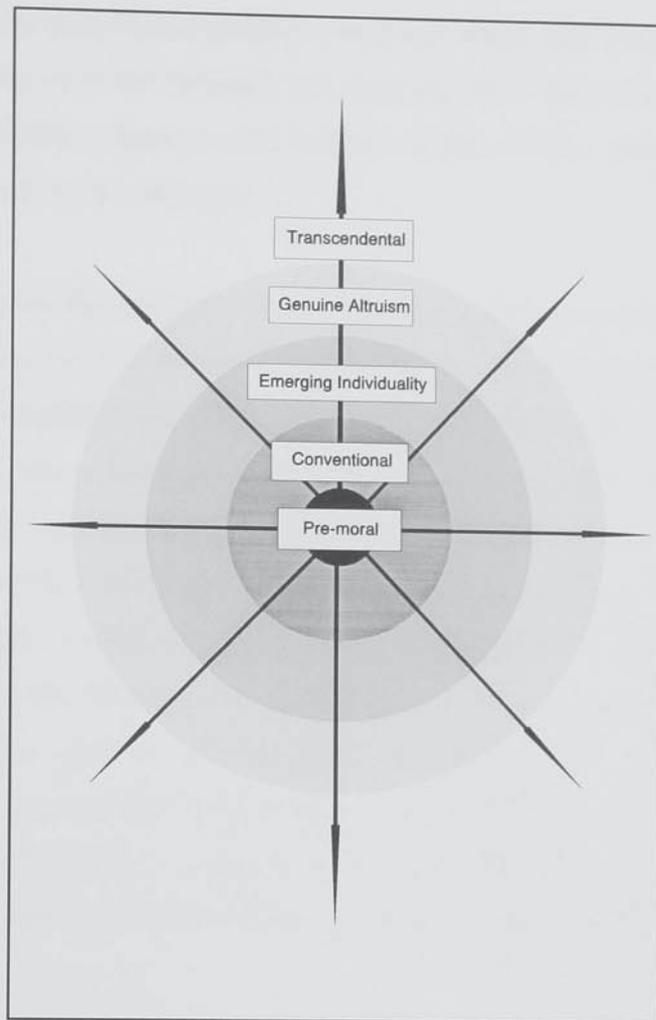


Figure 8.2: Openness of World-View Model of moral growth

person's world-view will be quite limited whereas, at the higher levels, it will be commensurately larger (represented in Figure 8.2 by the different sizes of circle). In addition to size, another important factor is the way existing knowledge and experience is organized. At lower levels only quite simple, linear relationships will be recognized, whereas at the higher levels there will be an acknowledgment of more complex inter-relationships.

(2) Communication Skills - The way a person communicates with other people and the language he or she uses are important indicators of world-view. For example, is he or she confident and clear when presenting views and yet equally able to listen to, and encourage, the views of others?

Does he or she tend to use exclusive language which may suggest a degree of stereotyping or is the language that they use more inclusive? Is his or her speech kindly, supportive and helpful, or does it tend towards aggression and competitiveness?

(3) Imagination/Receptivity - This important quality is closely linked to communication skills and concerns the extent to which someone is receptive to, and can imaginatively understand or empathize with, other people's world-views, thus influencing his or her own. This openness to other people's views and the perception of a degree of shared human experience, will have a strong bearing on the presence and strength of an other-, as opposed to self-orientation. In Figure 8.2 this degree of openness is symbolized by the thickness of shading and denotes the permeability of new knowledge into a person's existing belief and value system. Taking this a stage further, an important dimension of imagination concerns a person's ability and willingness to comprehend the possibility that truths may exist outside the horizons of their own experience and their capacity to understand.

Relating these three characteristics to the five moral stages (Figure 8.3), at the lowest, the Pre-moral Stage, we find a world-view which is typically small, tightly defined and closed. Here, the individual tends to understand the world in terms of simple cause and effect relationships, and the major actors (including the individual his or herself) are often seen in two dimensional, caricature form. The language of this level is the simplistic, polarising, terminology of low-grade tabloid newspapers. (Recall, for example, the headline 'Gotcha' which appeared in the British *Sun* newspaper the morning following the sinking of the Argentinian ship, *Belgrano* in 1982). Behavioural responses at this level are largely egotistical and self-seeking, being based on either a 'fear-of-being-caught', or 'what's-in-it-for-me' attitude.

Stages of ethical development	Qualities, size / complexity	Communication	Imagination/ Receptivity
5. Transcendental Morality	expansive world-view - recognise complex inter-relationships	good communication skills - use of non-competitive language	open and receptive to new knowledge and accepting of the possibility of 'truths' outside one's own horizon
4. Genuine Altruism			
3. Emerging Individuality	↑ ↑	↑ ↑	↑ ↑
2. Conventional Morality			
1. Pre-moral Stage	limited world-view - simple, linear relationships	use exclusive stereotypical language	closed and unreceptive - a poor listener, unable to empathise with others' world-view

Figure 8.3: Characteristics of openness related to the five moral stages

Moving up the levels, we find a progressively more complex worldview, with an growing openness to views that are different to one's own. At the stage of Conventional Morality, individual behaviour is largely conditioned by the values and language of the group and there is a tendency to look to an external authority for guidance and approval.

As a person moves beyond Conventional Morality the need for external approval becomes much less, and personal choice and responsibility become much more important in determining behaviour. Here, laws and rules, whether socially imposed or god-given, are only seen as a guide to behaviour rather than a fixed edict from 'on high'.

As someone develops greater individuality and moves towards Genuine Altruism his or her behaviour and action will be typified by cooperativeness, by kindly and helpful speech and by an ability to recognize and evaluate alternative viewpoints.

At the highest level (Transcendental Morality) we have a totally open world-view which comprehends the real nature of 'things', their complex and interdependent nature, and (from a Buddhist Madhyamika perspective) their ultimate unreality. Comprehending this level is normally the domain of the religious mystic, where only the language of poetry, metaphor and paradox can even begin to describe that which is essentially beyond words.

AWARENESS OF THE MORAL CONSEQUENCES OF ACTIONS

Acknowledging that it will always be difficult to make an objective assessment of one's own (let alone another person's) moral motivation, Buddhism acknowledges another, in many ways more practical, way of assessing moral action. This is through the evaluation of the moral consequences of an action (or group of actions).

Recalling the description given in Chapter 7, and illustrated in Figure 7.3, it will be clear that we are not dealing with something completely separate from moral motivation, but rather, a linked aspect of it. For, according to Buddhism, making judgements on the basis of the moral consequences of an action has no intrinsic value *per se*, but only insofar as it has the effect of modifying moral motivation and future behaviour.

The importance of judging the moral consequences of actions becomes clear when one examines the ritualistic traditions of all Buddhist schools which combine the formal act of Going for Refuge to the Three Jewels with an undertaking to follow several moral precepts. These, it must be

stressed, are not seen as commandments or rules laid down by the Buddha which must be obeyed at all costs, but as training principles which, if applied consistently, will help one move towards Enlightenment. The logic of this will be clear if one remembers the discussion (in Chapter 7) which showed how the consequences of an action can directly effect one's mental state.

In the most commonly adopted list, training principles number five and involve undertaking to abstain (1) from taking life (or more generally, from causing any harm); (2) from taking the not-given (this is much more than just not stealing material goods and includes the taking of time or energy from other people which is not freely given); (3) from sexual misconduct; (4) from false speech; and (5) from taking any substance that intoxicates or clouds the mind. To avoid the error of seeing the bare application of these precepts as being morally sufficient, and of losing sight of their soteriological purpose, Buddhists are also encouraged to follow their positive counterparts, viz the practice of loving kindness, of open-handed generosity, of contentment, of truthfulness and of mindfulness.

Another group is the Ten Precepts (*dasa-sila*) which, as Figure 8.4 shows, are very similar to the Five. In addition to these two sets there are several others that have been adopted within the Buddhist tradition, for example the 227 precepts which must be followed by the Theravada monk. These, in many respects, may be seen as a more detailed working out of the two shorter lists. The Five and Ten Precepts themselves may be separated into three groupings (Figure 8.4): actions of body, of speech and of mind, with each precept being seen as a particularized working out of that most fundamental of all Buddhist injunctions 'not to cause harm of any sort'.

<u>Five Precepts</u>	<u>Ten Precepts</u>	
abstaining from:	abstaining from:	
1. Taking life (or causing harm)	1. Taking life (or causing harm)	Actions of Body (Behaviour in the material world)
2. Stealing (or taking the not-given)	2. Stealing (or taking the not-given)	
3. Sexual misconduct	3. Sexual misconduct	
4. False speech	4. False speech	Actions of Speech (Behaviour in relation to other people)
	5. Harsh speech	
	6. Useless speech	
	7. Slandorous speech	
5. Taking intoxicants	8. Covetousness	Actions of Mind (Mental behaviour)
	9. Animosity	
	10. False views	

Figure 8.4: Five and Ten Precepts

MINDFULNESS - A METHOD FOR DEVELOPING MORALITY

Having identified three important aspects of the Buddhist moral path we come to a fourth, mindfulness, which may be seen as providing a methodology for helping the individual to develop the first three and thus help them to move up the moral hierarchy. This, as I have earlier insisted, is fundamental to the Buddhist Way which is essentially pragmatic rather than philosophical; that is, concerned with orthopraxy (right practice) rather than orthodoxy (right view).

As it is very difficult for a person objectively to judge his or her own (not to say another person's) morality, a methodology is needed to make such

judgements. In Buddhism meditation is used extensively for this purpose. As the discussion of the Threefold Way in Chapter 8 made clear, meditation is a central and indispensable part of the Buddhist path and closely linked to morality.

There are many meditation practices associated with Buddhism (see generally Kamalashila 1992). Each of the practices is formulated to serve a particular purpose, such as, to develop loving-kindness towards all sentient beings (*metta bhavana*), or to remove the conceit associated with one's attachment to the idea of 'self' (Six Element Practice). Whatever particular purpose a meditation is intended to serve, all, it may be argued, are concerned with the development of one principal moral or spiritual quality, that of mindfulness. According to tradition, mindfulness is one of the most (if not most) important practices recommended by the Buddha. Some accounts suggest that the last words he spoke to his disciples at the time of his death were 'With mindfulness [alternatively, heedfulness] strive on'. It is to this quality, therefore, that we will now turn in order to understand more fully the Buddhist way of promoting moral growth.

The Quality of Mindfulness

Earlier in this chapter it was proposed that moral progress could be gauged, to some extent at least, by the openness of a person's world-view. Now we come on to what might be called 'the active constituent of this openness'. For it is through the development of the quality of mindfulness that one's perspective can gradually become more open. And by becoming more open, one's understanding of the need for commitment to a moral path, and general awareness of the moral consequences of one's action, tends to grow.

A definition of mindfulness (*sati*) might best be approached by first looking at its opposite. According to Sangharakshita (1990a p135), unmindfulness 'is a state of forgetfulness, of distraction, of poor concentration, of an absence of a continuity of purpose . . .' Mindfulness therefore can be described as an ability to recall the past and a capacity to concentrate undistractedly on the present task, combined with a sense of direction and continuity of purpose in one's life.

Levels of Mindfulness

While developing mindfulness could be helpful to many human endeavours, with respect to moral development and to the opening up of one's world-view, it is indispensable. Buddhist tradition recognizes four progressive levels of mindfulness. Here I follow Sangharakshita's categories. Some Buddhist scriptures give a slightly different list.

First, there is the **mindfulness of 'things'** that exist in the material world. Buddhist practice encourages one to stop and really look at the world, rather than rushing about all of the time taking little notice of one's physical environment. This stopping and looking can often have a very calming effect on life as well discouraging the feelings of anxiety and competitiveness that come with an over preoccupation with 'doing' things. By creating a calmer mind, of course, it is easier to see things more clearly and thus, at least potentially, be more moral.

Next, there is **mindfulness of oneself**: the body, its movements, and one's feelings and thoughts. Here, one is encouraged to experience oneself 'in the moment', rather than allowing one's mind to chase all over the place. In the down-to-earth terms of the Vietnamese Zen monk, Thich Nhat Hanh, for example, one is advised to pause, to take several deep breaths, and to try to become aware of oneself before undertaking routine acts such as

answering the telephone. (See generally *Being Peace* 1987 and *The Miracle of Being Awake* 1980). By being mindful of oneself, and in particular, one's feelings and thoughts, one can become more in tune with the moral, or karmic consequences of one's actions.

At the third level one is exhorted to develop one's **mindfulness of other people**. Often one does not relate to other people as separate human beings but more in terms of a measure of their utility, or the way in which their lives impinge on one's own. So when trying to develop this kind of mindfulness one's task is to try to see people as rounded human beings with a full gamut of strengths and weaknesses, dreams, fantasies and fears, rather than as objects of one's own desire or aversion (craving).

Finally, there is **mindfulness of Reality** which is concerned with 'seeing things as they really are' unimpeded by one's subjective preferences, or *klesavarana* (veil of passions). It is on the development of 'mindfulness of reality' that turns the whole process of mindfulness as a way of making moral progress. Only with the propagation of this quality does mindfulness take on a specifically Buddhist moral flavour. For without it, practising mindfulness would be no more than a useful, but nevertheless limited, psychological technique.

Although in certain respects the four types of mindfulness form a hierarchy, another way of seeing them, which may help in furthering the understanding of their moral role, is as components of an interactive model. In this model the fourth category (mindfulness of Reality) may be seen as a composite of the first three; or to put it another way, the first three categories (things, oneself and other people) as being in dynamic relationship with each other in the formation of the fourth, 'mindfulness of Reality'.

Relating this to the moral hierarchy, prior to the Enlightenment experience the world is seen, to varying degrees, as dualistic, as containing things which are experienced as being outside or separate from oneself. As the earlier description indicated, at the lowest stages of moral development this differentiation between the experience of 'self' and 'other' is very marked. At the higher stages, it is proportionately less so. If one relates the first three mindfulnesses to this process then the second category relates to the dualistic experience of 'self', and the first and third categories ('things' and 'other people') relate to the experience of 'other'. Viewed in this way, it can be seen that mindfulness of Reality is developed by narrowing the gap between one's sense of 'self' and one's sense of 'other'. The way this is done is by developing a fuller experience of both 'self' and 'other' through the

practice of the first three mindfulnesses so that, eventually, no difference (or better, no discontinuity) will be perceived between the two.

Figure 8.5 shows how different degrees of breaking down the barriers between 'self' and 'other' (i.e. narrowing the reality gap) relate to the stages of moral development.

The Four Supports of Mindfulness

The development of mindfulness, perhaps more than any other quality, is central to the whole process of Buddhist morality. Given this importance, and also the eventual purpose of this thesis (to relate the Buddhist way of encouraging moral development to business) there seems to be a need to take this analysis of mindfulness a stage further. For the individual, the

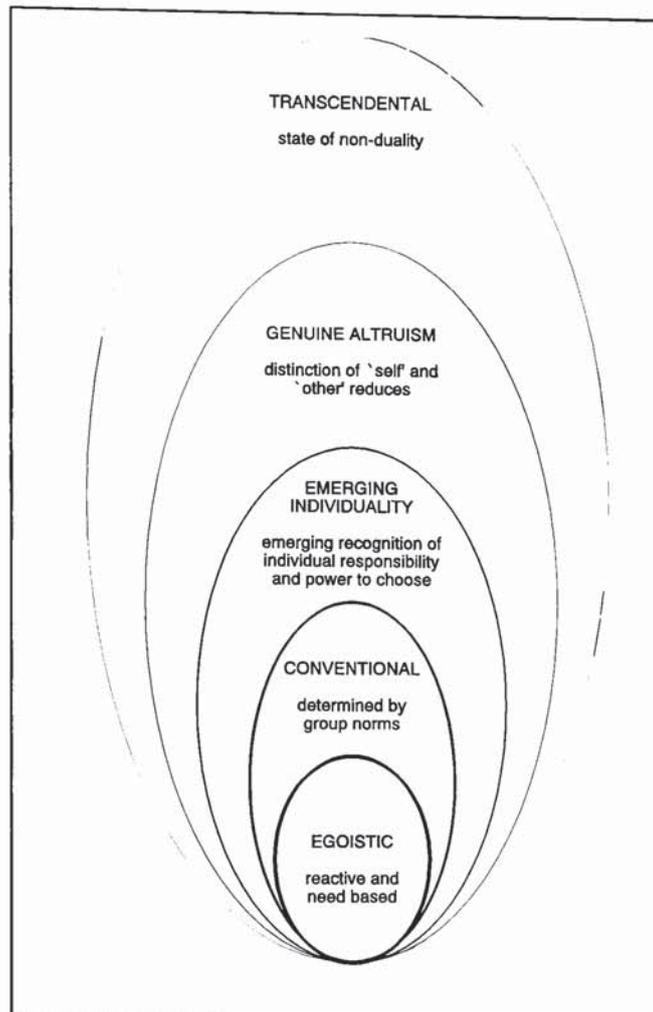


Figure 8.5: Barriers between 'self' and 'other' related to the Moral Stage Model

exhortation to 'go and practise mindfulness' may take them a long way, but for a business such advice is much less meaningful, although by no means totally irrelevant.

At this point it may be helpful to differentiate between two types of mindfulness: mindfulness as a static description of a person's mental state at a particular point in time, and mindfulness as a description of an ongoing dynamic process. Remembering that, from a Buddhist point of view, mindfulness only has relevance insofar as it contributes to a person's spiritual growth, or insofar as it affects the individual-in-relation-to-Buddhahood, it will be apparent that Buddhism is

principally concerned with the latter dynamic process. As the earlier discussion made clear, as a person moves up the hierarchy he or she becomes more continuously and thoroughly mindful, and, consequently is more able to make informed and conscious moral decisions.

For the practice of mindfulness to become a dynamic process which actively helps one to progress morally and spiritually, there are certain implied conditions which must be met. Implicit in the process of practising greater mindfulness, for example, is the development of the faculty of cognition (i.e. the faculty of knowing and perceiving). One cannot, for instance, become more mindful of other people without knowing them better.

In order to understand this dynamic process more fully, the following describes what I have termed the Four Supports of Mindfulness. The student of Buddhism will recognize that these four supports, together with mindfulness itself, make up the Five Spiritual Faculties of the Buddhist tradition.

The Four Supports are:

(1) Wisdom (*prajna*), 'seeing things as they really are'

At a quite pragmatic level, if one is to become more mindful of oneself, of others, of the physical environment, and of 'Reality', then one needs knowledge. Such knowledge can be developed in a number of ways: for example, through the *external influences* provided by books, etc., by contact with other, more experienced people; and through *insight* founded on personal reflection and introspection. In terms of making moral decisions, one needs to have a growing understanding of the process of moral reasoning, and what is skilful and unskilful, so that appropriate moral choices can be made.

(2) Faith (*shraddha*) *developing confidence, engagement and emotional clarity.*

Again, at a quite pragmatic level, one cannot develop greater mindfulness without emotionally engaging with the process and trying to develop a degree of emotional clarity so that when making moral choices one understands what emotional factors might colour particular decisions.

(3) Energy (*virya*), *directed towards the 'good'*

Without applied effort, of course, wisdom and faith will not take one very far, and indeed, without such effort one would be unable to develop this wisdom and faith in the first place. So an important support to the development of mindfulness is energy, purposefully employed. In terms of morality, based on one's growing capability for recognizing moral issues and making moral choices, energy must be applied in order to promote skilful action and discourage unskilful action.

In addition, energy needs to be directed towards the development of skills in communication, decision-making, etc., which will help one 'emerge as an individual' and break away from the unconscious moral conditioning of the group.

(4) Harmony (*samadhi*), *creating the right conditions which aid the process of becoming more mindful, and thus more moral*

This final support to the development of mindfulness is by far the most difficult to describe conceptually. Harmony is created by setting up the internal conditions (or 'creative space') whereby two apparently conflicting qualities, an 'inner peace' and a 'will to know' can coexist.

The creation of inner peace will provide the conditions for introspection and the integration of external experiences, and also help to bring greater clarity (i.e. more mindfulness) to one's mental and moral processes. The encouragement of a will to know will ensure that a person does not settle

down satisfied with present knowledge and achievements, but continually seeks to make progress, both psychologically (in terms of emerging individuality) and spiritually, by continually expanding the boundaries of his or her understanding.

These two qualities, inner peace and the will to know, can be related to the two categories of mental training recognized within Buddhism: *samatha* and *vipassana* respectively. In his description of the relationship between the two, Kamalashila (1992) suggests that *samatha* is concerned with developing our mental potency whereas *vipassana* uses that potency in order to 'penetrate into the truth of things' (p88). Elsewhere, '*samatha* refers to a healthy state of consciousness: it is joy, strength, and power; it is calmness, tranquility, receptivity and openness' (p90); whereas, *vipassana* 'turns us upside down and inside out - its impact is shattering' (p99).

In Buddhism, maintaining a degree of balance (harmony) between *samatha* and *vipassana*, or what I have called inner peace and the will to know, is seen as a creative and essential part of the moral and spiritual process.

SOME PRACTICAL ADVICE FOR THE INDIVIDUAL

From this discussion of the Buddhist moral path it will be apparent that, as well as providing a strong body of theory which can explain why one should be more moral, it can also give practical advice on how to become so. Put succinctly, an individual seeking to become more ethical, and to progress up the moral hierarchy, must try to:

(1) be genuinely committed to the process of becoming more moral, believing that it both possible and desirable.

(2) be prepared to back up this commitment through developing a skilful motivation by broadening and expanding their world-view and creating ever more skilful mental states.

(3) do his or her utmost to ensure that actions (of body, speech and mind) do least harm and, where possible, positively do good.

(4) be actively committed, in support of the first three, to practise mindfulness of the moral aspects of his or her behaviour.

(5) take the necessary action to encourage mindfulness through the development of wisdom, faith, energy and harmony.

Of course, further detailed working out will be needed if these five statements are really to form practical advice to the individual on how to be more moral, but it is a good start. How this advice can be translated into organizational terms will be described in Chapter 9 and 10.

SUMMARY

Chapter 7 demonstrated how Buddhism provides a strong alternative to traditional Western moral theory, based on a very broad, all-encompassing cosmology. This chapter has begun to examine how good Buddhist theory is at providing clear, practical guidelines on how to become more ethical. Exploring the moral path of the individual, the chapter started by developing further the notion of moral hierarchy by proposing a five stage model couched in Western, psychological, rather than traditional Buddhist, terminology. Acknowledging that in Buddhism this hierarchy, as well as any other theoretical or philosophical issue, only has relevance insofar as it can be applied to the practical concerns of the moral and spiritual life, the text then went on to describe four constituents of individual morality: (1)

commitment; (2) motivation; (3) awareness of moral consequences; and (4) mindfulness. Based on this description, five statements which provide practical advice to the individual seeking to be more ethical were then proposed.

Chapter 9

The Collective Aspects of Buddhist Morality

This is the first of two chapters which explore the collective aspects of Buddhist morality to see how the ideas proposed in Chapter 8 can be applied to business. In this chapter the influence of other people on moral behaviour is explored, particularly with regard to the relationship between the individual and the group.

THE MORAL INFLUENCE OF OTHER PEOPLE

Recognizing the strong influence that other people can have on a person's behaviour is crucial to understanding the collective aspects of Buddhist morality. In the first few years of life one is totally dependent on other human beings: on parents, teachers and the like, and even as one grows older this dependence continues. As Kennedy (1983) reminds us:

‘[A human being] is completely economically and socially dependent on others; he [or she] dreams and fantasises about them, and most of his hopes and fears are connected with them. Of all the forces acting upon the individual human being, it is the human environment which most powerfully conditions him.’

Certain people, of course, (whom I have later called ‘significant personalities’) have much more influence on a person's behaviour than do others. Very often the basis of that influence is a power relationship between the two parties founded on their membership of and relative

positions within a particular social group. Indeed, the effect of the social group on an individual's behaviour cannot be over-stressed. So often, for example, one habitually acts in certain ways according to the norms of one's family without taking conscious account of one's own beliefs and preferences.

The Relationship Between the Individual and the Group

Owing to the strong and dominating influence of the group, most people have not learned to break away from its conventions or to think and act for themselves. Or, put another way, they have yet to emerge as an individual with an identity of their own, which is separate from the identity of the group.

When commenting on this phenomenon, Sangharakshita uses the terms 'statistical individual' to denote those people who have not broken away from the conditioning of the group, and 'true individual' to describe a person who has developed a degree of understanding and psychological distance from it. (For social and economic purposes, of course, the true individual may still be a member of certain groups.)

As this term statistical individual indicates, owing to the dominating influence of the group most people's individuality is subsumed, to a greater or lesser extent, in the morality of the group. Only at the stage of the Emerging Individual, when a person is beginning to develop a sense of psychological separation from the group, can it be said that he or she is truly beginning to develop a mind and a morality of his or her own.

This idea becomes clearer when one examines the moral influence that one person, or group of people, can have on another. Recalling the description of the individual moral process described in Chapter 8 and illustrated in

Figure 8.3, we see that one major factor which determines the nature of an individual's mental states and the way that he or she acts, which has not yet been explored, is the external conditions that influence individual moral behaviour.

<u>Macro Environment</u>	Society	Economy	Nature
<i>(morally speaking, largely outside direct influence and control of most people)</i>			
<u>Micro Environment</u>			
Significant Constituencies:	Family	Work	Leisure
Significant Group:	Nuclear Family Extended Family Commune	Management Union Department	Church Association Club
Significant Personalities:	Parents Siblings	Boss Union Rep	Teacher Friend Guru

Figure 9.1: External conditions influencing individual moral behaviour

In Figure 9.1 these external conditions are shown as being on several levels. At a very generalized, macro environmental level, the individual is influenced by the conditioning (sometimes very subtle) coming from the social and political mechanisms within society; by the nature and structure of its economy; and by the relationship that society-at-large has with its natural environment.

At a more specific level, every individual is influenced by, what might be called, certain 'significant constituencies' which in turn are made up of one or more 'significant groups' associated with those constituencies, such as:

the nuclear-family, extended family, or commune (Family Constituency); the company department or union chapter (Work Constituency); and, the church, club or association (Leisure Constituency).

Finally, according to this analysis, within each significant group are certain significant personalities whose opinions and example can sometimes have a very strong impact on the way individual group members behave. Such personalities may include: one's parents and siblings (Family Group); one's management, peers, and trade union leaders (Work Group); and one's teachers, friends and spiritual advisors (Leisure Groups).

The Importance of the Work Group

At different stages of a person's life he or she will tend to strongly identify with a particular significant group. First it might be the family; later, the church, or school or gang. As they grow older, however, and the economic realities begin to take a hold, most people will tend to find that the work group becomes a dominating influence. For the mature adult, work (or increasingly the lack of it) is an important determinant of both physical and psychological well-being. Almost everyone has to find a way of earning money to provide adequate food and shelter for themselves and their dependents, as well as the wherewithal to enjoy leisure time. Work, of course, is also an important measure of social position. Society depends on the work of its members to maintain its economy, and normally accords those who are most successful at it the greatest privilege and status.

Given the importance of work, it is clear that, if more understanding of the moral relationship between the individual and the work that they do could be developed, an important insight may be had into the nature of both individual morality and the morality of business. It would be interesting to learn, for example, about how this relationship would be affected where a

company actively supports the moral welfare of its employees, and aids their moral progress. In turn, it would be interesting to learn how far individual employees, when treated in this way, would contribute to the moral well-being of their company. A way of increasing this moral understanding, as we shall see in the next chapter, is to apply the four constituents of morality described in Chapter 8 to a business setting. But first there is a need to examine the relationship between the individual and the group in more depth.

THE MORAL RELATIONSHIP BETWEEN THE INDIVIDUAL AND THE GROUP

The Notion of ‘Group Mind’

In order to understand better the nature of the moral relationship between the individual and the group, the notion of ‘group mind’ will now be developed. This idea that a group has a ‘mind’ which is separate from, but analogous to, the mind of its individual members, is being proposed here as a way of helping to explain the influence that the group can have on the moral behaviour of the individual, and the individual on the morality of the group.

Such an approach finds theoretical precedence in ‘methodological individualism’. This concept takes as its basic assumption the notion that, because a group is made up of individuals then, to a large extent, group behaviour can be understood by understanding the behaviour of its individual members. Antagonists to this way of seeing social relationships and social structures take what has been called a methodological holist or methodological collectivist position where no such closely dependent,

causal relationship is seen as existing between the social group and its individual members.

As Antony Flew (1985) stresses, the Methodological Individualist cannot and should not see the social group as just the sum of its parts, 'it is *more* than the mere sum total of the merely personal relationships existing at any moment between any of its members. And [quoting from Popper 1957 p17] it is not merely "even conceivable" but a familiar fact "that a group may keep much of its original character even if *all* its original members are replaced by others"'(Flew 1985, p44).

The Limitations of the Mind Analogy - Before taking this analogy between group mind and individual mind too far an important distinction must be made between the two. For only the individual mind can act for itself. The group mind has no such outlet and must rely on individuals to act for it. This raises the question of who is to take responsibility for actions done in the group's name. In law, of course, some groups, notably limited companies, are held responsible for the actions of their members. However, in karmic terms, that responsibility rests with the individual actor, with the strength of the karmic effect being determined by the level of awareness of a particular individual. (This is not to deny that at some abstruse philosophical level a group may experience some form of collective *karma*). This emphasis on moral responsibility based on awareness raises an interesting distinction between the Buddhist and what might be called the 'common-sense view', the latter most likely being founded on the belief that with power and position comes moral responsibility whereas, according to the Buddhist analysis, such responsibility can only be linked with power and position where there is a commensurate level of awareness.

The Morality of the Significant Group

Acknowledging the dominating influence of the group, it is clear that, in order to determine the moral nature of the individual, there is a need to understand something of the mind of the significant groups in their life. This is so, both in terms of the group as a whole, and in terms of the morality of its significant personalities. In order to do this the notion will now be explored that there exists for the group something equivalent to the individual moral hierarchy.

Within the Buddhist tradition there is quite a lot of support for the idea that collective moral growth (which presupposes some form of collective hierarchy) and individual moral growth go hand in hand. The truth of this becomes clearer when one considers what might be called the social aspects of Buddhist commitment, that of commitment to the *Sangha*, the third of the Three Jewels. This, as was stated in Chapter 8, involves commitment to the Spiritual Community of individuals who follow the teachings of the Buddha and who have either attained, or aspire to, Enlightenment. Members of the *Sangha* are responsible for supporting each other (both materially and spiritually) through difficult times and for helping to create the positive conditions for individual growth.

But the emphasis is not wholly on individual growth, there is also what might be called the synergistic effect of this collective commitment to Sangha. Acknowledgement of this effect is most clearly marked in the Bodhisattva Path of the Mahayana (or Northern School of Buddhism). Within this tradition strong emphasis is placed on the altruistic aspect of the Buddhist Goal with the Bodhisattva being described as one who is 'dedicated to the attainment of Enlightenment, not just for his or her own sake, but for the sake of all sentient beings.

According to the Mahayana, pivotal to the attainment of this Bodhisattva goal is the arising of the Bodhicitta. This term refers to the stage in the Bodhisattva Path where one's insight into the nature of reality has such a profound effect that one is no longer motivated by individualistic concerns. Describing the arising of the Bodhicitta, Sangharakshita (1985) says that:

‘On seeing the faults of conditioned existence (how impermanent it is, how basically unsatisfactory, [and] not ultimately real) one becomes detached from conditioned existence, indifferent to it. The trend, or the stream, of one's existence sets in the direction of the unconditioned. Then by observing the sufferings of sentient beings . . . compassion arises, love arises, sympathy arises.’

As this extract makes clear the arising of the Bodhicitta constitutes a profound personal experience. It is an experience which thoroughly transcends one's normal selfish way of seeing the world and which involves a fundamental and even irreversible ‘turning about’ in one's consciousness.

But, according to the Mahayana, this arising of the Bodhicitta is much more than just an individual affair. With the breaking down of the barriers between self and other, one participates in something transpersonal, something that crosses all egoistic boundaries. For, as Sangharakshita (1985) points out, there is only one Bodhicitta, and the individual in whom it is said to have arisen participates in it to varying degrees.

Using an ancient Chinese simile Sangharakshita describes this as being like the moon reflected in different bodies of water. ‘There are many reflections , but only one moon; in the same way, many manifestations but one Bodhicitta’. It is as if all of the people in which the Bodhicitta has arisen are working in concert to save all sentient beings from suffering and lead them to Insight. In a way such collective action contains a certain logic. For, lacking the omnipotent powers of a creator-god (a *miccha-ditthi*, or false view, according to Buddhism), no one person,

however advanced their insight or spiritual attainments, can ever hope to save all beings. Only by cooperating and working together can this seemingly impossible goal be realized.

A COLLECTIVE MORAL HIERARCHY

So at the very lofty level of spiritual attainment where the Bodhicitta arises the idea of self, at least in its grossest forms, has been transcended and the Bodhisattva does not experience him or herself as in any way separate from the whole universe.

This emphasis on working and cooperating together is not, however, just limited to those in whom the Bodhicitta has already arisen, for anyone who aspires to such a state is actively encouraged to cooperate with like-minded people within the Bodhisattva Community. According to Mahayana Buddhist tradition, within this community there are four types of Bodhisattva: the Novice Bodhisattva who genuinely aspires to the ideal, but whose ability to work towards it is limited owing to the fact that the Bodhicitta has not yet arisen; the Bodhisattva of the Path, in whom the Bodhicitta has arisen; the Irreversible Bodhisattva whose spiritual progress is so great that he or she can no longer fall back to the lesser, selfish path of Enlightenment for his or her own sake; and finally, the Bodhisattva of the *Dharmakaya* who is said to function on a wholly transcendental plane and who provides much of the inspiration for Bodhisattvas at the lower levels.

Stages of 'Significant Group' Morality

In suggesting that the significant group has a mind of its own, akin to the mind of the individual, it follows that it should be possible to analyse the particular actions of a group, and the proximate intentions that surround

those actions, as being collectively skilful (*kusala*) or unskilful (*akusala*). It also follows that the moral nature of different significant groups may vary and form a hierarchy according to their longer term moral motivation (Recall Figure 7.3).

<u>Individual Stage</u>	<u>Equivalent Significant Group</u>
Egoistic or Pre-moral	Egoistic - Elite Group
Conventional	Conventional Group
Emerging Individual	Novice Bodhisattva)) Spiritual or
Genuine Altruism	Bodhisattva of the Path) Bodhisattva) Community
Trancendental	Irreversible Bodhisattva)

Figure 9.2: Individual and significant group moral hierarchies compared

The following describes such a hierarchy. First of all, four types of significant group are identified which, as Figure 9.2 shows, can be directly equated to the individual moral hierarchy. Then a description of some of the key factors that determine the moral nature of the different types of group and their respective place in the hierarchy is given.

Egoistic-Elite Group - This type of group is (arguably) quite rare in today's fairly open and democratic Western Society, although, in those parts of the world where dictatorship prevails, it may well be the norm. The Egoistic-Elite Group is the equivalent of the Egoistic or Pre-moral Stage in the individual moral hierarchy, and is a group where one or a small number of people (an elite) enjoys absolute power and so the concerns and goals of the group are co-terminous with those of the elite.

In the normal sense of the word, therefore, this is not really a group at all, as the actions of the individual group members are a direct extension of the ego of its elite.

Conventional Group - As its name implies the Conventional Group, like its equivalent in the individual hierarchy, is concerned with adhering to the group conventions and norms of the wider grouping of which it is a member. So a business might follow the norms of its industry, and a family the conventions of the socio-economic grouping with which it identifies itself.

As we shall see shortly, the way that the Conventional Group tries to achieve its goals, and the way it treats both its members and other people within its orbit can vary widely between a very coercive and manipulative style to one which fosters generosity and cooperation. However, whichever approach is adopted, at root its concern is for achieving the aims (stated or otherwise) of the group.

Spiritual Community - This type of significant group moves one quite a long way beyond the normal-way-of-things in society. According to Buddhist tradition the Spiritual Community itself is made up of a spiritual hierarchy of individuals at different levels of attainment. Using the term 'community' here rather than 'group' is significant because, within such a spiritual community, concern has moved beyond that of satisfying the goals or aspirations of an elite and maintaining a particular set of group norms.

At its most mundane the Spiritual Community can be directly related to the moral stage of the Emerging Individual. It is concerned with the free association of true individuals working together towards common moral and/or spiritual ideals. Cooperation and collective responsibility are among its prime characteristics and any form of coercion among its members an anathema. At its best the Spiritual Community follows the principle of

‘give what you can, take what you need’ where wealth is shared and where its members contribute, as best they can, to its goals. To the extent that the Spiritual Community has to function within-the-world and some form of leadership is required, each one of its members is encouraged to contribute to this leadership role.

Bodhisattva Community - The description given so far of the different types of significant group could be applied to any group of whatever philosophical or religious persuasion. The Bodhisattva Community, which itself spans several individual categories, should not be regarded as a stage further on from the Spiritual Community, but a particular Mahayana Buddhist example of it. A description of the four types of Bodhisattva who form this community was given earlier. Relating them to the individual moral hierarchy: the Novice Bodhisattva equates to the Emerging Individual, the Bodhisattva of the Path to the stage of Genuine Altruism, and the Irreversible Bodhisattva to Transcendental Morality. (The Bodhisattva of the *Dharmakaya* is wholly transcendental and beyond such a typology.)

The Moral Nature of the Different Groups

When evaluating their moral nature, each of the types of significant group have certain specific characteristics associated with the nature of the group’s aims and objectives, the power that its significant personalities wield within the group, and the extent to which it sets up barriers or actively encourages personal growth among its members.

Aims and Objectives - It will be apparent that a vast gulf exists between the aims and objectives of the different groups at each end of the hierarchy. The Egoistic-Elite Group has no interest in the concerns of anyone outside its elite, whereas the Spiritual Community, and especially the Bodhisattva

Community, is wholly concerned with the welfare of others. Using Buddhist terminology, it can be expected that the aims and objectives of the Egoistic-Elite Group will be heavily influenced by the *akusala* mental states of:

Greed: maximising group profit (pecuniary or otherwise), selfish-pleasure and power;

Hatred: minimising the influence of all that gets in the way of the group's profit, pleasure and power;

Delusion: the belief that such goals are conducive to the long-run well-being of the group's members.

The aims and objectives of the Spiritual Community, on the other hand, will, depending on the spiritual level of its members, be increasingly influenced by *kusala* mental states, such as:

Generosity (*dana*): where the Spiritual Community will be seen as a medium and a means for practising *dana*, and empowering its individual members to grow; and,

Loving-Kindness (*maitri*): where the Spiritual Community is seen as providing an opportunity for its members to develop the quality of *maitri*, and thus to begin to transcend their own limited selfish concerns; with both of these qualities (*dana* and *maitri*) being founded on the development of **Insight:** into the empty and inter-dependent nature of all things.

The Power of the Significant Personality - As the earlier description makes clear, at one extreme (Egoistic-Elite Group) the power of the significant personality (or personalities) is absolute and therefore *their* wishes and needs prevail without question, whereas within the Spiritual Community power and responsibility are shared among its members and common aims pursued. In addition, a distinguishing characteristic of the

Spiritual Community is that *many* rather than *few* significant personalities influence its functioning and direction. Indeed, to the extent that its members have emerged as individuals, they are all significant personalities.

In examining the power structures within the different types of group and the role of the significant personality within it, a useful distinction has been made between two fundamentally different types of approach. Commenting on these Kennedy (1985) says: 'The transition from greed, hatred and delusion to love, generosity and awareness is the transition . . . from what has been called the "power mode" to the "love mode". The person whose ego is immature sees the whole world solely in terms of his [or her] own needs. He tries to dominate and impose himself . . . seeing everything, other people included, as objects of his own gratification.' Those who employ the 'love mode' on the other hand do not exploit or manipulate others but try to relate to them as independent, feeling and thinking selves.

Supporting or Creating Barriers to Growth - Another factor that distinguishes between the different significant groups concerns the extent to which a group creates barriers or actively supports the growth process of its members. For example, how far does it encourage or discourage the taking of new initiatives among its members, and what proportion of its resources does it devote to helping the individual to grow? One important way of differentiating between the different groups concerns the extent to which the conditions exist for new significant personalities to emerge. The Egoistic-Elite Group, of course, has no concern for creating such conditions, whereas, within the Spiritual Community they are (ideally) ever present.

Different Manifestations of the Conventional Group

It is of the nature of most groups that, if they are to survive and thrive, their activities will tend to focus around the application of certain group norms or rules appropriate to the fulfilment of the group's aims and the social and economic conditions in which it finds itself. Almost by definition, therefore, most groups will tend to be of a 'conventional' kind. From the perspective of its influence on individual moral behaviour, however, as just indicated the nature of the Conventional Group can vary greatly from one which is very manipulative and coercive to one where friendliness, generosity and concern for others is openly encouraged. In order to bring these differences into greater focus, I shall now differentiate between three different types of Conventional Group which, as Figure 9.3 shows, mark three points on a continuum.

Coercive Group - Like the Egoistic-Elite Group just described, the Coercive Group is dominated by a powerful elite, but without the same absolute power. The elite of this group must, therefore, resort to other means of getting its own way, in extreme cases through actual physical violence or else by some form of psychological manipulation. Unlike the Egoistic-Elite Group, the Coercive Group is by no means a rare occurrence. For example, it is common among nuclear families to

function as a coercive group with the abuse and violent treatment of one family member by another being commonplace. Likewise, in many work groups a coercive mentality prevails. (An example that springs to mind is the overbearing way that the late Robert Maxwell ran his business empire.)

Contractual Group - At this level the concerns and goals of the elite still dominate but there is a recognition that a degree of formal cooperation, in the sense of a taking-into-account of the concerns of other group members,

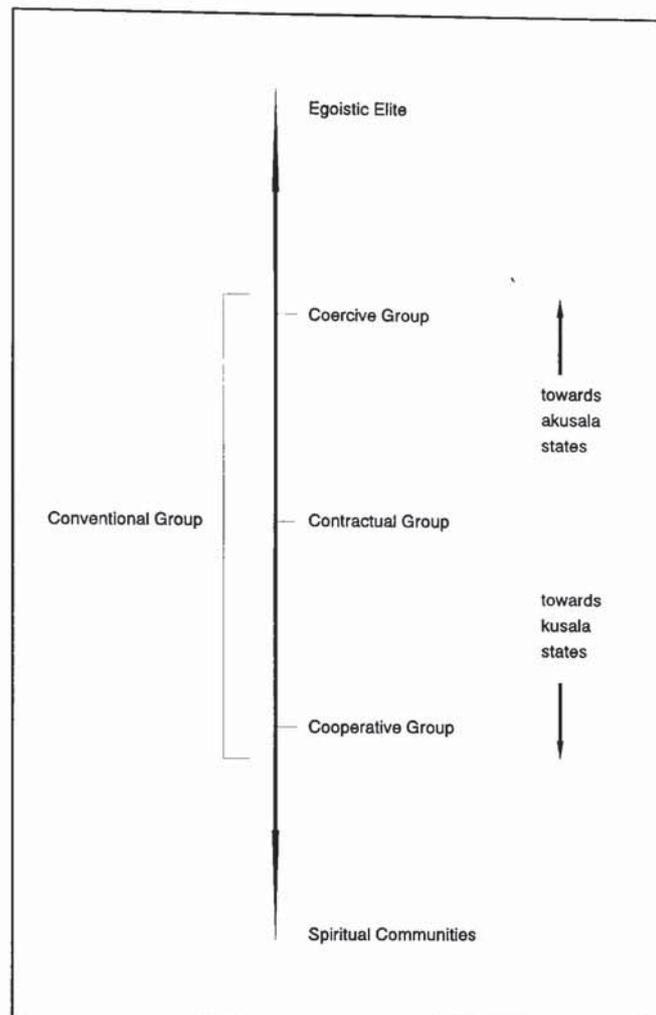


Figure 9.3: Three types of conventional group

may be the best way to serve the purposes of the elite. Here a degree of fair play will be evident, with efforts being made to clarify the expectations that the group has towards its individual members and also the benefits that each member might expect in return. Typically at this level of group morality a legalistic rule-based ethos dominates.

Cooperative Group - Moral and spiritual growth is the primary (but not the only) focus of the Cooperative Group. Within such a group the notion of an elite will largely have broken down with responsibility for decision making being widely dispersed. For, although decisions still tend to be taken by the stronger members, every member is encouraged to participate fully in this process and to develop his or her own voice. The ethos of the

Cooperative Group is one of facilitating the process of individual growth and encouraging all to develop a sense of responsibility and concern for the welfare of each member, whether strong or weak, influential or not.

At this level there are the beginnings of a shared (rather than imposed) world-view with the recognition of common goals.

The Minds of the Three Kinds of Group

As suggested earlier, and indicated in Figure 9.3, these three types of group mark three points on a continuum which extends far beyond the constraints of conventional group morality. As Figure 9.3 also shows, the relationship between groups at different points on that continuum may be understood in terms of the longer term moral quality of a group's mind, that is, of its tendency towards *kusala* or *akusala* states.

It will be clear that the difference between the mind of the Coercive Group and that of the Cooperative Group will be very marked. Adopting slightly different terms, the negative and the positive groups, Kennedy has vividly contrasted the two types. In his *Buddhist Vision* (1985) Kennedy suggests that, whereas the positive group 'encourages healthiness and happiness in its members and is upheld by a higher vision, the negative group holds together only out of the overlapping self-interest of its members and [the] unwholesome [*akusala*] states [that] predominate within it.' Exploring this difference further, Kennedy points out that:

'within either kind of group, relationships are based on need. Each person sees the others primarily as sources of definite advantage to him [or her] self, providing biological fulfilment, practical aid or psychological support. In the positive group, since its members are, at their own level,

happy and contented, these relationships are on the whole friendly and beneficial. The atmosphere of the negative group, on the other hand, is poisoned by suspicion, resentment and exploitation.’ (p195)

The Moral Dynamics of the Conventional Group

The three categories of conventional group that have been described are somewhat simplistic. Especially in complex situations like, say, a large business, one might find examples of all three kinds of group within the same organization. In fact, some individuals may be members of several groups, each maintaining a slightly different moral stance. There is clearly room therefore for the ideas developed here to be expanded further (more of this in Chapter 13). However, even at this level of analysis, it is apparent that, when reviewing the moral dynamics of the Conventional Group, account needs to be taken of three types of moral actor: the group as a whole; its individual members; and its significant personalities. For example, the higher the level of morality that the group supports, the more likely it is that its members will share the same general aims and will, individually, be trying to live a more ethical life. Likewise the quality of communication, facilitated by its significant personalities, is likely to be open, honest and friendly.

SUMMARY

Having developed, in Chapter 8, certain practical advice to the individual on how to be more ethical, this is the first of two chapters which look at how the ideas proposed in that chapter can be applied to business. In this chapter the influence of other people on moral behaviour has been explored, particularly with regard to the relationship between the individual and the group. In the context of a discussion of the morality of different

kinds of significant group, the notion of 'group mind' was then explored and a collective moral hierarchy proposed based on five collective stages equivalent to the stages of the individual hierarchy described in Chapter 7. When evaluating the moral nature of different types of group three specific characteristics were identified as being significant: aims and objectives; the power of the significant personalities within the group; and the level of support created by the group to facilitate and encourage individual growth. Acknowledging that if they are to survive and thrive, most groups will tend to be of a conventional kind, three categories of conventional group were then proposed: coercive, contractual and cooperative. From the analysis of these categories it became clear that, when reviewing the moral dynamics of the conventional group, account needs to be taken of three types of moral actor: the group as a whole, its significant personalities, and its individual members.

Chapter 10

Buddhist Morality Applied to Business

In Chapter 8 some practical advice to the individual wishing to become more ethical was proposed. In Chapter 9 we began the process of seeing how these ideas could be applied to business by looking at the moral nature of different types of groups and identifying three types of moral actor: the company as a whole, its significant personalities, and individual employees. In this chapter, drawing these ideas together, a general theoretical framework is now proposed for more specific operational guidelines on how businesses can become more ethical.

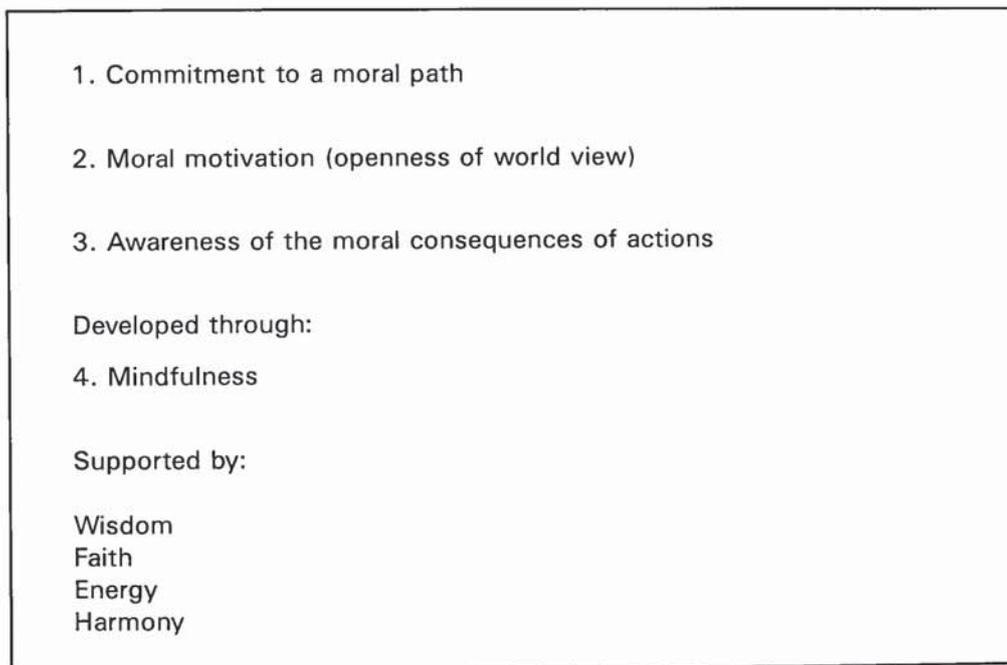


Figure 10.1: Four constituents of Buddhist morality

THE FOUR MORAL CONSTITUENTS APPLIED TO BUSINESS

In Chapter 8 four constituents of Buddhist morality were identified (Figure 10.1). These were to do with the need for: (1) commitment to a moral path; (2) positive moral motivation; and (3) attention to be focused on the moral consequences of one's actions, with each of the first three being developed through (4) the quality of mindfulness, supported by wisdom, faith, energy and harmony. Let us now see how each of these can be related to business.

Commitment to a Moral Path

At the beginning of Chapter 9 the important, and even indispensable, place of commitment within Buddhism to moral growth was emphasized. That is, commitment to the Three Jewels, the three central ideals of Buddhism. Recalling some of the words of that chapter, it was stated that 'without the development and constant reaffirmation of such commitment, Buddhist morality has no practical meaning.' Clearly therefore any model which seeks to monitor and evaluate business morality from a Buddhist perspective has to give commitment a central place.

In trying to apply Buddhist principles to a non-Buddhist situation, using terms like the 'Three Jewels' and 'Enlightenment' may be confusing and even off-putting. It does not take much stretching of the imagination, however, to see how the Three Jewels of Buddhism can be couched in a more secular way (as in Figure 10.2).

Defining the Three Jewels in secular terms, one might say that, the person concerned with moral growth would have to be committed to, and satisfy, three necessary and abiding conditions. They are necessary

The Necessary and Abiding Conditions for Moral Growth

1. That a person acknowledges, both in him/herself and in others, the possibility of 'something morally higher' - an acknowledgement that initially might be quite vague but is nevertheless genuinely felt. (This, of course, relates to the Buddha Jewel.)
2. That a person believes that it is possible for any human being, through his/her own efforts, to move towards this higher moral state and that he/she is prepared to make the necessary effort to realise this state. (This is the Dharma Jewel.)
3. That a person recognises that he/she cannot 'go it alone' but needs the guidance, example and, most significantly, friendship of others in order to grow morally. (This is the Sangha Jewel.)

Figure 10.2: Conditions for moral growth

in that they all need to be present, and abiding in that they continually need to be reaffirmed and reinforced.

Without further interpretation, it can be seen that these three conditions can be easily applied to everyone, Buddhist or not, who aspires to be more moral. The first condition asks one to accept that there is a potential within all human beings for moral growth; the second points out that this potential is within an individual's own grasp; and condition three stresses the social dimension, that personal effort can only take one so far and that, owing to one's own limitations, help and friendship are needed from others.

The significance of such help and friendship in the whole process of moral development cannot be overstressed. Friendship is important in a number of ways. A good friend can help one through the example he or she provides, and by offering, where appropriate, moral guidance and emotional support. In addition, a good friend enables one to take to heart

the concerns of another human being and the opportunity to practise generosity (*dana*), so important, according to Buddhism, to the process of breaking down the delusion of self-view. Then there is the collective effect of moral practice brought about by the knowledge that one's friends, like oneself, are striving to be more moral.

The importance of moral commitment within a business - Unless a company is overtly and publicly committed to moral progress, any pronouncement it may make on moral issues is likely to be seen as empty rhetoric and (privately at least) not taken very seriously. Where a company is so committed, it is expected that it would be evident at several levels. For example, not only would moral commitment be enshrined in a company's corporate policy, but it would also be evident in the attitudes of its senior management, and identified by its employees as being part of the ethos of the company.

From the earlier discussion of the different types of corporate morality, it will be apparent that this commitment to moral progress will manifest itself in different ways. The Coercive Group may ignore it altogether, or alternatively, as a matter of public relations, cynically make certain corporate policy statements which purport to indicate a positive moral stance. Within the Contractual Group there may be a genuine desire to promote positive moral attitudes, and this may be evident in the way it formulates its policy (often involving a code of conduct) and in the example provided by the company's senior management. Owing to the way such a company is structured, however, with its emphasis on formal roles and channels of communication (see below), at a grass roots level employees may not tend to feel part of the moral decision making process. Only within the Cooperative Group will commitment to moral growth at all levels be found.

Assessing Moral Motivation

Having established the degree to which there is commitment to moral progress within a company, the next thing to do is to try to understand something of what motivates this commitment.

In Chapter 9 an Openness of World-view Model was proposed as a way of helping to explain the relationship between the different stages of the individual moral hierarchy. A similar model will now be applied to business. In the original, three different aspects of openness were identified. In order to apply these to business, the first of these categories, Size and Complexity of World-view, has been split into two: Corporate Goals and Mission (Size), and Management Style and Structure (Complexity). Communication and Imagination/Receptivity remain unchanged. In addition, to take into account the collective aspects of corporate motivation, a further quality has been added: Support (or Barriers) to Individual Growth (reflecting the potential within a company for all of its employees to participate in the moral growth process).

The following shows how these five qualities of openness can be related to the three types of corporate morality.

Corporate Mission and Goals (Size of Worldview) -

Coercive: limited to a simple profit/survival formula such as return on investment with goals being imposed from above;

Contractual: profit/survival formula still prevails but modified by stakeholder pressure (legislation, employee power, etc.), normally through formal negotiation;

Cooperative: moral issues are an integral part of policy, with concern being expressed that many people should profit by the company's activities. Goals are collectively agreed, rather than imposed, with a wide acceptance of employee and external stakeholder interests.

Management style and structure -

Coercive: a highly authoritarian management style based on tightly defined boundaries and no conception of stakeholder interest other than economic. In this type of company a rigid and inflexible hierarchical structure is normally adopted with one, or a small number, of significant personalities having absolute control over policy;

Contractual: a legalistic rule-based type of structure is normally adopted in such a company, where specialists who are expert in particular functional areas, such as finance and marketing, are given positions of influence. Formal position is everything in this type of company, with emphasis being placed on roles and professional status. The power structure, although formal, does allow for a matrix of significant relationships - particularly between line management and subject specialist;

Cooperative: a decentralized type of organizational structure is often adopted by this type of company, made up of several semi-autonomous units, each responsible for different aspects of the company's business, but all focussing on the fulfilment of collectively agreed goals. (A decentralized approach is necessary if good quality two-way communication is to be maintained as all levels of the company - see below). In such a company merit and experience is valued above formal position, and individual initiative and responsibility is positively encouraged, as is stakeholder influence.

Quality of communication -

Coercive: one way, top-down communication typified by the statement, 'Please do this, with no questions asked';

Contractual: formal channels with two-way communication encouraged between specialists and line management. But at grass roots level, only one way, or very limited two-way communication is allowed. (For example, suggestion boxes, works safety committees and trade union representation);

Cooperative: extensive, two-way communication encouraged at all levels, informed by collectively agreed corporate mission and goals. Limits are only placed on a company's openness to ideas and suggestions where an employee has a demonstrable lack of appropriate experience or local knowledge to comment intelligently - and only then, after clearly explaining this to the employee concerned.

Corporate imagination/receptivity -

Coercive: no room for imaginative input from below (or from external stakeholders), or receptivity to new ideas from above;

Contractual: imaginative input coming from subject specialists and senior line management only (marketing, R&D, design), and from certain major stakeholders such as large customers and the City;

Cooperative: imaginative input genuinely and widely encouraged from all directions.

Support (or barriers) to individual growth -

Coercive: no support at all;

Contractual: support for specialists and line managers to learn skills which will enhance their work effectiveness, but no particular support at grass roots level;

Cooperative: focus on individual growth for its own sake, perhaps with the knowledge that work effectiveness and general morale is likely to improve, and also that anyone who grows beyond the company is, probably, better off outside of it.

Moral Motivation and Organization Theory

It will be apparent to those familiar with the literature of organizational behaviour that there is a degree of overlap between the ideas developed here, particularly those associated with organizational structure, and the contingency approach to organizational development. This approach, which began to gain credence in the early 1960s, can be contrasted with the earlier 'classical' and 'human relations' approaches which held that it was possible to identify a universal, one-best-way of structuring organizations. It was the research work of Burns & Stalker (1961) in particular who, by identifying several important variables which needed to be considered when developing organization structures, established the basis for this approach.

In their discussion of the contingency approach, Buchanan & Huczynski (1985) suggest that the task of those charged with designing organizations is one of 'trying to achieve some acceptable degree of "fit" between the tasks, people and the environment. This "fit" will depend on (will be *contingent* upon) the prevailing circumstances.' As to identifying the

factors that should be taken into account when evaluating such prevailing circumstances, the task can be very complex. This is apparent from Jackson & Morgan's (1978) review of twenty published studies of organizations and their findings that there is a 'general lack of agreement among management theorists as to what should be included in an operational definition of organizational structure.' In all they identify sixteen separate dimensions of structure mentioned in the literature, including (in no particular order): span of control, level of formalization and standardization, degree of management autonomy, and level of occupational specialization.

More recently, given this divergence of views, management theorists, such as Charles Handy (1976), have begun to relate structure to the four types of organizational culture originally proposed by Roger Harrison (1972), namely: 'power', 'role', 'task' and 'people' cultures.

Power culture: The focus of this type of culture is a central power source founded either on a single individual or a small, closely knit group. In such a culture there are 'few rules or specified procedures, and control is exercised by appointing key individuals' (Buchanan & Huczynski 1985). In the literature the structure of the power culture is typically represented by a web with the dominant individual or small power group in the centre.

Role culture: As with the power culture, power here is in the hands of a few individuals. The main difference between the two is in the way this power is exercised in the control of the company. Within the power culture (being typically small) such control is communicated directly between superior and subordinate, whereas within the normally much larger role culture recourse to bureaucratic mechanisms such as rules and formal hierarchy is necessary. The structure of this type of culture is sometimes represented by the 'Greek temple' (for example, Handy 1976) with the

senior management team at the top being the 'pediment' which lays down rules and procedures for the 'pillars' to follow.

Task culture: In recognition that the successful functioning of an organization is contingent on creating the right 'fit' between several factors, a task culture has been adopted by many organizations, which focusses on the successful fulfilment of a particular task or project. The structural form often associated with this culture is the matrix organization, although there are other variants such as the project organization (see, for example, Morgan 1989).

Person culture: This type of culture is, as Handy (1976) confirms, an unusual one, and any structure, if one exists at all, is only there to serve and assist the individuals within it. According to Handy the person culture differentiates itself from the other three in one significant respect, in that it exists 'only for the people within it without any super-ordinate objective'. Graphically the minimalist structure of the person culture is represented by the cluster or galaxy of individual stars.

Developing a positive moral culture: Using Harrison's categories as a basis, it is now possible to identify certain links between the four types of culture and what has been said earlier on structure and morality. It should be noted that the four categories have been presented here in an order which partially parallels the collective moral hierarchy (Buchanan & Huczynski (1985), for example, use a different ordering).

From a Buddhist point of view a structure which focusses solely on the power of one or a small number of individuals to the exclusion of all others (as in the power and role cultures) is clearly morally inferior to cultures where individual autonomy and influence have wider sway. Although it does not follow that the task or person cultures are necessarily morally superior, they do at least move in the direction of allowing greater

individual autonomy and therefore, in principle, greater moral responsibility.

It is noteworthy that, although in the preceding analysis structure has been examined from the point of view of moral motivation and openness of world-view, whereas in mainstream management theory it is typically viewed from the perspective of control and influence, the types of organization identified are markedly similar. Power culture, for example, can be directly related to the coercive group defined in Chapter 9. Likewise role culture, with its dependence on the communication of power through rules and procedures, can generally be related to the contractual type of group, although sometimes such a culture will tend much more towards a coercive group. Relating the task and person cultures to the three categories of conventional moral group is a little more problematic, as both have a potential for being either contractual or cooperative, depending on the background conditions which bring the group together.

The Moral Consequences of Corporate Actions

For an individual Buddhist a measure of moral consequences can be obtained by relating the consequences of an action (or potential consequences of planned actions) to a set of moral precepts which traditionally are seen as reflecting the way an Enlightened person would act - two related sets of precepts were described in Chapter 8. As that chapter made clear, given that these precepts provide a particular working-out of that most fundamental of all Buddhist (not to say humanistic) injunctions 'not to cause harm of any sort', I would argue that, as they stand, they provide a useful and acceptable benchmark for evaluating actions within a business. This would be particularly so if attention is focussed not just on the negative (doing harm) aspects of corporate behaviour but also on its positive (doing good) aspects. A company concerned with strengthening its

morality might ask, for example, not only whether, say, a particular product group causes any harm to its customers or to the environment, but also, whether it positively contributes to their well-being. Such a company might also question the quality of its communication with its customers, suppliers and other stakeholders, and whether its activities in general are conducive to peace and harmony in the world.

But again, mirroring the individual case, it should be stressed that when evaluating business behaviour the moral consequences of actions should not be seen as important per se, but only insofar as mindfulness of them serves to influence (for the better) corporate moral motivation and future actions.

Mindfulness of Corporate Behaviour

This recognition of the need for mindfulness of the consequences of corporate actions leads on to a more general discussion of the role of this fourth dimension of Buddhist morality. For mindfulness is important to the establishment of each of the first three: corporate commitment, moral motivation, and moral consequences. When evaluating the level of corporate mindfulness according to the Buddhist model, two things must be established: (1) To what extent is the company, and the people who work for it, mindful of the good or harmful moral aspects of their activities? and (2) To what extent is action being taken to encourage such mindfulness (through the Four Supports of Mindfulness)?

Measuring Corporate Mindfulness - Establishing an answer to the first of these questions can be very complex as there are many possible moral actors within a company (potentially each and every employee) and also many potential recipients of corporate action. But a company which aspires to a cooperative type of morality needs to come to terms with this complexity. It cannot, for example, rest content in the knowledge that all

of its managers are making strenuous efforts to develop mindfulness when the rest of their employees are not. Likewise, it is not sufficient for such a company to limit its concern to those recipients of corporate action which are most closely associated with its business (and which incidentally provide the economic wherewithal for business success), such as its customers and employees. Account also must be taken of the consequences of actions experienced by more distant stakeholders such as the local community, society-at-large and the global environment.

Encouraging the development of mindfulness - Acknowledging that developing and monitoring mindfulness is a difficult thing to do, a useful measure of a company's attitudes to mindfulness may be established by looking for evidence of the development of the Four Supports of Mindfulness. Looking at each of these in turn one might, for example, be interested in the level of effort and resources being directed towards the creation of:

(1) Wisdom: Unless an individual employee is able to differentiate between right and wrong the morality of his or her actions will be, largely, a matter of chance and previous conditioning. Within a business that aspires to be more moral this is not satisfactory and definite action is needed to change this. Acknowledging that the mental capacity of employees can vary a lot, a company can aid the cognitive moral process in several ways. It can provide advice and guidance on moral matters (through codes of conduct, management example, etc.) for those who are not yet equipped to decide for themselves. It can also create the conditions which will encourage members of the company to develop their moral reasoning skills.

(2) Faith: The need to create a supportive moral ethos, mentioned above, leads on to the second support of mindfulness. For, not only does an employee need to develop the ability to differentiate between right and

wrong, he or she also needs to develop faith in his or her ability to make such decisions and, in addition, be given the necessary encouragement and inspiration to participate in the process. It is a brave employee who goes against the moral grain of the company who pays his or her wages and who speaks out (or blows the whistle) against their activities. In general, what is needed is for individual employees (to use the idiom of personal counselling) to be given 'permission' to participate in the moral decision making process.

(3) Energy: Being able to differentiate between right and wrong, and having the necessary faith in one's ability to participate is not enough. Energy, and sufficient priority, needs to be applied to the moral decision making process, and to developing the skills needed for an individual employee to act in an appropriate manner. In traditional Buddhist terms this involves a person trying to develop the Four Right Efforts through: (1) Prevention of the arising of unskillful thoughts (and consequent unskillful actions); (2) Eradication of the arisen unskillful thoughts; (3) Effort to develop unarisen good thoughts (with their consequent actions); and (4) Maintaining good thoughts (and actions) that have already arisen.

As it happens, many of the skills that are normally regarded as necessary to the economic success of a business are also helpful in maintaining its moral welfare, so there need not be a conflict of interest. For example, providing training in subjects like management and decision making will not only make a person better equipped to make good business decisions, but also help him or her to gauge better the moral rightness of particular decisions and actions. Likewise, encouraging employees to improve the quality of their communication and to develop various other human skills, such as assertiveness, time management and stress management, will all contribute to a person's ability to work successfully under pressure and at the same time make appropriate business and moral decisions.

(4) Harmony: At one level, the first three supports on their own adequately describe the conditions necessary to support the development of mindfulness. However, at another level, something more fundamental is required, and it is here that the fourth support comes into play. In fact a degree of internal corporate harmony is implicit in the process just described. For it is harmony which provides the necessary supportive context within which day to day moral problems are resolved and acted out. Creating such internal harmony is, therefore, very important, as without a fairly high degree of harmony a business cannot hope to make very much moral progress.

But, of course, in any company a certain amount of conflict is inevitable, and even sometimes desirable. Creative ideas and new directions are often the result of conflict. As it can also cause damage, however, one of the principal responsibilities of management is to contain and channel it, and to restore harmony. From a moral point of view the way this is done will vary depending on the type of morality supported by a company. A company that supports a coercive morality, for example, will be concerned to generate what might be described as a pseudo-harmony where, although different individuals may claim to think alike, in truth, any apparent harmony is only superficial, if not downright false. A company supporting a contractual type of morality may experience a degree of harmony, arrived at through formal negotiation and the like, which makes conscious and public the values by which the business is being run. Those who work for the company are then able to identify with these values, or at least (often privately) agree to differ with them. A company supporting a cooperative morality will seek, at all times, to develop and maintain harmony, based on an open acknowledgement of differences, and a sincere desire to resolve them without any coercion.

	Company as a whole	Senior Management	All Employees
Moral commitment	Enshrined in corporate policy?	Commitment to own moral growth? Commitment to supporting growth of all employees?	Commitment to own moral growth?
Moral motivation	<u>Level of Openness</u> -mission/goals -management style and structure -quality of communication -imagination/receptivity -support (or barriers) to individual growth	Level of mindfulness of moral issues when making key strategic, structural and resource allocation decisions	Level of responsibility taken by individual employees for the way the company works, its direction and structure
Moral consequences of actions	Evidence of skilful or unskilful action (helping or harming) on the part of any moral actor directed towards the main recipients of corporate action - the key stakeholders		
Mindfulness of moral issues	Evidence of activities which encourage the development of Four Supports of Mindfulness		

Figure 10.3: A theoretical framework for business morality

A Theoretical Framework for Business Morality

So far in this chapter it has been shown how, in a general way, the four constituents of Buddhist morality apply to business. Taking this a stage further, they can be used to form a theoretical framework.

This framework (illustrated in Figure 10.3) incorporates the four moral constituents on one axis, with the three categories of corporate moral actor on the other, and can be used to provide the basis for developing specific operational guidelines on how a company can become more ethical. For example, the framework makes clear that, where a company has such moral aspirations, commitment to moral growth must be manifested throughout the company, ideally, among all employees, and not just at the level of corporate policy and senior management. To start with, the framework has been deliberately kept fairly simple so that its general validity can be tested, before more complexity is introduced. Initially, only one type of significant personality, senior management, has been included, at a later stage other significant personalities may be added.

Acknowledging the imperative of providing practical guidelines, having proposed such a framework, the next stage was to try it out in practice and see whether it would be helpful to a business that desires to be more moral. As the next two chapters will show, by using the framework to create a moral audit it was possible to identify the information that was needed to evaluate the morality of a company (its commitment, motivation, etc.), as well as where this information should come from. By analysing the findings of the audit, useful statements could be made on what moral issues the audited company needed to address, and how it might raise its general level of morality.

SUMMARY

In this chapter, drawing on the practical advice to the individual and the analysis of group morality provided in the last two chapters, a general theoretical framework has been developed which can be used to help businesses to become more ethical. First, a general description was given of how the four constituents of Buddhist morality may be applied to

business. For example, it was shown how, when applying the notion of Buddhist commitment to a non-Buddhist business, it is not necessary to use traditional terms such as Enlightenment and the Three Jewels which may be confusing and even off-putting. Without doing any injustice to the Buddhist position, such commitment can be described in secular, and therefore possibly more acceptable, terms, as in the three necessary and abiding conditions shown in Figure 10.2. Following a similar description of how moral motivation, the evaluation of moral consequences and mindfulness apply to business, a general theoretical framework was proposed. This framework, which incorporates the four moral constituents on one axis, with the three categories of moral actor on the other, can be used to provide the basis for developing specific operational guidelines on how a company can become more ethical.

Chapter 11

Developing a Moral Audit

The use of the word 'audit' within business is no longer limited to a describing the official examination of the accounts of a firm. Today, especially in larger companies, it is often used in other contexts. For example, some large firms routinely conduct an 'environmental audit' to identify and monitor the level of environmental damage being done by their activities and to propose corrective action. There is also the 'quality audit'. As both of these types of audit contain a moral element, it seemed natural to call the methodology being proposed in this chapter a 'moral audit'.

The purpose of developing the moral audit was to monitor the ethical attitudes and activities of a company:

(1) to see whether the moral audit, and the theoretical framework on which it is based, was a useful way of helping to evaluate the type of morality that a company tended to support (coercive, contractual or cooperative) and,

(2) to establish whether or not the audit could be useful in providing practical operational guidelines on how a company might improve its moral decision making.

THE RESEARCH METHODOLOGY

When designing the audit an important issue that had to be addressed at an early stage was, 'Who was to be judge of the actions and policies of the company being audited?' Generally, of course, with other types of audit an independent auditor fulfils this task. In the case of the moral audit, however, the situation is different. According to Buddhism, even where other people help one to clarify important issues, the judgement concerning the morality of an action is ultimately one of personal conscience. Within a business also, it is argued, there is a need to develop a inner corporate conscience and not just to depend on some external authority or arbitrary set of rules. When constructing the audit, therefore, it was felt that concern needed to be as much with what the people who worked within the company thought of its behaviour as with the views of an external auditor. The decision was made therefore that as far as possible full account would be taken of the views of all of the employees of the company being audited. This in any event was in accord with the theoretical framework which emphasizes the role of all employees in the corporate moral process.

Choosing the Company to be Audited

As this was a first attempt at developing such a methodology a single company was chosen as the focus of investigation. At some point a comparative study of companies at different moral levels will be needed to test the notion of corporate moral hierarchy and the audit methodology more widely.

Windhorse Trading: The company chosen to be the subject of the pilot audit was Windhorse Trading, a Buddhist company based in Cambridgeshire. Windhorse was an interesting company to use for the audit for a number of reasons. It was financially successful and expanding

very fast, even through times of economic recession, and yet it was still quite small (employing about 55 people at the time of the audit) and so relatively containable as a research subject. It also, seemingly, provided an example of a business which supported a cooperative type of morality.

Choosing an explicitly Buddhist business was important at the prototype stage because, not only were many of the people who worked for it supportive and receptive to what the audit was trying to achieve, but also they were familiar with the type of moral growth language that was being used. Helpful though this familiarity with the language proved to be, as my concluding arguments will stress, in order for the audit to become a useful business tool there is a need to develop more appropriate language. In a secular business, for example, any attempt to enquire into the role of myth as a way of gauging emotional engagement with a company's business activities, would be unlikely to elicit the same informed and consistent response that it did in Windhorse.

Windhorse Trading was started in the late 1970s expressly to create wealth to be used to support the work of the Friends of the Western Buddhist Order (FWBO), a burgeoning new Buddhist movement founded in 1967.

The founders of Windhorse began by running market stalls and fairly quickly moved into wholesale - selling fancy goods from a number of large vans to shops throughout Great Britain. The company's style and approach proved popular and successful, and over the years van sales have continued to provide a significant part of annual turnover (about 25% in 1991/2).

Not long after its formation, as a natural extension of its van sales business, Windhorse started to experiment with importing. The results of this were mixed and sometimes serious buying errors were made, but as

the years have gone on Windhorse has become more and more adept at buying and importing goods - primarily from Third World markets.

Retail selling, by way of its market stalls, had been discontinued by the mid 1980s and the main focus of the company's business was importing, van sales and direct sales to several large retail chains. However, by the beginning of 1990 a new business was underway. In that year the first of what was to become a small chain of retail shops, selling gifts and the like, was opened in Brighton. Since then further shops have appeared under the 'Evolution' name in Cambridge, Norwich (2 shops), London, Ipswich and Birmingham, with others planned.

In addition to these permanent shops, each year several temporary Christmas shops have been opened which have had a significant effect on the business. A comment in the Windhorse Trading's Annual Report gives an idea of the importance of these shops:

'The Christmas shop project has moved from a peripheral to a central part of our overall strategy. It makes money, it clears old stock and it acts as an almost risk-free dry run for teams to find out if they like running a shop, and for us to test sites. Last year [1991] 4 shops were our most successful to date, with profits up 72% on the previous year.'

An idea of the balance between the retail and wholesale business is given in the 1991/2 published accounts. These show that during that period both sides of the business had approximately equal turnover at just over £1 million, but that in terms of growth, retail sales were by far the most successful with an increase of over 100%. The wholesale business during the same period achieved a (still impressive) 36% growth in sales.

Overall, Windhorse seems to be doing very well in business terms. In 1993, for the second year running, it appeared in the *Sunday Independent's* list of the 100 fastest growing private companies. However, this fast

growth has brought problems, particularly in the areas of cash flow and stock control, which no doubt have contributed to the company's low level of net profit on turnover (6% in 1991/2).

All in all, Windhorse proved to be a very interesting company to audit. It was profitable, growing very fast, and yet at the same time had high moral aspirations. To what extent this impressive growth is having an effect on these moral aspirations is an important question on which the audit shed some interesting light.

Designing the Audit Questionnaires

Given the decision to take into account the views of all of a company's employees, my initial preference was to conduct personal interviews with every member of the company being audited, as this seemed the best way to gather the widest possible impression of its morality. On reflection, this approach seemed impractical, at least at the pilot stage, due to the time it would take and the consequent cost and disruption to the audited company, and so information was collected by questionnaire. A further reason for making this decision was that, because I knew personally several of the people working for the company being studied, such a methodology would allow me to retain a degree of distance and objectivity and also avoid the charge of 'leading the witness'.

As one of the objectives of the audit was to measure a respondent's mindfulness of moral issues, however, using a questionnaire methodology did raise certain problems. A too structured approach would have interfered with the audit's ability to measure such mindfulness. To help minimize this problem, two questionnaires were used. The first one being only slightly structured and giving the respondent the fullest opportunity to identify and define the important moral issues for themselves. For

instance, in one pair of questions they were asked, without any specific prompting, to identify their company's main ethical strengths and weaknesses.

The second questionnaire, which was issued only after the first one had been completed, was more structured and asked about the strengths and weaknesses of specific functions within the business, and in the company's relationship with its principal stakeholders. The two questionnaires used in the pilot audit are reproduced in Appendix 4.

Selecting the Questions

The two questionnaires were designed to take into account the theoretical framework of Buddhist morality, with the different dimensions of that framework being used to guide the formulation of the questions that would be asked.

The following lists the questions used (numbers in brackets refer to the questionnaire numbers):

Commitment to Moral Growth - Several questions were asked to establish the level of commitment to moral growth being manifested by Windhorse Trading. Three questions were asked to establish the extent to which such commitment was enshrined in corporate policy, and five questions focussed on the level of individual commitment.

Corporate Policy:

(16) What would you describe as the main corporate objective of your company?

- (17) How do these objectives differ from two years ago?
- (18) How would you like to see these objectives change over time?

Individual commitment:

- (11) Are you an Order member, a mitra, or a friend?
- (12) How often do you attend your local Buddhist centre?
- (13) What type of household do you live in?
- (14) How often do you meditate and, on average, for how long?
- (15) What Buddhist retreats have you attended in the last six months?

Corporate Moral Motivation - In the theoretical framework moral motivation is expressed in terms of openness of corporate world-view with five dimensions of openness being identified. Questions were asked on each of these.

Corporate Mission/Goals: covered by analysing the answers to the questions on corporate commitment listed above and also,

- (40) In what ways does your company encourage a Culture of Generosity (*dana*)?
- (41) Where could improvements be made in this respect?

Management Style and Structure:

- (43) In what ways is cooperativeness and consensus encouraged, as opposed to competitiveness and confrontation?
- (48) To what extent are you able and encouraged to participate in decision making within your company?
- (49) What changes, if any, would you like to see in the way the company is managed?

Communication:

(44) To what extent do you feel empowered to express your views about how the business is run and, if necessary, speak out if you disagree with any decisions?

Corporate Imagination/Receptivity:

(42) To what extent is the management of your company open to the views of others (both inside and outside the company) and willing to change the way the business is run?

Support (or Barriers) to Individual Growth:

(52) How far and in what ways does the company encourage you to undertake new projects or responsibilities which stretch you and help you to develop as an individual?

(31) Which people (if any) working in, or associated with, your company inspire you to greater ethical/spiritual practice?

(53) In what ways does your work at Windhorse help or hinder your development as an autonomous, ethical individual?

Moral Consequences of Corporate Actions - The questions in the audit directed at understanding this area were asked at two levels. First of all, at a general level (in the first questionnaire):

(19) What would you describe as the main ethical strengths of your company?

(20) What would you describe as the main ethical weaknesses of your company?

(21) Where, to your knowledge, is action being taken to add to the company's ethical strengths?

(22) Where, to your knowledge, is action being taken to minimize the company's ethical weaknesses?

(23) Where would you like to see further action on these strengths and weaknesses being taken?

Then, in the second questionnaire, the same sort of questions were asked, but this time with specific prompting. In this questionnaire the respondents were asked to comment on their company's ethical strengths, weaknesses, and the changes they would like to see, in all of the following areas:

Internal:

- (54) Senior Management
- (55) Product Choice
- (56) Product Pricing
- (57) Advertising/Other Promotion
- (58) Wholesale Van Sales
- (59) Wholesale Non-Van Sales
- (60) Retail Shop Management
- (61) Financial Administration
- (62) Warehouse Administration
- (63) General Administration

External Relationships with:

- (64) Customers
- (65) Suppliers
- (66) Business/Economic Community
- (67) Local Community
- (68) Society-at-Large
- (69) Global Environment

Evidence of Actions to Support Mindfulness - The level of participation and quality of employee response to the audit questionnaire would provide an indication of the level of mindfulness of moral issues within a business (in Windhorse Trading's case over 80 per cent of employees participated). In addition, a number of questions were asked in the audit to look specifically at the extent to which the Four Supports of Mindfulness were being encouraged.

Wisdom: Two questions explored the attitudes within the company to ethics training, and one to attitudes to study in general. Two further questions looked at the mechanisms for ethical decision making and the codes of conduct adopted by the company:

(25) What training have you received in ethics or related fields?

(26) Do you see any relevance for such training in the future?

(27) To what extent is study (Buddhist or otherwise) encouraged within your company?

(33) What mechanisms are there within your company for recognizing and taking into account potential ethical problems in management decision making?

(34) What ethical standards or codes of conduct are followed within your company?

Faith: Five questions were asked which were intended to gauge the level of faith and emotional engagement that employees had in their company which might strengthen their participation in the moral decision making process:

(24) How far can/do you look to other members of Windhorse for guidance and example on ethical and spiritual matters?

(28) To what extent are you able to engage emotionally with your work and see it as part of your personal spiritual/ethical practice?

(29) Can you identify with any personal or collective myth or ideal which contributes to your level of emotional engagement with your company?

(30) Which events, or people, from the past influence your evaluation of your company as an ethical company?

(32) To what extent and in what ways does ritual play a part in your everyday working life?

Energy: Three questions were concerned with establishing the amount of energy and effort being directed towards providing employees with the necessary skills to do their work both effectively and ethically:

(35) What training has your company given you in management and decision-making skills?

(36) What vocational or work-related training have you received?

(37) What training have you received in communication and other 'human' skills, such as assertiveness, stress management and Neuro-Linguistic Programming?

Harmony: Several general questions were asked to establish the demographic makeup of the company's employees as it was anticipated that these would have a bearing on harmony:

(1) Gender?

(2) Age?

(3) Location?

(4) Duties and responsibilities?

(5) Educational qualifications?

(6) Business experience?

(7) Financial support?

(8) Years with present company?

(9) How long do you expect to stay with present company?

(10) Years involved with FWBO?

In addition, five specific harmony issues were addressed:

Profit Distribution:

(45) How is the company's profit distributed?

(46) Are there any changes that you would like to see made to this distribution?

Individual Support:

(47) What changes, if any, would you like to see made to the way individuals are supported financially?

Creative Space:

(38) What 'space', individual or collective, do you have in your daily working life for introspection and reflection?

(39) What changes, if any, would you like to see made in this area?

A Sense of Belonging:

(50) Do you feel a cared for and valued member of your company?

Spiritual Friendship:

(51) What influence does spiritual friendship have on the way you work?

Developing a Quantitative Measure of Morality - For the audit methodology to become widely applicable to business in general, it was felt that, eventually, it would be helpful if certain quantitative measures could be developed for evaluating business morality. A first attempt at developing such measures was incorporated into the audit.

In the second questionnaire, in addition to asking for a verbal opinions, the respondents were asked to score three statements (associated with each of the questions 54-69) on a scale of 1-7 (with 1 = very unethical, 4 = neutral, 7 = very ethical and x = don't know). These statements were based on the three categories of moral action (body, speech and mind) and were a reflection of the Five (and Ten) Precepts described in Chapter 9.

The statements were:

(1) The Practice of Kindness and Generosity

To what extent are kindness and generosity practised in your company and in what ways are these qualities lacking?

(2) The Quality of Communication

To what extent is truthful, helpful and kindly communication (both written and verbal) practised in your company and in what ways are these qualities lacking?

(3) Creating a Peaceful and Harmonious World

To what extent do activities within your company conduce to the creation of stillness, simplicity and contentment (either within the company or among third parties) and to what extent do they conduce to their opposite (anxiety, complexity, acquisitiveness and discontent)?

SUMMARY

In designing the audit an important issue that had to be decided at an early stage was 'Who was to be the judge of the actions and policies of the

company being audited?’ As, according to Buddhism, a judgement concerning the morality of an action is ultimately one of personal choice, it was decided that full account should be taken of the views of all of the employees of the company being audited. As this was a first attempt at developing such an audit, a single company was chosen for investigation - later, comparative studies would be needed to test the methodology and its associated theory more widely. Windhorse Trading was chosen as the subject of the pilot audit because it was an example of a company which was both financially successful and, seemingly, supportive of a cooperative type of morality. Furthermore, as an explicitly Buddhist business, its employees were receptive to what the audit was trying to achieve and familiar with the type of moral growth language that was being used.

By preference the pilot audit would have been conducted through personal interviews with every member of Windhorse. As this proved to be impractical, information was collected by questionnaire. As one of the objectives of the audit was to measure a respondent’s mindfulness of moral issues, however, using a questionnaire methodology did raise certain problems. A too structured approach would have interfered with the audit’s ability to measure such mindfulness and therefore two questionnaires, administered consecutively, were used to minimize this problem. These questionnaires were designed taking into account the theoretical framework with the different dimensions of it being used to guide the formulation of the questions to be asked.

Chapter 12

Conducting the Pilot Moral Audit

When approached, Windhorse Trading's directors cautiously agreed to their company being studied. On the one hand they were clearly supportive of what the study was trying to achieve, on the other, owing to the ongoing pressures brought about by their continued fast growth, they could ill afford the possible disruption that might be generated. I therefore tried to administer the audit in a way that caused the minimum inconvenience and disruption.

ADMINISTERING THE AUDIT

In most cases I delivered the questionnaires to site and was available should anyone wish to clarify any of the terminology being used. In fact, only two people did so. In all 45 out of a possible 55 people (82%) completed the first questionnaire, and 33 people (60%) the second, which gives some idea of positive support the study received.

Contrary to the received wisdom, the two questionnaires were very long. The first one often taking an hour or more to complete. Clearly a risk was being taken that, because of their length, people would not give them sufficient and serious enough attention. As it happens, almost everyone responded well, although some, having seen how long the first questionnaire took to answer, were unable or unwilling to spend the time necessary to fill in the second one. A couple of people expressed their concern (even irritation!) at the open-ended nature of some of the questions. As one person put it, an answer to the question on whether their

work at Windhorse helped or hindered their own development requires 'a major thesis on Right Livelihood'.

But even these criticisms were kindly and constructively given. Many people, particularly on the retail side, expressed their appreciation of the study. Most of these were verbal comments and go unrecorded. However, one quote which was written on one of the questionnaires by a shop worker will give an impression of the generally supportive and positive response that the study received:

'I have enjoyed filling this in [and] hope that we will all get to hear about the results of this questionnaire soon and maybe it can spark off some action.'

THE RESULTS OF THE PILOT AUDIT

It was hoped that by conducting a pilot audit of Windhorse Trading's activities it would be possible to provide the answers to two general questions:

- (1) Does the audit methodology provide a meaningful way of evaluating the morality of Windhorse Trading and do its findings, as anticipated, confirm the view that Windhorse broadly supports a cooperative morality?
- (2) What specific pointers to possible future actions could the audit provide to help Windhorse improve its ethical decision making, and to maintain and raise its level of morality?

The Morality of Windhorse Trading

The answer to the first of these questions is, generally, yes. The audit did provide a meaningful way of evaluating the morality of Windhorse Trading which does, for the most part, exhibit characteristics akin to those of a company supporting a cooperative morality - but with certain provisos.

The audit found evidence of such support in all four moral constituents of the framework: moral commitment, moral motivation, moral consequences, and mindfulness, and at all three levels: within the company as a whole, among its senior management, and among all of its employees.

As the detailed findings (described below) show, the level of commitment to moral growth exhibited by almost everyone working for Windhorse is very high. This is so, not only in terms of the formal expression of such commitment, but in the way it is lived out in their lives.

In general, the motivation behind this high level of commitment (in terms of the factors of openness) is strong. For example, the level of concern for others manifested in all parts of the company is high, as is the general quality of communication. At a senior management level it is apparent that there is a clear and strong commitment to the spiritual well-being of all who work for the company and that this is reflected in the high regard in which the senior managers are held. This is so particularly in the case of Vajraketu, their Managing Director.

The good relationships that are evident inside Windhorse are also, to some extent, reflected in its relationships with outsiders. Contact with customers, for example, tends to be marked by both honesty and friendliness. It is in the area of corporate policy, however, where Windhorse Trading's positive attitude to the outside world is most

apparent. An attitude supported by almost everyone employed in the business.

This is confirmed, as the detailed findings of the audit show, by the wholly altruistic nature of Windhorse Trading's corporate mission: their main objectives are: (1) to make money to give away; (2) to help individual employees grow psychologically and spiritually; (3) to help the business be successful so that it can achieve the other objectives more effectively; and (4) to be a positive influence on the wider world.

Pointers to Future Action

As well as being generally affirming of the level of cooperative morality that Windhorse Trading tends to support, the audit also highlighted certain changes that could be made.

An analysis of employee's responses, for example, showed that at a day to day level attention needed to be directed towards putting more care and effort into the selection of ethical suppliers, and also, to better financial management - in particular, paying supplier invoices more quickly. More significant in terms of moral progress, however, were issues associated with corporate harmony. As the audit showed, there is a high degree of harmony among those within Windhorse, but if this is to be maintained, then certain changes must be made.

As I suggest in some detail at the conclusion of this chapter, if Windhorse Trading is to continue to be successful in business and yet maintain its high moral aspirations, then a definite change of emphasis is required. Senior personnel need to be less preoccupied with dealing with the practical consequences of growth (buying better products, finding sites for new shops, etc.) and more concerned with creating the necessary infrastructure

to support this growth. In a way this is no different to the problems faced by the management of any company that is growing very fast, but in the case of Windhorse, they also have to consider the moral dimension.

The audit highlighted some of the areas that urgently need to receive attention - more training of existing employees, for example, and more delegation. Perhaps the greatest problem that Windhorse faces, however, is that of attracting additional committed personnel. According to the audit some 46 per cent of those currently working for the company will probably leave over the next two years, which by any standard is extraordinarily high. This represents a major problem for Windhorse who have the dual problem of replacing these people and finding new personnel to cover anticipated growth. This will mean that, assuming that the statistics given below are correct, if Windhorse is to continue to grow at the current rate, they will be forced to employ less committed, and even uncommitted, people which, of course, will have moral implications.

Up until now great reliance has been placed on those who are familiar and committed to the moral teachings of Buddhism. Such people also, for the most part, have the benefit of a 'total Buddhist lifestyle' which helps to reinforce this level of commitment. By employing people not so committed, action must be taken to provide the right conditions to develop and support the moral attitudes that Windhorse wishes to encourage.

SOME OF THE DETAILED FINDINGS

Commitment to Moral Growth within Windhorse

In order to establish the extent to which Windhorse Trading, its senior management and its employees in general were committed to moral growth, evidence was sought within the audit in three areas:

Corporate Commitment - Even before the audit commenced, insight into Windhorse Trading's high level of commitment to moral growth was found in its annual report. As the theoretical framework proposed in Chapter 11 indicates, enshrined within the policy statements of a company that supports a cooperative morality one might expect to find not only a commitment to a higher morality, but also an explicit acknowledgement of the hope of making moral progress in the future. And this is certainly the case with Windhorse Trading. In its Annual Report for 1991/2 there are many references to such a commitment both in the present and for the future. Over half of this report is devoted to moral issues, with details given of the company's policy with respect to the distribution of gifts (*dana*) to various charitable projects; of its concern for the spiritual development of those who work in the business; of its efforts to promote the principles of Right Livelihood more widely; and of its concern for developing more fair trade.

As the findings of the audit showed, the degree to which individual employees agreed that moral issues were an important part of corporate policy was very high (questions 16-18). In general the respondents identified four main categories of objective (which partly mirror those presented in the Annual Report), each of which has a strong altruistic element, viz:

(1) Making money to give away: to help various FWBO *dana* projects, such as the health and education activities in India, and the support of Sangharakshita

(2) Helping individuals to grow: both psychologically and spiritually, principally by providing an opportunity for Buddhists to work together, within the context of Right Livelihood, and to develop qualities such as cooperation, good communication and spiritual friendship.

(3) Helping the business develop: into a financially successful, ethical business, through expansion into new shops and the like, in order to achieve the other objectives more effectively.

(4) Influencing the wider world: through things like fair trade, selling ethical products, and providing an example to the business world that a successful ethical alternative is possible.

Figure 12.1 shows the spread of responses over the four categories by department.

Individual Commitment to Moral Growth - Within a company that supports a cooperative morality, as well as being expressly committed to this through corporate policy, it is expected that both its senior management and all or most of its employees would exhibit a high degree of commitment to moral growth in their own lives. Within Windhorse, as the audit showed, this was the case to a surprisingly high degree. It did not just seem to be a matter of the management team from on high encouraging its employees to be more moral. Almost all of the employees, whether members of the management team or not, exhibited such a commitment.

Of the 45 people who responded to the questionnaire (q11), 44 (97%) had made a formal commitment to the Buddhist Path which, as we have already learnt, has as its foundation a strong concern for skilful moral behaviour. Of these 44 people, 20 (44%) were members of the Western Buddhist Order, and the other 24 (53.3%) were Mitras; that is, people who had expressly made a public commitment to the Order and to Buddhist spiritual practice.

Moral growth as part of a 'total lifestyle' - As the audit showed, there was very strong evidence that this commitment to moral growth within Windhorse went much further than just making a formal commitment. Most

Department	Category			
	1	2	3	4
Management Team (6)	6	6	1	6
Admin & Warehouse (12)	9	7	3	7
Van Sales (4)	4	4	-	4
Evolution Shops (23)	20	18	7	17
Total Mentions	39	35	11	34
% of Total	87	78	24	76

Figure 12.1: Categories of objective identified by individual employees

of the people working for Windhorse exhibited a wholehearted concern for acting out this commitment in all departments of their lives. For them, moral growth seemed to be a central part of their total lifestyle. As confirmation of this, the survey established (q12-15) that 25 people (56%) lived in a Buddhist community which had in it at least one Windhorse Order Member, and 29 people (64%) attended a Buddhist centre one or more times each week. In addition, 38 people (84%) had been on a Buddhist retreat (of 2 weeks or more) over the previous six months.

With regard to meditation (perhaps the central Buddhist practice) the survey provided some impressive statistics. In all 93% of the sample confirmed that they meditated at least once per day, with 35 people (78%) meditating for over 40 minutes.

Commitment of Senior Management - Among the senior management team specifically the audit provided considerable evidence that they were committed to both making strenuous efforts to strengthen their own moral practice, and to encouraging (through their example and policies) the moral growth of all of the company's employees. Of the six (out of seven) who responded, all but one were members of the Order. All of them lived with other Windhorse employees in a Buddhist community, meditated each day, and had been on two or more weeks retreat over the previous six months. And four out of the six attended their local Buddhist centre at least once a week.

Corporate Motivation - Openness of World-view

With the clear evidence provided by the audit that Windhorse Trading, and the people that work for it, were very committed to moral growth, the next stage was to review their moral motivation. Here concern was for establishing whether or not such a high level of stated commitment actually manifested itself in the attitudes prevalent in the company, and the way the company and its employees perceived the world - that is, their world-view. The general commitment to a 'total lifestyle', just alluded to, has already given some confirmation of this.

In Chapter 11 moral motivation was expressed in terms of openness of corporate world-view with five dimensions of openness being identified. Within the survey several questions were asked to examine these.

Corporate Mission/Goals - As we have just seen almost all of the respondents to the survey perceived moral issues as being an integral part of Windhorse Trading's corporate objectives.

As Figure 12.1 shows, according to the audit, the first category of objective, 'making money to give away', was seen as a very high priority,

with 39 people (87%) seeing the main purpose of the business being to generate *dana* by giving away its profits. Further confirmation of this was provided in the answers to the questions which asked about the ways in which Windhorse encourages a culture of generosity (q40) and what improvements should be made in this respect (q41).

The second category, 'helping individuals to grow', is dealt with as a separate category below, but the evidence is that quite a lot of corporate time and attention is going into this area.

With regard to the third category, 'helping the business to develop', into a financially successful ethical business, the evidence is far less clear. Just 11 people (24%), and only one member of the management team, specifically mentioned this, which may mean that, relatively speaking, Windhorse does not give it the same priority as the other categories. It could also mean that, making a profit and expanding is so much part of the Windhorse Trading ethos, that it was overlooked. Certainly, such a view is supported by its Annual Report.

Concerning Windhorse's success in 'influencing the wider world', the fourth category of objective, this is probably more of a statement of intent rather than of fact. However, as 34 people (76%) mentioned this category, it seems clear that many in Windhorse do sincerely wish to develop such an influence as the company grows and becomes stronger.

Management style and structure - This dimension of corporate openness concerns the style of management (and the supporting structure) that a company adopts and its tendency towards being either strongly authoritarian with certain key people making all the major decisions; or towards being more cooperative and open to other influences from within the company and from outside. In general, most people in the audit perceived Windhorse as adopting a cooperative style of management (q43). A

significant proportion of the respondents pointed out, for example, that cooperation and consensus were being encouraged through working in teams (13 people - 29%) and through meetings (17 people - 38%).

However, the view of the management team, to some extent, diverged from the general consensus. For although five of the six members of this team acknowledged that meetings were very much about encouraging cooperation, their emphasis was more one of consultation and open communication, but with the management team making the important decisions. One of the team, for example, wrote 'we operate consensus up to a point, but there is a management hierarchy and the management team make a lot of decisions'.

A possible explanation for this apparent difference of view is provided by the answers to question 48, 'To what extent are you able and encouraged to participate in decision making?'. Of the 26 people (58%) who responded positively, only the five members of the management team, plus one other (a warehouse worker), indicated that they felt encouraged to participate in general management decisions. The other 20 people felt such encouragement only in their own areas of activity.

In general, the senior management of Windhorse seem to adopt a management style which is, at once, very open and receptive to the views of others (for example, see the comments on question 44, below), and yet, quite hierarchical. Indeed, they appear to exert quite a lot of power with, it seems, the blessing of most of Windhorse Trading's employees. The positive regard and influence that certain of the management, notably Vajraketu (Windhorse's Managing Director), have within the company is remarkable. For instance, when asked which people working in, or associated with, Windhorse, inspired them to greater ethical/spiritual practice (q31), 25 people (56%) mentioned Vajraketu. The other three directors, Satyaloka, Ruciraketu and Kuladitya each being mentioned

respectively 10 (22%), 14 (31%) and 8 (18%) times, with only 6 other people receiving more than a single mention, and all of these were members of the Order: Keturaja (7 mentions), Abhayakirti (5), both members of the management team; and Vasubandhu (3), Lalitavajra (2), Padmasuri (5), and Amoghavamsa (2).

At one level this recognition of the influence of the management team and of certain other order members is fine, and serves to underline an important aspect of Windhorse Trading's moral ethos. However, it also has a couple of worrying implications, one of which concerns the general competence of the management team running the business, and the other, rather more abstract and philosophical, concerning a possible dissonance between the need for a morally aspiring individual to take responsibility, and the need to acknowledge moral hierarchy. This latter point will be returned to in a later section.

Concerning the general competence of the management team, it is clear that in a moral-cum-spiritual sense they are highly and widely regarded. With regard to their business competence, however, there are certain question marks.

The demographic data provided by the audit confirms that only one member (a qualified accountant) of the six members of the management team participating in the audit has received any specific business training (q5), or had any business management experience outside the context of the Friends of the Western Buddhist Order. Nor had any of the management team received any formal training in decision making or other work related skills, other than sales training. Not that this lack of formal training or previous management experience is necessarily important on its own, but, given that the company is growing very fast, it is reasonable to question whether or not the management team, as it stands, is equipped, both to

maintain this level of growth, and to attend to moral exigencies created by that growth.

Communication - The type of structure adopted by a company will, to some extent, predetermine the quality of the communication within it. So, for example, a company with a fairly fixed and rigid structure will tend to limit communication (at least on important issues) to top-down one-way, or limited two-way, forms of communication. A company operating a more open and cooperative structure might be expected to encourage ideas, opinions, and feedback from all quarters. For the most part, Windhorse provides an example of the latter type.

As has already been indicated, most of the people working for Windhorse perceive it as being managed in a cooperative manner involving a degree of consensus in decision making. When asked specifically about the extent to which they felt empowered to express their views and speak out if they disagree with a decision (q44), 26 people (58%) indicated that they did feel so empowered, including 5 people who felt very much empowered. One shop worker, for example, commented, 'I feel listened to and able to challenge ideas, etc., without being put down. My point may or may not be agreed with but I have always had a positive response.'

Regarding where people receive such empowerment, 6 people (13%) expressed the view that it was through contact with one of the directors, whilst 8 others (18%) emphasized self-empowerment and the importance of taking individual responsibility through developing self-confidence and the like.

Even so, although honest and open communication is clearly encouraged within the company, it is apparent that Windhorse is experiencing some problems in this area, probably caused in large part by the pressures of growth. For example, of the responses to question 49 which explored

management competence, several people commented on the need for improved communication through better information flow (6 people) and clearer channels of communication (4 people). Other areas that were highlighted in answer to this question were the need for more training (3), better decision making (2), more forward planning (2), better organization (1), and a move away from crisis management (1).

Corporate imagination/receptivity - Closely linked to the issue of communication is the ability of a company both to encourage imaginative ideas from its employees and to be receptive to them. In the case of Windhorse Trading, no specific question was asked about the extent to which management encouraged the development of imagination among its employees, and this was an omission.

With regard to receptivity to imaginative ideas, the indications are that it is fairly high. When asked about the extent to which the management of Windhorse is open to the views of others and willing to change the way the business is run (q42), 20 people (44%) acknowledged that they were fairly receptive, especially to those who worked for Windhorse.

From the response of three of the management team, however, it is clear that the nature of this receptivity is conditional. To quote from one manager, 'We are open to the views of informed and sensible people both within and without Windhorse Trading. Ill-informed views are a pain in the ass and I for one give them pretty short shrift (or just ignore them).' Of course, on a bad day a well informed and imaginative view may also be ignored!

Support (or barriers) to individual growth - Helping individuals to grow is, as was seen earlier, one of the four main categories of Windhorse Trading's objectives. In general the survey confirmed that this is given a high priority. As Figure 12.1 shows, 35 people (78%) in the audit

confirmed this. The 'total lifestyle' approach adopted by the company seems to provide good conditions and many opportunities for individual growth, to which most of its employees seem to espouse fully. The figures given earlier, for example, on type of household, frequency of meditation, retreats and visits to a local Buddhist centre go to confirm this.

A more specific measure of the way Windhorse supports individual growth is provided by the answers to the question which explored the extent to which individuals are encouraged to undertake new projects and responsibilities and thus to stretch themselves and promote change. In their answers to question 52, 9 people (20%), including all 6 of the management team, perceived themselves as being strongly encouraged, with a further 15 people (33%) perceiving themselves as receiving some encouragement. Only 6 people (13%) claimed to receive no encouragement at all.

A further measure of this high degree of encouragement was found in the answers to question 24, 'How far can/do you look to other members of Windhorse for guidance and example on ethical matters?' In all, 33 people (73%) responded very positively with 7 of these giving a 'very enthusiastic' response. Significantly, 5 (out of the 6) members of the management team responded in a 'very enthusiastic' way.

As to where this guidance and example comes from, altogether 19 people (42%) - 5 management team and 14 others - gave special mention to the directors, with 13 people (29%), not in the management team, pointing to the guidance and example provided by their peers. Despite such a positive response, however, 7 people (16%) did not, or could not, identify a specific person as providing such inspiration.

In answer to the more general question, 'In what ways does your work help or hinder your development as an individual?', there was general acknowledgement that, with certain provisos, working at Windhorse was

generally helpful. The range of answers given to this question was diverse and difficult to categorize. However, the principal ways that working at Windhorse was deemed to be helpful were in terms of building communication skills (7 mentions), ethical sensitivity (5), confidence (4), mental clarity (4), spiritual friendship (4) and mindfulness/awareness (3). In addition 6 people highlighted their work as providing a helpful context for personal spiritual practice.

The main areas where Windhorse was seen as hindering personal development were associated with the lack of time and energy being directed towards reflection (3 people), and in not providing a context for meeting an individual's creative needs (4 people).

The Moral Consequences of Windhorse's Activities

With the confirmation of a high degree of commitment to moral growth backed up by the necessary motivation (judged on the basis of corporate openness) towards actualizing such commitment, we now turn to an assessment of the moral consequences of Windhorse Trading's activities to see whether its actions are compatible with this level of commitment and motivation. In order to do this, the audit tried to establish a measure of the moral nature of Windhorse Trading's activities from the point of view of both its main moral actors and the main recipients of its action - its principal stakeholders.

When asked in the first questionnaire, without any detailed prompting, to comment on Windhorse's activities (q19-23), several ethical strengths and weaknesses were identified. Those that elicited 4 or more mentions are summarized in Figure 12.2. These responses are divided into three groups associated with: (1) the quality of the relationship among Windhorse's employees; (2) the quality of Windhorse's business practices in general;

and (3) the quality of the relationship between Windhorse and the wider world - its external stakeholders. As the figure confirms, as a percentage of total response, Windhorse Trading's main moral strengths (20% or more response) were perceived as being: its good communication and harmony among its employees (13 people - 29%); that its products and selling methods are non-exploitative and environmentally sound (10 people - 22%), its desire to practice generosity *dana* (10 people - 22%), and the honesty and care it shows towards its customers (10 people - 22%).

By the same measure, two moral weaknesses were identified by over 20% of the respondents: the first concerned the late payment of bills (14 people - 31%) and the second the lack of knowledge about and choice of certain suppliers - (e.g in mainland China) (10 people - 22%).

When asked about the action being taken to add to the company's strengths and minimize its weaknesses, 15 of the respondents (33%) pointed out that ethical issues were often examined in work meetings, and 10 people (22%) confirmed that the directors and management team explore ethical issues on an on-going basis.

A similar analysis of the more structured second questionnaire is summarized in Figure 12.3 (q54-69). This questionnaire highlighted the company's strengths as being: the honest and friendly relationships it has with its customers (14 people - 44%) and suppliers (7 people - 22%); the communication skills of the management team (6 people - 19%); and product choice (6 people - 19%). In terms of perceived weaknesses, poor product quality (6 people - 19%), and again, the poor payment record to suppliers (10 people - 31%), were highlighted. As Figure 12.1 also shows, the respondents were, relatively speaking, silent concerning Windhorse's strengths and weaknesses in several functional areas and with regard to its

Strengths and Weaknesses
<p>Quality of Relationships Among Employees</p> <p>Strengths:</p> <p>Good communication and harmony with each other (13-29%)</p> <p>People try to practise the precepts (7-16%)</p> <p>Weaknesses:</p> <p>None with 4 or more mentions</p>
<p>Quality of Business Practices in General</p> <p>Strengths:</p> <p>Products and selling methods non-exploitative and environmentally sound (10-22%)</p> <p>Generally straightforward and honest (6-13%)</p> <p>Weaknesses:</p> <p>Criticisms of product choice (8-18%)</p>
<p>Quality of Relationship with Wider World (External Stakeholders)</p> <p>Strengths:</p> <p>Honesty and care for customers (10-22%)</p> <p>Desire to practise <i>dana</i> (10-22%)</p> <p>Honesty with suppliers (8-18%)</p> <p>Developing 'fair trading' (5-11%)</p> <p>Weaknesses:</p> <p>Late payment of bills (14-31%)</p> <p>Knowledge about and choice of suppliers (e.g. China) (10-22%)</p> <p>Products pander to customer greed and craving (4-9%)</p> <p>Environmental impact of products (4-9%)</p>

Figure 12.2: Windhorse Trading's principal ethical strengths and weaknesses (first questionnaire)

Strengths and Weaknesses Mentioned 6 (18%) or More Times		
	Strengths	Weaknesses
<u>Internal Functions:</u>		
Senior Management	Communication skills (6)	None
Marketing:		
Product Choice	Some reasonably ethically pleasing (6)	Some poor quality (6)
Pricing	None	None
Advertising/ Promotion	None	None
Wholesale Van Sales	None	None
Finance	None	Don't always pay on time (7)
Warehouse	None	None
<u>External Stakeholders:</u>		
Customers	Honest (7), friendly (14), good/excellent relationships with most customers (6)	None
Suppliers	Honest (6), friendly (7)	Sometimes pay late (10)
Business/Economic Community	None	None
Local Community	None	None
Society at Large	None	None
Global Environment	None	None

Figure 12.3: Windhorse Trading's principal ethical strengths and weaknesses (second questionnaire)

relationship with certain external stakeholders. This may indicate that Windhorse has no strengths or weaknesses in these areas. What is more likely is that it indicates a degree of unmindfulness.

Evidence of Actions to Support Mindfulness

That Windhorse in certain areas may exhibit a degree of unmindfulness is, by itself, not very meaningful. Any company has to set priorities and, for the time being, it may be sufficient for Windhorse to build on its evident strengths, and not dwell too much on the lack of, say, a positive relationship with the local community. What is important, however, is to examine the attention being given within Windhorse to strengthening mindfulness as part of the whole process of maintaining and strengthening its morality.

In the audit several questions were asked to establish the extent to which the Four Supports of Mindfulness were being encouraged within the company. As the following summary of responses shows, in certain respects Windhorse is very strong, but in others it exhibits some weakness.

Wisdom - Five questions were asked which looked at actions within Windhorse associated with Wisdom. Two explored the mechanisms used to provide advice and guidance to individual employees on moral matters, two specifically asked about training in ethics, and one explored more generally the attitudes within Windhorse to study of all kinds.

Taking the general question first (q27), 36 people (80%) confirmed that study was encouraged, with just 7 people (16%) saying that it was not. Of those who did feel encouraged, some mentioned that it was being done within the context of the business day, for example, as part of regular meetings (8 people - 18%). In general, however, the impression given was that study was for outside normal working hours, as part of a person's 'total lifestyle', and undertaken through Mitra study, Going for Refuge Groups, private study, and the like.

When asked about the mechanisms used within Windhorse to guide individual employees on moral matters (q33), a significant number (19 people - 42%) reported that they did not know the answer to this. Of those who did have an answer, 11 people (24%) said that meetings provided such a mechanism, and 6 people pointed to their communication with one of the directors or other members of the management team. When asked specifically to comment on the ethical standards or codes of conduct followed within Windhorse (q34) there was a significant level of agreement, with 28 people (62%) commenting that the Five or Ten Precepts provided such a code.

In answer to the questions on the training they had received in ethics or related fields (q25), 15 people (33%) stated categorically that they did not receive any, whereas 28 people (62%) indicated that, while they did not receive any formal training, it was given informally. For example, 17 people (38%) said that ethics training was covered, to some extent, in meetings.

When asked how relevant such training would be in the future (q26) 34 people (76%) indicated that it was either relevant (28) or very relevant (6).

Faith - In all, four questions were asked which were intended to gauge the level of faith and emotional engagement of employees. Question 28, which asked, 'To what extent are you able to engage emotionally with your work at Windhorse and see it as part of your personal spiritual/ethical practice?', elicited a positive response from almost everyone. 22 respondents (49%), for example, indicated that they were fully emotionally engaged, with a further 16 (36%) indicating a fair degree of engagement. The following extracts from the audit, taken from different parts of the company, give an idea of this strength of emotional engagement:

A director said -

‘WT has always been very important to me as a spiritual practice, helping me to develop mindfulness, energy, co-operation, communication skills, fearlessness. The degree of emotional connection varies but on average I should say I am very emotionally engaged - it’s my life!’

A warehouse worker said -

‘I see Windhorse as the main area of my spiritual practice, because I put a large part of my energy into it and it is the environment in which I have changed the most.’

A van salesman said -

‘Strongly - It is "team work" so there is the whole field of friendship which is immensely enjoyable and satisfying. The work as a van salesman . . . gives concrete and immediate feedback on ones mental state and objective effectiveness or ineffectiveness. There is little room for avoiding where you actually are.’

And finally, two Evolution shop workers said -

‘I have become increasingly emotionally engaged with my work over the last few months. The qualities needed to develop team work effectively are fulfilling plus in line with my spiritual/ethical aspirations.’

‘Totally - I have found it such a challenge that I’ve had to seek ways of transcending my habitual ways of working. My work is my spiritual practice.’

Exploring the nature of this emotional engagement in more depth, two questions asked about myth and ritual. In one the respondents were asked to identify any personal or collective myth or ideal which contributed to

their level of emotional engagement (q29). About two thirds identified with such myths or ideals, with by far the greatest number (22 people - 49%) mentioning transformation myths associated with building a model for a new society, or changing and transforming the present world.

When asked about the role of ritual in their everyday working life (q32), 26 (58%) of the respondents mentioned chanting or recitation in the morning, whereas 15 (33%) commented that there was none or not a lot of ritual.

Action - Three questions in the audit were concerned with the amount of energy and effort being directed towards providing employees with the necessary skills to do their work both effectively and ethically. The response to each of these was fairly uniform and suggestive of a low priority being given to such training. In terms of formal training (q35-37) 24 people (53%) indicated that they had received no training in management and decision making, 17 (38%) that they had received no vocational or work-related training, and 15 (33%) that they had received no formal training in communication or other human skills. Many of the respondents indicated, however, that they had received informal training, with meetings, on-the-job experience, and discussion/training with one of the directors (notably Ruciraketu) being highlighted as the main sources of such training. Altogether 12 people (27%) gave special mention to Neuro-Linguistic Programming as one of the main techniques being used in such informal training.

Harmony - In the audit questions were asked on five specific harmony issues, and in addition several general questions were asked on the demographic make-up of the company. Looking at the five specific harmony issues first.

Profit Distribution: Responses to the two questions that addressed this suggested that there was no disharmony in this area (q45-46). For example, 21 (47%) of respondents indicated that no change was required in the way profit were distributed. Of those that did propose changes, all were concerned that even more money should be given both to existing and to new projects, such as the Vihara project, Aryaloka, a Buddhist college, more Windhorse co-ops in Third World countries, as well as certain specifically women's projects.

A potential for disharmony was, however, evident in some of the responses, principally associated with a lack of knowledge. For example, 8 people (18%) either did not know or were not sure where the profit was going, and several others gave the impression that they were not very well informed. In this respect, three people specifically asked that more information be made available on profit distribution.

Individual support: The question that asked, 'What changes, if any, would you like to see made to the way individuals are supported financially?' again suggested that there was little potential for disharmony. Nearly half of all employees (22 people - 49%) indicated that the basic support they received was OK, while some others proposed certain minor changes, such as an increase in spending money, more retreat time, and more allowances for medical expenses.

Windhorse Trading's relationship to the social security system, was the one area that attracted particular comment. In all 5 people asked that the company should look into and consider introducing pensions, and 3 people, that it should reduce its dependence on sickness and housing benefit.

Providing creative space: In answer to the question, 'What "space", individual or collective, do you have in your daily working life for introspection and reflection?' (q38) almost half of the respondents (22

people - 49%) perceived themselves as having very little space at work for this. Many of the respondents indicated that such space had to be provided in their own time, either at lunchtimes (14 people - 31%), or outside working hours (8 people - 18%). A small number suggested that space was available if necessary, either because sometimes they worked alone (4 people), or because they were able to take a short break whenever needed (4 people). In terms of collective space, nearly a quarter of those who responded (11 people - 24%) suggested that meetings provided space for reflection, and 6 people indicated that it was provided by daily or weekly reportings-in.

When asked what changes they would like to see made in this area (q39), only 6 respondents (13%) asked for more space, whereas 19 people (42%) indicated that no changes were necessary.

Encouraging a sense of belonging: The responses to the one question that addressed this issue showed a very high level of agreement (q50). When asked whether they felt a cared for and valued member of Windhorse, 41 people (over 91%) indicated that, in general, they were cared for and valued. Only two respondents said 'no' to this, and two others gave no response. The main reasons given for this level of caring were: the positive feedback received (9 people - 20%), and good friendships (7 people - 16%).

Promoting spiritual friendship: Because of its importance to the creation of harmony, friendship, or more specifically, spiritual friendship, was the subject of a separate question (q51). This was, 'What influence does spiritual friendship have on the way you work at Windhorse?' In response to this a total of 36 people (80%) perceived that spiritual friendship did have such an influence. Of these, 13 people (29%) indicated that this influence was strong, and a further 9 (20%), including all of the management team, that it was very strong.

Some Longer Term Issues of Harmony - As the foregoing has confirmed, Windhorse Trading provides an example of a company which actively supports a high level of morality. Indeed, it would probably not be overstating the case to say that, as this is one of the main reasons why most people work for it, Windhorse could not have been nearly as successful as it has been without such an emphasis on morality. So, in Windhorse Trading's case at least, turnover and profitability can be directly linked with a positive attitude towards moral issues.

Ironically, this very success may also, in the future, contribute to Windhorse Trading's undoing, unless certain steps are taken. Here I am not talking about the need to remedy certain weaknesses that the audit identified, such as paying bills on time, or taking greater care in the choice of products and suppliers. These are relatively minor, and anyway, seem to be in hand. What I am referring to are longer term issues of corporate harmony.

Any company which, like Windhorse Trading, is growing very fast will invariably experience problems. Problems of financing, of acquiring or developing the necessary skills to manage a larger, more complex, organization, and of maintaining good communication and motivation among a growing number of employees. Add to this a desire to keep in clear focus the moral dimension of business and the management task will be very difficult. Unless Windhorse Trading can firmly and creatively deal with these problems, however, their high moral aspirations and, in all probability, their impressive business success, will be at risk.

It seems that a definite change of emphasis is needed. At present most of Windhorse Trading's senior personnel are preoccupied with either promoting the company's growth (buying new and better products, for example), or dealing with the practical consequences of that growth, such as how to warehouse and distribute the increasing volume of products, and

where to set up new retail shops. The main exception seems to be Ruciraketu who spends four days a week dealing with team building, communications training and the like. More recently (that is after the audit was completed) another of the directors, Satyaloka, has been spending much more of his time doing this kind of work with the Evolution shop teams.

In my opinion, much more attention now needs to be given to the dual problems of creating the necessary business infrastructure to support the company's growth, whilst at the same time developing and maintaining the conditions to support its moral aspirations. This may not be easy, because, at times, the needs of the two areas will be in conflict. However, unless the company is able to do this, and succeeds in managing its growth effectively, it may not survive, at least in its present form.

But why this apparent pessimism? Windhorse is clearly a successful company with many evident strengths, and yet, as the audit shows, there are definite signs of problems on the horizon. Earlier on, reference was made to the lack of training and experience of the company's senior management, and although clearly they have the confidence and support of the company's personnel, such a lack of experience cannot be overlooked.

The responses of the five members of the management team in the audit suggested that they are not unaware of these problems. One person in particular seemed very clear about the issues. He commented as follows:

'I think there could be more forward planning and better organization, particularly with respect to flows of information and clarifying channels of communication and responsibility. I think these and other improvements are required with the transition from small to medium-sized company - from single team to multiple team right livelihood.'

Creating the Necessary Business Infrastructure

Being aware of these problems and putting them right is another matter entirely, especially under conditions where the management resources of the company are overstretched. The management of Windhorse is strong in many ways, otherwise how would they have been so consistently successful? However, because of the pressures brought about by growth, combined with a lack of business experience or training, the company gives the impression of being run on a 'fire-fighting' basis. As one van salesman put it, 'I favour a move from crisis management to plan management, e.g. Vajraketu, Kuladitya doing less hands on work [and having] more time to plan.' Supporting this a warehouse worker commented, 'We still make things up as we go along.'

What seems to be required is much more attention being given to the creation and management of the skills needed to support the company's growth. Serious attention needs to be given to training existing staff to do their work better. Also, perhaps, more responsibility for running the business could be delegated. Several employees indicated that such a move would be favourably received. As one shop worker put it: 'I'd like to see a broader participation of workers. So that there is more of a range of views and experience - it's not just down to the directors.'

Some of the responses of the management team give the impression that, to some extent, wider delegation might be resisted, especially with regard to matters of corporate policy, and that the senior management 'knows best'. It could also be that employees tend to show reticence in this area. As one senior manager put it, 'I am surprised how little people respond to invitations to comment.'

Attracting new employees - More training and delegation, will not provide all the answers, however. Indeed, if it is to continue to grow, a far greater

problem facing the company concerns the problem of attracting additional committed employees. As the audit showed, there are definite problems on the horizon with respect to where the next generation of morally committed people will come from.

First of all, analysing the response to question 9, 'How long do you expect to stay with Windhorse?' we find that just 8 people (18%) plan to stay for more than 5 years, with a further 16 people (36%) planning to stay for 3-5 years. If these figures can be trusted, then Windhorse faces serious problems in the near future. A replacement programme needs to be set in train for the 46% of employees who will be leaving in the next two years, even before plans can be made to recruit new employees to cover growth.

At present, nearly everyone working for the company is of a particular type: that is, they are committed Buddhists and either members of the Western Buddhist Order or Mitras. Because of its success in employing committed Buddhists, presumably Windhorse would wish to continue to employ people within the orbit of the FWBO. However, clearly there are limits as to how far this is possible. At a rough estimate, Windhorse already employs 7.3% of all members of the Order (men and women) outside India - that is 30 out of 411). If this level were maintained in the future, and the company were to grow to (say) twice its current size, then it would need to employ over 14 percent of the Order. Whether this is possible, given the competing demands on Order Members' time and attention, is very doubtful.

If Windhorse is to continue its present growth pattern, therefore, it is going to have to depend more and more on much less committed, and even uncommitted, people. This means, if it is to continue to maintain its moral aspirations, that it must attend to developing and maintaining the right moral conditions within the company.

Developing and Maintaining the Right Moral Conditions

The high level of morality that has been maintained by Windhorse seems to have been as much due to the quality of moral commitment and motivation that most of its employees bring with them into the company, as to any specific steps that management has taken to develop this morality.

Up until now Windhorse has placed great reliance on those who are already experienced FWBO Buddhists. For example, 33 people (73%) in the audit had had 6 or more years experience within the FWBO (q10). Because of this level of experience Windhorse has benefited from the spiritual training being done elsewhere within the FWBO: in Buddhist centres, retreat communities and the like. What is sometimes called the 'wider mandala' of the FWBO.

Without the benefit of the 'total lifestyle' that most of the current employees experience, it might be difficult, where less experienced and committed people are employed, to maintain the same level of moral priority.

Some Lesser Problems of Harmony

Getting the right number and quality of staff, as we have seen, is one of the major problems that Windhorse faces if it is to continue to grow and yet maintain its moral aspirations. The audit also highlighted certain lesser problems of harmony which Windhorse may need to deal with. Among them are:

Gender Issues - At the time of the audit there was only one woman on the management team and yet one third of all those employed by Windhorse were women. Because there are limits to the extent that men can address

the psychological and spiritual needs of women, this lack of female representation in management creates a potential for disharmony. To say that there were rumblings of such disharmony with regard to gender would be overstating the case. However, several women asked that women should be more involved in the management team and in the general management of Evolution. A couple of quotes will illustrate this.

‘I’d like to see a full time woman Order Member liaising with the women’s shops like Satyaloka is presently doing.’

‘I would like a move towards having a mixed (male and female) management team. I would like a woman to coordinate the women’s shop teams and women involved in management discussions around ethics, money, buying.’

Geographic Distribution - As Windhorse grows its employee population will become more and more geographically dispersed, which could easily create problems of communication and harmony. At the time of the audit 26 people (58%) were located in or around Cambridge but, as the main growth area is shops, it is likely that Windhorse will in due course have employees working in all major UK (and European?) cities.

Age Distribution - At present Windhorse tends to employ relatively young people (27 - 60% of all respondents to the audit were below 35 years). This has certain advantages in terms of youthful vitality and idealism but it may also engender a lack of stability, of ‘worldly maturity’ and of business skills which more older people might bring to the business.

Of course, if more older people were employed issues like pensions and sickness benefit would have to come more to the fore. Also, more mature people may have an effect on the dynamic of the existing, relatively youthful, management team.

The Quantitative Results of the Audit

At the end of Chapter 11 it was suggested that, if the audit methodology is to become widely applicable to business generally, then it would be helpful to develop some quantitative measures for evaluating business morality. Why this should be so is discussed in the final chapter. For the present, the results of the first attempt at developing such measures are reviewed.

The participants were asked to score three statements, each linked to different aspects of Windhorse Trading's business, on a scale of 1 to 7, where 7 was 'very ethical' and 1 'very unethical'.

In the event, I was not particularly happy about this part of the audit. Only 23 people completed the scoring section of the second questionnaire, and sometimes the response was very patchy. Three scores were requested for each question (for the reasons given in Chapter 11) but with hindsight it seemed that a single score for each question would have been more straightforward and would probably have elicited a better response.

The results of this scoring, however, do provide some interesting findings which add to the general understanding of Windhorse Trading's morality. Even without sophisticated analysis it is clear that Windhorse employees in general view the company's relationship with its customers, and the quality of its shop management, as areas of ethical strength. Likewise, product choice is seen as an area where the company is weak.

By aggregating the scored responses and splitting them into three groups: senior management, other headquarters staff, and Evolution shop personnel, a fairly high degree of congruence of opinion can be established concerning the aspects of Windhorse Trading's activities which were deemed most and least ethical. Figure 12.4 shows the top five in the most ethical ranking by each group. It will be seen that both 'shop management'

	Management Team	Other HQ	Shops
1	General admin	Finance admin	<i>Relations with customers</i>
2	Van sales <i>Shop management</i>	Relations with society at large	Relations with society at large
3		<i>Shop management</i>	Van sales General admin
4	<i>Relations with customers</i>	Non-van sales <i>Relations with customers</i> Relations with suppliers	
5	Warehouse admin		<i>Shop management</i> Relations with local community

Figure 12.4: Top Five ranking (most ethical)

and 'relationships with customers' are included in this list by all three groups, and in addition 'general administration', 'van sales' and 'relationship with society-at-large' are included by two groups.

In the bottom five 'least ethical' ranking (Figure 12.5) all of the groups are in agreement that 'product choice' is the least ethical. Again several categories were included in the list by two groups as being least ethical:

	Management Team	Other HQ	Shops
10	Relations with local community Relations with environment (equal 9th)	Senior management Relations with environment	Non-van sales
11	Relations with suppliers		Product pricing Relations with suppliers
12	Senior management	Product pricing Relations with local community	
13	Financial admin		Financial admin
14	<i>Product choice</i>	<i>Product choice</i>	<i>Product choice</i>

Figure 12.5: Bottom Five ranking (least ethical)

‘senior management’, ‘financial administration’, ‘relationships with suppliers’, ‘relationship with the environment’ and ‘relationship with the local community’.

Only in the area of financial administration was a definite mismatch of group perception evident. Here the management and shop teams both scored this function the second ‘least ethical’ aspect of the business whereas ‘other HQ’ ranked it ‘most ethical’. The reason for this difference in

perception has not been investigated. However, a possible explanation could be that, whilst the management and shop teams are both 'customers' of financial administration, 'other HQ' constitutes the service provider. This is a symptom perhaps of everyone perceiving one of their activities as being 'most ethical'. Alternatively this difference in perception could indicate that one or other of the groups is not very well informed.

SUMMARY

In this chapter a description has been given of the administration of the pilot moral audit and its findings. It was hoped that by conducting the pilot audit it would be possible to provide answers to two general questions associated with whether the audit could provide a meaningful way of evaluating the morality of Windhorse Trading and whether specific pointers could be provided to future actions that the company could take to improve its ethical decision making, and to maintain and raise its level of morality.

The findings of the audit confirmed that it did provide a meaningful way of evaluating the morality of Windhorse Trading, which, for the most part, tended to support a cooperative morality. Evidence of this was found in all four constituents of the framework: commitment; motivation; consequences and mindfulness, and at all three levels: within the company as a whole; among its senior management; and among all employees.

As well as generally confirming the cooperative morality that Windhorse tended to support, the audit also highlighted certain changes that could be made. The results indicated that, at a day-to-day level, more care and effort needed to be put into the selection of ethical suppliers and also in better financial management - particularly paying suppliers more quickly. More significant, however, are issues associated with corporate harmony. At present the degree of harmony is high but, if Windhorse is to continue

to be successful in both business and in moral terms, a definite change of emphasis is required. Senior management needs to be less preoccupied with dealing with the practical consequences of growth and more concerned with creating the necessary infrastructure to support this growth. Among the areas highlighted as urgently needing attention were more training of existing employees and more delegation. However, perhaps the greatest problem that Windhorse faces, assuming they continue to grow at the same rate, is that of attracting additional committed personnel, especially given their very high employee turnover (46% indicated that they will leave within 2 years). This will mean that Windhorse will be forced to employ less committed and even uncommitted people who may not previously have had the benefit of experiencing a 'total Buddhist lifestyle'. By employing such people, therefore, action must be taken to provide the right conditions to develop and support the moral attitudes that Windhorse wishes to encourage.

Chapter 13

The Moral Audit and Beyond

In this thesis it has been shown how the business community has a problem of learning to be more ethical while, at the same time, trying to run its affairs profitably in an increasingly complex and uncertain business environment. In Part One the attempts of Western theory to solve this problem were reviewed. In Part Two a Buddhist solution has been proposed.

By looking first at individual morality and then at the morality of the group, we have seen how, out of 2500 years of Buddhist tradition and practice, it has been possible to construct a theoretical framework on which business morality can be understood. Based on this the moral audit has been developed which, although only at a pilot stage, has proved to be a useful methodology for assessing the moral nature of a business and of providing guidelines on how it can maintain, and develop further, its current level of morality.

AN APPLIED THEORY OF BUSINESS ETHICS

On the basis of this thesis it can be fairly argued that Buddhism meets very well the three criteria for improving the contribution of theory proposed in Part One. It clearly does offer (1) an alternative body of theory which can be used (2) to establish clear, practical guidelines (well founded in theory) which can be readily put into practice and which are (3) applicable at an organizational and not just at a purely individual level.

The need for further research

It was perhaps rather bold to call Part Two of this thesis ‘An Applied Theory of Business Ethics’ as there is more work to do in developing such an applied theory. More research, both theoretical and empirical, must be done before these ideas can be widely applied and, although what has been described here is very much work-in-progress, positive steps have been taken towards developing a fully-fledged theory. The following describes three areas where more research is needed.

The Nature of Corporate Morality

Corporate moral hierarchy - A thorough empirical investigation is needed of the notion of corporate moral hierarchy. To start with a direct comparison could be made between companies which apparently exhibit a high level of morality. When the idea of the moral audit was originally conceived, it was hoped that such a comparison could be made by auditing Windhorse Trading; Traidcraft (a successful Christian company known for promoting fair trade links in the Third World); and the Body Shop (a well known secular business). In the event, this proved not to be possible.

If such a comparison were made, and assuming it produced interesting and useful results, a further study could compare several secular companies at different levels of the corporate moral hierarchy. To do this, a methodology would need to be developed to select companies at different moral levels (perhaps a business version of Rest’s Defining Issues Test (Rest 1979) mentioned in Part Two). A full-blown comparison could then be made using a version of the moral audit.

Corporate mind - Research is also needed into the notion of corporate mind to see whether or not, in the light of further investigation, it can be

demonstrated that it has an existence of its own, separate from the minds of the people working for it, and how far it can be said to have an independent morality. An alternative argument would be that the corporate mind is no different from the minds of the chief managers. Such a view has some appeal, especially in smaller companies where one or a small number of people often carry a lot of influence - Windhorse Trading may be a case in point.

The Human Dynamics of the Corporate Group

The role of the significant personality - Whether the notion of corporate mind is accepted or not, it is evident that certain individuals have a strong influence on the morality of most companies, large or small. For example, several writers (such as Enderle 1987, Kelly 1990 and Wolfe 1990) have stressed the importance of the chief executive of a company (often its principal significant personality) putting his or her full weight behind any measures to upgrade a company's behaviour.

A productive area for future research therefore would be to look into the roles of, and the relationships between, different significant personalities within a company to develop some understanding of the dynamics between them and to measure the effect of these dynamics on business morality. In the theoretical framework, for simplicity, only one type of significant personality, senior management, was included. Within any given company, however, there may be several others, such as those with specific trade or professional membership; those with high academic qualifications; trade union officials; and talented 'high fliers'. Such research could usefully look into questions such as: 'Who are a company's significant personalities?'; and 'What level of conflict or harmony is experienced between the different types?'

It would be interesting also to develop some understanding of how the relationship between different significant personalities changes as a company moves towards a more cooperative type of morality. Certainly the theoretical framework would tend to predict that, as the level of commitment to moral growth within a company, backed up by positive action to actualize this commitment, becomes stronger, there would be definite changes in terms of shared objectives and world-view.

The master-disciple relationship - Another, potentially contentious, research question concerns the applicability of the master-disciple relationship and whether there is room for such a relationship within contemporary business. Hierarchical relationships of this kind are found throughout Buddhism and strongly encouraged. Indeed, as the pilot audit showed, there is some evidence that such relationships are important within Windhorse Trading. In Western business as well the master-disciple relationship is not without precedence (the old system of craft apprenticeships had echoes of this).

Individual v corporate needs - A further issue which could usefully be the subject of research concerns the potential for conflict between the emerging individual's need to differentiate him or herself from the group (in this case the company), and the need sometimes to transcend these personal concerns in favour of responsibilities towards the employer. As we saw in Chapter 9, one of the problems faced by the emerging individual is to deal creatively with the tension between the needs of self and the needs of other. Maybe research should be focussed on how a company can provide the conditions where individual employees can creatively deal with this conflict.

Further Developments of the Theoretical Framework

The language of moral commitment - Many people working in secular businesses will have problems with some of the words used in the pilot audit. Careful research is needed, therefore, into the most appropriate type of language to use. This problem will be much more wide-ranging than just translating overtly Buddhist terms into secular language, although this in itself could prove difficult. There is also the more general problem of using terms such as myth, symbol and spiritual friendship, which whilst commonly understood by anyone with a religious background will be unfamiliar to many working in secular companies. This lack of familiarity will also sometimes indicate a far deeper problem than just semantics. There will be many instances where the senior management of a company does not recognize that every individual that works for them has a potential for moral and spiritual growth, or indeed that the company itself can become more moral. In such cases some form of training will likely be needed to introduce some of the concepts being used in the audit before it can be carried out.

Understanding moral motivation - Again research could be used to establish whether more, or different, openness factors are needed to help explain the moral motivation of a company, and how these factors actually influence corporate morality. Some will more strongly affect morality than others. For example, for many people, good, friendly communication is likely to have a far greater impact on them than say, the high moral content of corporate policy. It is also likely that a synergistic relationship will exist between the different openness factors.

Measuring the consequences of actions - Especially where a company is large and very complex, some form of quantitative measure of the consequences of actions would be helpful to enable a company to monitor and modify its actions according to some objective standard. The

non-parametric measures used in the pilot audit provide a starting point for this but much more work is needed in this area.

THE PRACTICAL CONSEQUENCES OF APPLYING THE THEORY

Applying the Buddhist view of morality to a business will have far reaching practical consequences. A company which adopts it must continually be prepared to review (be mindful of) the moral dimension of business and be committed to making its activities ever more skilful. It must always keep in mind its obligation to each and every employee, not just to treat them with kindness and generosity, but positively to encourage the development of their highest human potential. It must also undertake to minimize the unskilful, and maximize the skilful, consequences of corporate actions for the widest possible good of its stakeholders up to and including the global environment and all life forms.

This is a very tall order by any reckoning, and even the best of companies, like the individuals who work for them, will continually fall short. Given a long term commitment to moral growth, however, and the gradual establishment of insight through mindfulness, it is possible for any company at least to work towards attaining these high moral standards.

Corporate Mission

Where a company wishes to apply Buddhist morality in its fullest sense, it would need to adopt a mission which has a very clear 'corporate enlightenment' element with all of its activities being based on the practice of generosity and compassion - underpinned by a growing level of corporate wisdom. Most businesses, however, will be unwilling or unable to adopt Buddhist morality in such a wholehearted way, and in such cases,

at minimum, some form of expansive mission would be needed, based on a genuine desire to develop corporate wisdom - wisdom which acknowledges the need to do much more than just to make a profit while, at the same time, not transgressing the rules laid down by society.

As well as having a clear *business mission* therefore a company will also need an *ethical mission* which is concerned with developing an enlightened attitude and which uses this attitude to guide its actions.

Specific Ethical Goals

To back up this concern for developing an enlightened attitude, a company would need to set specific ethical goals aimed at strengthening:

Moral commitment - By ensuring that adequate management time and effort are directed towards the ethical mission and that, particularly when the business is under economic pressure, the business mission does not dominate.

Right motivation - By being aware of the need continually to extend the human and systems boundaries within the company and take the necessary steps to open up channels of communication and encourage individual participation, initiative and the sharing of aims.

Moral consequences - By taking into account the moral effects of its action on a wide range of stakeholders and not just its customers, shareholders and employees: for example, by considering the effect of corporate actions on society at large and on the global environment.

Strategies for Developing Mindfulness

In pursuit of its ethical goals a company would need definite strategies for developing mindfulness. These would need to be implemented at all levels of the company and be fully backed up by senior management through encouragement and example.

Specific strategies would be needed for each of the four supports (wisdom, faith, energy and harmony) which could have wide ranging implications on staffing, systems and training.

A NEW GENERATION OF ETHICAL BUSINESSES

Because the Buddhist system of morality is so difficult and demanding, it may be that only a relatively small number of businesses will wish wholeheartedly to adopt it. It is to be hoped, however, that this will not prove to be the limit of its application. If the companies that do adopt it can demonstrate that it is possible to be both moral *and* financially successful, perhaps they will form through their example the vanguard of a new generation of ethical businesses. This may take sometime, however, because at present firms like Windhorse are quite rare and although Windhorse itself is growing very fast it will probably be many years before its performance is sufficiently outstanding for it to have a significant impact.

The Moral Audit as a Truly Practical Instrument

There is another idea, however, which might lead to these Buddhist ideas being taken up sooner. Assuming that some of the research described above is implemented, then it is expected that the moral audit could be taken further and developed into a truly practical instrument which could be

used to help businesses evaluate their moral status and provide practical guidelines on how to run their affairs more ethically.

In this thesis, on the basis of an analysis of Buddhist philosophy and tradition, a theoretical framework for business morality has been developed, which in turn was used to design the audit. The theoretical framework was then used to interpret the findings of a pilot audit, the results of which, whilst useful, were of limited general validity because the company chosen as the subject of the audit was expressly Buddhist. The outstanding task therefore is to translate the audit into a form which is suitable for use in a non-Buddhist context. In order to do this, rather than attempt to develop some form of universal catch-all audit format which may fail to satisfy the needs of any one business, a more practical way forward may be to develop a set of procedures by which managers can fine-tune the audit methodology to the specific needs of their company. Before this can be done, however, some of the research problems outlined above will need to be addressed.

SUMMARY

In this final chapter it was concluded that, based on the arguments and research findings presented in earlier chapters, Buddhism meets very well the three criteria for improving the contribution of theory proposed in Part One. For the ideas described to be developed into a fully-fledged applied theory of business ethics, however, more research is required. In all, three areas were identified as needing further research: the nature of corporate morality; the human dynamics of the corporate group; and further developments of the theoretical framework.

When reviewing the practical consequences to business of applying the Buddhist view of morality it was concluded that they would be very far

reaching. A company which adopts it must be prepared continually to review (be mindful of) the moral dimension of business and be committed to making its activities ever more skilful. This commitment would need to be manifested in the adoption of a clear ethical mission supported by specific ethical goals. In pursuit of these goals, definite strategies for developing mindfulness would be needed, fully backed up by senior management encouragement and example. Given that the Buddhist system of morality is so difficult and demanding, it may be that only a relatively small number of businesses will wish wholeheartedly to adopt it. However, if those companies that do adopt it can demonstrate that it is possible to be both moral *and* financially successful, perhaps they will form the vanguard of a new generation of ethical businesses. As it might take some time for such companies to have an impact, however, another possibility which might lead to these ideas being taken up sooner should be explored. Supported by additional research, it is expected that the moral audit could be taken further and developed into a truly practical instrument which could be used to help businesses run their affairs more ethically. For this to be done, the outstanding task is to translate the audit into a form which is suitable for use in a non-Buddhist context.

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Appendix 1

Proportion of Total Abstracts for a Particular Year

Inflation Accounting

	1975	1976	1977	1978	1979	1980	1981	1982
%age	0.28	0.29	0.19	0.12	0.26	0.32	0.19	0.13
	1983	1984	1985	1986	1987	1988	1989	1990
%age	0.07	0.05	0.03	0.02	0.02	0.01	0.01	0.00

Computer Security

	1975	1976	1977	1978	1979	1980	1981	1982
%age	0.15	0.29	0.25	0.40	0.30	0.30	0.24	0.37
	1983	1984	1985	1986	1987	1988	1989	1990
%age	0.63	0.68	0.68	0.51	0.63	0.70	0.76	0.55

Total Quality Management

	1975	1976	1977	1978	1979	1980	1981	1982
%age	0.00	0.01	0.00	0.00	0.00	0.02	0.23	0.34
	1983	1984	1985	1986	1987	1988	1989	1990
%age	0.23	0.25	0.23	0.20	0.25	0.25	0.30	0.32

Business Ethics (1972-1990)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
%age	0.67	0.80	0.57	0.89	0.60	0.60	0.72	0.40	0.50	0.48
	1982	1983	1984	1985	1986	1987	1988	1989	1990	
%age	0.41	0.28	0.31	0.40	0.46	0.57	0.46	0.54	0.56	

Appendix 2

A Review of 332 Business Ethics Articles Published in 1990

The following briefly reviews the 332 articles contained in the sample. The way it was selected is described in Chapter 3. In doing this analysis I was as much interested in what issues were not covered in the literature as in what the sample actually contained since, by identifying the 'missing' issues, further insight into what motivates the interest in business ethics would be obtained. Observations concerning the 'Gaps in the Literature' are, therefore, appended to each section. (Note: Unless otherwise stated all journal articles and books referred to were published in 1990.)

GENERAL ARTICLES

The 24 articles (7%) that came into this category were not very informative as they tended to treat the subject in a very general way and were often superficial and opinionated.

GLOBAL ISSUES - THE ENVIRONMENT

24 articles (7%) in the sample focussed on environmental issues. Of these, three dealt with the effects of public pressure and consumer power (Knappe; Morris & Shepherd and Dunham). An article by Krauer was concerned with maintaining the status quo, suggesting that 'if the business world is to preserve its entrepreneurial freedom, it must assume appropriate [environmental] responsibilities'. Two conflicting articles appeared on the topic of pollution control and the environment. McKibben suggested that corporations are beginning to see that waste reduction and pollution control are not profit-draining and 'make good economic sense in the long run'. Kalogeridis provided a counter example outlining the complaints of the American Textile industry which claims competitive disadvantage owing to the need to comply with environmental regulations. Commenting on such regulations, Zetlin warns that as environmental laws become more stringent, action which may be legal today could become retrospectively illegal in the near future.

Several articles proposed a creative response from business to environmental issues. For example, Ogilvy, talking about the situation in Australia, referred to the hostility and mistrust traditionally felt between

business and the environmentalists, but argues that the establishment of a new relationship would be possible 'if industry accepts the risk of taking the initiative', acknowledges that there is mistrust on both sides and tries to develop two way communication 'so that industry understands environmental concerns and the community is knowledgeable and informed about industry'. Sawhill reinforced this point in a very clear article which advised, among other things, that companies should change their relationship with environmental groups from one of confrontation to one of cooperation and consultation.

Other creative responses were proposed by Newell, Kreuze & Newell and Swindley. Newell, Kreuze & Newell drew attention to the possible leadership role of management accountants in helping management to be more environmentally effective in allocating resources. Swindley argued that UK retailers should 'consider their responsibilities on a global scale', and suggested that 'they have a unique relationship with the consumer [which] places them in a position where they could have a major impact on some of the important global issues facing society'. A particular case example of corporate environmental responsibility was given by Jones who described the case of Dupont, the large multinational chemical company, which in less than twelve months moved from a large environmental offender to become 'an outstanding example of how industry can clean up its own act . . .'

Gaps in the Literature

Despite the relatively large size of this group, a whole range of environmental issues were either not covered or received little attention. For example, much more of a lead could be taken by the business literature in terms of informing its readers about ecological issues. This could be done by encouraging debate on matters such as how the current pattern of mass consumerism affects the environment and what the potential costs to the natural world are in terms of air pollution (global warming, acid rain, etc.), water pollution and the depletion of precious resources such as the tropical rain forests. In addition to providing information there seems to be a great potential for the business community to take a leadership role and for the business literature to encourage this. For example:

Product policy - Far more encouragement could be given to businesses to develop product ranges that are ecologically responsible by, say, not using hardwoods from threatened rain forests, by recycling raw materials where possible and by using suppliers who are known to be ecologically responsible.

Production processes - Likewise, business could be encouraged to avoid production processes which cause ecologically hazardous waste and also processes where environmental accidents are a strong possibility. The

production processes used by Union Carbide in Bhopal, India, are an example of the latter.

Consumer education - Business has an important role in influencing the consumption patterns and expectations of the consumer, and promoting more ecologically responsible buying behaviour. Taking further the call for better communication and cooperation with consumer groups mentioned above (Ogilvy and Sawhill), the business literature could encourage managers not to regard consumer power as a threat but as an active partner in dealing with environmental concerns and thus provide additional market weight to their 'environmentally friendly' product and production process decisions.

Transportation - As a significant proportion of the traffic on our roads is used for commercial purposes, the business community is directly responsible for creating many environmental hazards, as well as being the major user of our depleting oil reserves. (For example, in the United Kingdom during 1972 18% of all energy consumed was for transportation (Foley 1976)). Given this responsibility, there is a clear case for the business and management journals to draw attention to transport environmental issues and raise questions concerning alternative transportation policy which is more environmentally friendly.

Third World trade - Another important issue not covered in the sample concerns the practices of some companies who trade in Third World markets. One aspect of this concerns the way that such trade is financed. As George (1988 p155) points out, often 'the environment is a little noticed victim of the debt crisis in the Third World, yet one day we shall all pay for the damage this crisis does to ecosystems'.

THE GLOBAL POLITICAL ECONOMY

The nineteen articles (6%) dealing with the global political economy were categorized under five sub-headings:

International Finance

Two articles dealt with the international banking community's resistance to investing in developing countries owing to bad experiences in the past (Nadler) and also the moral hazard inherent in such transactions, particularly with regard to debt repayment (McPherson). A third article looked at the involvement of financial institutions in international crime, such as drug money laundering (Boyce). (See also the review of the financial services industry later in this appendix.)

International Bribery

John Ramsey succinctly defined the ethical problems of bribery and corruption as starting when 'the principal benefactor of any particular offering stops being the recipient's employer and becomes the recipient'. Confirming that in some parts of the world corruption is a prerequisite for doing business, Perez described the situation in Venezuela and Amin that in the Middle East where, notably, Qatar and Iran have legislation to prohibit such practices. Acknowledging the prevalence of corruption in many world markets, Hill described the situation in the United States following the enactment of the Foreign Corrupt Practices Act in 1977 which has acted as a 'significant deterrent' but which has made the trading of US companies more difficult.

International Trade and Human Rights

Just one article came in this category and concerns US municipal government trade with South Africa. Rather than dealing with the ethics of such trade, the findings of a survey of 24 cities, described by Ross, focussed on the difficulties of following anti-apartheid ordinances and on the exceptions that some cities make. An example cited was the City of Chicago which continued to deal with IBM even though it has a business presence in South Africa.

Multinational Corporations

Four articles dealt with the behaviour of multinationals. Dobson discussed the concept of 'global corporate culture' and suggested that it is 'characterized by multinational corporations, internationally linked securities markets and omnipresent communications networks'. He goes on to evaluate three enforcement mechanisms: the law, codes of conduct and stakeholder reputation. Getz looked specifically at the second of these, comparing the international codes of four different organizations.

In Vannah the case of IBM which in 1989 announced the loss of 10,000 jobs worldwide is described. Significantly, no mention was made in the article of the global consequences of the decision.

The final article in this sub-group (Wicks) is very academic in style, debating the pros and cons of two different views of multinational behaviour: the 'moral universalistic' views of Norman Bowie (1987) and the views of Richard Rowty, which Wicks interpreted as being that a company 'should keep their own values and practices until they begin to see other people as potential "conversation partners"'.

Global/Regional Issues

The tendency for the US to see itself as the global centre rather than as a global region was apparent in Volcker's triumphalistic article. He informed us that 'the remarkable events of 1989 [the fall of Soviet Communism] have been a victory for US leadership in the postwar world', acknowledging that 'the US must, of course, deal with evident problems within its own society to remain a source of hope and inspiration for others . . .'

The two articles on Japanese business compared its practices with those in Western countries. Both Dillon and Wokutch recognized the superiority of some Japanese practices in the areas of quality management and labour-management-government relations, but acknowledged that the Japanese approach may be hard to apply in a Western context.

Three articles gave an update on business ethics in Europe. Van Luijk gave an overview of the situation across Europe, Unnia in Italy and Mahoney in Britain.

Gaps in the Literature

The power of Western capitalist governments and business in controlling the world's economy should not be underestimated. This is especially so since the fall of Soviet Communism. Hard though it is to make predictions, it seems likely that, for the foreseeable future, this domination is likely to continue.

Given that this power exists, Western governments and businesses may be seen as having a responsibility to take a greater lead in helping to resolve the major global political/economic ethical issues. The business literature can encourage this by airing some of the key issues more widely. For example, more information could be published on:

Global patterns of consumption - None of the articles within the sample addressed the moral issues associated with differing patterns of consumption within the world's economy where a large proportion of the population is very poor with barely enough wealth to provide food and shelter, but where a significant minority of people has many times greater resources than it objectively needs to live a secure and reasonably comfortable life.

Likewise, no article concerned itself with providing a critique of mass consumerism even though it is the consumption excesses of the rich nations that seem to be the principal cause of many of the ecological and social problems that the world faces today.

International ownership and finance - By virtue of their power to move capital between countries and of the economic hold they have over some of these countries, multinational companies often seem to function as a 'law unto themselves'. What contribution could the literature make to encourage such companies to operate for the 'global good' and to abstain from unethical practices, such as dumping dangerous products and using doubtful marketing practices in Third World countries? (Two examples of this would be the selling of DDT in the Third World when it had already been banned in the West and selling milk powder in areas where safe drinking water is not available and where breast milk is by far the safest way to feed a young infant). Likewise, how could the international financial community be encouraged to take more of a global lead, by introducing measures such as a responsible lending programme to finance Third World projects?

Encouraging a global perspective - The United States in particular seems to be extremely in-turned and nationalistic in its concerns. Other countries may be less so, but all could be encouraged to take a far wider global perspective. A possible role for the business literature would be to promote the idea of interdependence, namely that the well-being of peoples in other regions of the world has a direct relationship to the well-being of one's own nation and region. Clearly it will be hard to gain wide acceptance of such a 'philosophically difficult' idea which runs counter to the self-seeking, consumerist view. But the new interest in matters environmental and the growing understanding of how actions in one part of the world can effect the environment in another part of the world, give cause for some hope.

TECHNOLOGY AND GLOBAL ISSUES

With the exception of the occasional passing mention (for example Sawhill) none of the articles in this group was concerned with global consequences of technology. Yet there are so many issues which deserve an airing.

Horner (1992) lists several technology areas where some form of global ethical impact is likely. These include information technology (especially telecommunications and computers); military and space technology; agricultural technology; medical technology; and, most recently, biotechnology. The issues which the implementation of such technology raises include:

- (1) How does the wholesale introduction of a technology affect employment, particularly in poorer economies?
- (2) What are the ethical and social consequences, in terms of the international division of labour and the global location of technical skills, of large technological investment in Western countries?

(3) What ethical issues are involved with decisions to share or withhold technology with/from poorer nations?

(4) What are the consequences of international policy which involves purchasing raw materials from poorer countries and adding most of the final value (through technological processing) in the home country?

SPECIFIC INTEREST GROUPS

Women's Issues

Two-thirds of the articles (22 out of 35 - 11%) in this group concerned women's issues. Several focused on gender and represented a wide range of opinions and attitudes. Klaus, who claimed that women have a special sensitivity to unethical behaviour, called on women to empower themselves, suggesting that 'if a woman does not use her veto power, she may be aiding and abetting the wrongdoing that she observes'. In making her case Klaus cited several studies which purport to show basic behavioural differences on ethical matters between men and women. This idea was promoted by Devine & Markiewicz and also Konnor who based her argument on the work of Carol Gilligan, a one-time collaborator of Lawrence Kohlberg. (See generally Chapter 5).

The alternative view, that there is no gender difference with regard to ethical behaviour, was proposed by Fagenson, Korabik and Tsalikis & Ortiz-Buonafina. In acknowledging these contradictory views Sekaren argued that imaginative research be undertaken 'without attachments to dogmatic beliefs'. Gregory reviewed three perspectives concerning women and management and suggested several different approaches to research.

Lam and Lavoie dealt specifically with women and management training, and Grondin with some of the obstacles to training women to become better managers. Several writers (including Hall; Cullen; Falkenburg & Monachello; Belcourt; Burke & Mckeen and Andrews et al) looked more generally at obstacles to the success of women in business and proposed several courses of action to overcome them.

Ethnic Minorities

Taking women's issues as a benchmark, it was notable that only three articles in the sample were concerned with ethnic minorities. Colford gave an account of how the black American and Hispanic communities used their buying power to demand fair employment practices. Brascoupe gave a eulogy of native American Indians' moral attitudes to landsharing, especially when compared with Western values. Finally Groarke gave a

'common sense defense of affirmative action' (sometimes called positive discrimination) as a means of compensating the victims of past discrimination.

Disabled People

Just one article (Burkhauser) focussed on the problems of disability, dealing with the Americans with Disability Act (ADA) which charges employers to make 'reasonable accomodation to disabled workers unless this would result in undue hardship on the operation of the business'. The Act, the major appeal of which seems to be that it 'does not explicitly raise taxes or increase the federal budget' leaves it to the courts to determine the degree of subsidized work a firm must provide for the disabled and seems to reflect 'Congress's unwillingness to fund new social legislation'.

Homeless and Starving People

The three articles in this group reported on probably worthwhile, but essentially quite minor, attempts by parts of the business community to address the problems of homelessness and starvation in America. Braus described attempts to 'help the *32 million hungry* in the US' (my emphasis) through local food banks which distribute leftovers from restaurants and others in the catering industry. Robert Slater described the pressures on a retail wine chain to remove high-alcohol wine from skid row districts across the US. Gilbert reported on a programme introduced by Shelby Insurance Group to make a \$2 contribution to a homeless fund for every new homeowner's policy application.

Acquired Immune Deficiency Syndrome (AIDS)

By the summer of 1989 the incidence of AIDS in the United States had exceeded 10,000 cases and by 1991 an estimated 2 million people had been exposed to the virus, with between 270,000 and 365,000 people having full-blown AIDS (Ross & Middlebrook). These figures are for just one country; worldwide the scale of the problem is enormous. But what is the business community's response? Well, if the sample provides an indicator, it is fairly mediocre, with just three articles addressing the subject, all published in American journals (Ross & Middlebrook, Locke and Gray). Limited though the response is, however, the articles that do appear are quite encouraging, with each article suggesting that a definite leadership role should be taken by the business community to counter 'the lack of valid information [that] creates and fuels irrational fears' (Ross & Middlebrook).

Animal Welfare and Animal Rights

Of the two articles appearing in this sub-group, Burke focussed on the corporate security problems posed by the activities of animal welfare and animal rights groups and was unconcerned with the 'rightness' or 'wrongness' of particular attitudes. Taking a more circumspect view, the article which appeared in *Marketing (UK)* (Anon) discussed the continuing controversy over animal testing for cosmetics and outlined some of the ethical issues.

Religious Pressure Groups

The one article in this group described the case of Pepsico which gave in to pressure from a fundamentalist Christian group to stop using advertising which featured the pop star Madonna (Yao). Doubtless Madonna's publicity machine benefited greatly, but at issue are questions concerning whether this Christian group used its power in an appropriate way and, indeed, whether other religious groups should be encouraged to act similarly.

Gaps in the Literature

It is not surprising that, in today's social climate, women's issues get a wide airing. Compare this with the relatively poor coverage given to racial minorities, disabled people, the homeless, the starving and AIDS sufferers. Those articles that do appear are often well informed and clear. (But will such relatively sparse coverage have any effect or are they just voices in the wilderness?) There seems to be a strong case for business journals, and the business community in general, to take a far firmer lead. A greater and more thoughtful exposure of the issues would at least contribute to correcting some of the injustices within society.

CORPORATE ETHICS

88 articles (26%) came into this category which are dealt with under three sub-headings: Ethics and corporate management; Business functions and Corporate philanthropy.

Ethics and Corporate Management - 37 articles (11%)

The role of the senior executive - Three writers focussed on the importance of the senior executive in ethical matters. Kelly held that the chief executive of a company, as well as having overall responsibility, 'also sets the company's tone, profoundly influencing its overall ethical health'.

McDonald, commenting on interviews with 45 senior Canadian executives, was optimistic. He reported that 'most of the executives demonstrated a keen awareness of their ethical responsibilities.'

Being aware of one's responsibilities is one thing; however, acting on them is quite another. As Wolfe pointed out, 'a main problem in business ethics is the fact that high-level decision makers in corporations are far removed from the impact of their decisions.' One possible solution to this problem is proposed by Wolfe, who said that, 'in addition to making companies pay money judgments for unintentional wrongs, the agents of the corporation should be forced to apologise in person.'

Exercising fiduciary responsibilities - Widening the literature search a little, into the domain of executive legal responsibility, there was frequent reference in the sample to the responsibilities of company directors, and it is perhaps here that some lessons can be learnt.

Under American law, 'in the exercise of corporate powers, a director stands in a fiduciary relationship with the corporation and must exercise corporate powers in good faith and with loyalty.' (Campbell) 'The traditional fiduciary model [sees] directors who are lax in carrying out their functions [as being in] breach of their duty of care, and directors who use their positions of trust [as being in] breach of their duty of loyalty' (Palmiter). There is some pressure to widen the legal interpretation within American business law, with 'the situations in which courts will find fiduciary duties in a commercial, and even contractual, setting [seemingly] expanding' (McLachlin). This pressure for change includes the possibility of widening the legal interpretation 'to take into account the interests of other constituencies (persons or groups other than shareholders) in performing their duties' (Anon). Although, as the same article points out, imposing new powers and duties on directors could create legal problems.

Even if it is not practical to enshrine this wider level of executive responsibility within the law, there is a (perhaps rather radical) case for encouraging the acceptance of wider executive responsibility. So, for example, an executive would be regarded as being in breach of his fiduciary responsibility (i.e. his position of trust) if he failed to ensure that a customer was supplied with a safe and appropriate product under contractual conditions which were fair, or that he took investment decisions which put at risk the well-being and security of his employees.

Corporate culture - As Gummer pointed out, 'it was not until the late 1970s that the idea of organizational culture began to attract explicit and sustained interest.' The conclusion was that 'if managers would pay more attention to an organization's ideals, norms and values, as well as heed the symbolic aspects of management, they would discover powerful tools for enhancing organizational effectiveness.' Petrick drew attention to the key role of the senior executive in articulating and enforcing

organization-specific values and suggested that 'specific steps to improve an organization's moral climate [would] include: (1) improving the quality of the leader-follower exchange . . . and (2) reducing delays in the enforcement of organizational ethical guidelines.'

As the understanding of corporate culture has grown it has been recognized that the prevailing culture in many companies is not particularly conducive, either to its longer term well-being or to good ethical practice. The corporate culture in many companies 'fosters bad decisions by encouraging managers to maximize short-term profits and discourages a longer term, ethical, legal and economic analysis.' (Sacacas). One of the main dangers of corporate culture was identified by Woodworth who suggested that 'many unethical actions derive from an emphasis on conformity, seeking approval from the boss and loyalty to corporate goals, over personal accountability.'

Techniques to aid policy making - The sample identified just one technique, issues management, as being helpful to senior executives in making policy decisions. 'The concept of issues management was developed a decade ago' and is concerned with scanning the business environment for issues which may affect corporate well-being and monitoring their development in order to influence future corporate social responsibility policy (Heath). As two other writers pointed out, there has been a steady move from a limited company-specific purview to the consideration of a more international perspective, taking into account some of the radical political and economic changes that have been occurring in the world (Ewing and Wilson).

Policy and codes of conduct - In the sample, nine articles dealt with codes of conduct. In studying them it was apparent that their use as a method of influencing business behaviour is well established. In the United States some 75% of all US companies have adopted a written code of conduct. In Europe the figure is much lower, but still significant at 41% (Lorenz).

Defining an ethical code, Lorenz suggested that it provided 'a framework that will allow an organization and all the individuals within it to deal with issues that have a moral dimension'. This is the theory, but according to Gray 'there is little evidence that the increase in organizational codes of ethics (OCOE) in recent years has had much impact . . . Business ethics and social responsibility have failed to take root in organizations and governments because they have remained undefined and imprecise and because organizations do not have the mechanisms for, nor the interest in, their adoption.' Some would, no doubt, want to take issue with this view, although, as Lorenz did eventually conclude, 'in spite of some theoretical misgivings, a pragmatic and relativist approach to the establishment of OCOE . . . is supported.'

One problem with codes is their lack of any legal standing. As Pitt pointed out, 'executives are under heightened pressure to adopt elaborate compliance programs by which to closely supervise their employees, but most federal courts agree that they are irrelevant in determining the company's liability when an employee breaks the law.' Much more important than legal standing, however, are the problems of implementing codes of conduct. Many have found that 'ethical codes are not enough' (Hyman) and have had to implement other complementary methods such as a checklist to streamline ethical thinking (Hyman) and implementing internal auditing procedures (Gavin). Indeed, some authors seem to propose the need to return to first principles as a means of developing a more implementable code. This would include trying to clarify and understand the expectations of a company's employees (Herman) and trying to ensure that the code is 'endorsed and supported by everyone in the organization' (Siers).

Emphasizing the importance of viewing corporate codes within the wider context of an overall ethical policy, Siers states that 'the first step in any corporate ethics program is to test the level of support and understanding that can be anticipated. The next step is to tackle the problem of how to document the company's goal and objectives. A corporate ethics policy should tell employees what their responsibility is for compliance with the policy..[and] should address such areas as competence, confidentiality, integrity, and objectivity. The company must also establish procedures that will enable employees to communicate freely about perceived or potential ethical dilemmas.'

Some managerial ethical problems - The five papers in this sub-group were concerned with four specific managerial problems: (1) overcoming resistance to dealing 'with the risk and hassle of challenging something [a manager] knows is wrong' (Grove); (2) issues associated with helping subordinates with their personal problems (Moberg); (3) the ethical problems associated with manager/subordinate interpersonal communication (Pettit); and (4) white collar crime (Kaplan and Shostack).

Gaps in the Literature

Executive responsibility - The role of the senior executive with respect to ethical matters is relatively well covered. There seems to be a good trend (although largely judiciary-led) in the direction of senior managers being expected to recognize their fiduciary duties of care and trust to a wider range of stakeholders. As its senior executives are so central to the positioning of a company in terms of ethical policy, there is clearly room for much more attention to be given to this area.

Policy formulation - No articles dealt directly with policy formulation. There were some which explored how corporate climate affects the

determination and implementation of ethics policy, but nowhere was the mechanism for setting such policy discussed. For example, how does an executive choose between competing and sometimes incompatible objectives, such as, the need to maximize profits and the need for an ecologically sound new product development policy? Corporate policy formulation is a difficult and complex matter even where a relatively limited profit-maximization objective is applied. If the same process has, in addition, to take into account the demands and expectations of a wider range of stakeholders, then the task can become very complex indeed. To help unravel these competing demands some management tools are needed. One such tool, issues management, was covered in the sample. Helpful though this may be, it does have the distinct limitation of treating ethical issues as being a constraint on profit and not as having an equal call on the policy making process.

There are many policy issues which would benefit from coverage within the literature. For example, 'How does a company choose between competing stakeholder expectations?' and 'What sort of policy issues are raised when a company chooses to implement certain non-fiscal ethical objectives which may run counter to the perceived needs of, say, the financial institutions?'

Administering ethics policy - Several articles discussed the use of codes of conduct as a way of administering ethics policy but, as we learnt, such codes have their limitations. There was a significant gap in coverage of the way an organization should structure its resources more ethically. For example, what sort of organizational structure is most suitable: a traditional hierarchical organization, a more flexible matrix-type structure, or one where decision making authority is fully decentralized?

Specific Business Functions (41 articles -12%)

Marketing

Predictably, marketing was the business function which attracted most attention within the sample, although, by no means all writers approached ethical issues with open arms. Indeed many were very defensive when it came to acknowledging possible criticisms.

Marketing ethics research - Two articles were concerned with marketing ethics theory and were based on the earlier work of Hunt & Vitell's (1986) 'general theory of marketing ethics'. Mayo & Marks did a study to test the theory in the context of a marketing research ethical dilemma, the results of which were 'quite supportive' of the central feature of Hunt & Vitell's theory. In his commentary, Hunt identified where future marketing ethics research can benefit from Mayo & Marks' work, particularly with regard to constructing scenarios, measuring ethical judgments and measuring deontological norms.

Codes of conduct - Sisodia focussed on the problems of implementing codes of conduct within a marketing context. He outlined the American Marketing Association's new (1987) Code of Ethics and discussed some of its problems, particularly those associated with membership awareness, commitment and compliance. Unless these issues are dealt with, Sisodia concluded 'the ability of the marketing profession to continue policing itself will be in jeopardy . . .'

Consumer power - Three articles dealt with consumer power, one of which (Peterson) rather fancifully talked of the common, ordinary marketplace as being 'the US' second democracy', suggesting that 'every day is election day, every producer-candidate is held strictly accountable and every consumer rules with an iron hand.' If only this were true there would be no need for the increasingly popular consumer pressure groups which, as Davids pointed out, have sprung up in recent years. In the third article, Plymire provided some more down to earth advice. In 'What We Need Are More Complaints' he made a good case for valuing customer complaints as a means of serving the customer more responsibly and, as a consequence, increasing sales. He pointed out that only 4% of dissatisfied customers complained, the rest moved on to another supplier, often (91%) never to return.

Market research - The two articles that appeared on market research acknowledged that major ethical problems occurred in this area, including deception, conflict of interest, and data falsification (Akaah & Riordan). Both articles reported on opinion surveys conducted by the authors, but their research offered little guidance in the task of managing market research activities more ethically. However, 'knowing' that female market researchers perceive themselves as more ethical than do their male counterparts, or that graduate researchers rate their behaviour as being less ethical than other researchers, may help in the process of selection (Kelley et al).

Advertising and promotion - Surprisingly the only article to appear in the sample on the topic of advertising (Dollisson) was very defensive indeed, seemingly trying to counter the growing pressures for more ethical advertising practices. On the attack, even to the point of using scare tactics, we learn that, 'often, opponents to advertising are professional activists motivated by an antipathy, not only to particular products, but also to business ethic [sic] and ultimately to freedom.'

Personal selling - With the exception of insurance agent sales which are covered elsewhere, just two articles appeared which showed any concern for personal sales and ethics. The attitudes presented in the first (Falvey) are hard to believe. Here we are told that 'the creative salesperson sometimes will: (1) break every rule, (2) bend every policy and procedure, (3) tell less than the truth to all concerned . . .'

and that the 'good line sales manager will recognize that their job is not to discipline this maverick

but rather to shield the salesperson from a system that is likely to hamper creativity and productivity.’ The concern of the second article was more theoretical (and ethical). Wotruba suggested a framework to describe the Ethical Decision-Action Process (EDAP) which ‘provides a useful guide for uncovering possible causes of ethical problems resulting from the actions of sales managers or salespeople.’

Pricing policy - No articles appeared on pricing policy.

Product policy - One article appeared, covering just one aspect of product policy, packaging, or more specifically, labelling. Based on a report by Corey & Bone, Erickson suggested that ‘packaging issues have reached a level of public concern that will demand attention and challenge business in the 1990s.’

Distribution policy - In his article on the benefits of franchises, Poe described the case of Four Seasons Design whose founder, Chris Esposito, ‘frustrated by the lack of control over his dealers . . . turned to franchising, which enabled him to keep a close rein on the ethics, training and practices of his distributors.’

Gaps in the Literature

Considering that marketing is the one function within business which is continually under the public gaze and also considering its past reputation for dishonesty and doubtful practices, it is surprising how few articles appeared in the sample covering marketing and ethics.

There was no article, for example, on the methods and techniques used by salesmen and on what steps could be taken to make their practices more ethical. And none which explored the pros and cons of the advertising industry whose *raison d’etre* seems to be one of manipulating facts and creating demand where previously none existed. (Or do I overstate the case?)

And what about other aspects of the marketing mix? What are the ethical implications of various pricing strategies? How far should product policy take heed of ethical considerations? To what extent should a company take responsibility for the ethical practices of its distributors? Each of these questions raises important issues which would benefit from some coverage in the literature.

Human Resource Management

It was human resource management that, after marketing, attracted most attention within the sample.

Selection - Two articles dealt with issues of selection. Lafferty expressed concern that the United States, 'the richest nation on earth, has fallen into serious times' and called for assessment programmes that will help executives choose leaders. In particular he suggested the need for leaders who can adopt 'three styles of thinking - achievement, self-actualization and humanistic-encouraging', who would 'provide better teamwork, cooperation, products, relationships and ethics' and provide a counter to the 'common trend towards defensiveness'.

In the second article Thompkins addressed the problems of power politics created by a lack of top level guidance within a company. He suggested that 'a major facet of group political behaviour is "groupthink", defined as the deterioration of mental efficiency, reality testing and moral judgment in the interest of group solidarity.' Good personnel selection is suggested as a solution to this problem with new people being appointed to 'bring new talent to the organization . . . and not a new set of old, poor habits.'

Training - Leading on from selection, six articles dealt with training and ethics. As Rice & Dreilinger pointed out, 'many organizations have recognized the need to go beyond codes of conduct, to give employees an understanding of why ethical behaviour is necessary.' However, as both they and Finn pointed out, there is often a conflict between the two approaches. One which is based on the view that managers are not able to change the morals and values of their employees but they can change behaviour. The other supports the view that ethical behaviour is an outcome of changing morals and values. In support of the latter position, Snell outlined two formal business training approaches to ethical development: moral competency training and ethical education. In this article Snell gave particular emphasis to 'holistic ethical education' where managers are encouraged to be aware of the ethical content of their daily business lives.

In 'How do you train managers to care about their employees', Kate Ludeman suggested that 'some managers are discovering the connection between caring and productivity (Ludeman /b). Her view was that 'the key to getting managers to care about others is to first change their attitudes about themselves' (Ludeman /a).

In suggesting appropriate training she identified five primary categories as being supportive of caring management behaviour: '(1) integrity and courage, (2) meaning in work, (3) sharing power, (4) recognising winners and (5) creativity and innovation.' Ludeman also proposed three phases in the change process: changing internal attitudes, changing external behaviour and organizational change.

Collective bargaining - A single, but significant, article appeared in the sample on the subject of collective bargaining. In 'Collaborative Collective Bargaining: Towards an Ethically Defensible Approach to Labor

Negotiations' Frederick Post presented a legal and ethical critique of the common approach to negotiations - adversarial collective bargaining (ACB) and contrasted this with a new methodology called collaborative collective bargaining (CCB). Post suggested that 'the tactics used in ACB to achieve victory include deception, lying and abandonment of the truth as a moral value. In contrast, CCB can foster an environment that encourages candor and truthfulness.' In the longer term, Post argued, adopting CCB as opposed to ACB will be better for all parties.

Development of the individual - Three articles in the sample focussed on individual development. Two were concerned with career management, one with retirement. Cabrera looked at 'management's new responsibility to create an environment that encourages professional development and growth, respecting the needs of people to improve themselves' and how this can be linked with job satisfaction and productivity. Deutschman described a study of the professional-managerial needs of 25 year-olds (born in 1965) whose concern is less for financial security and more for factors such as quality of life, concern for the environment and moral and religious values.

Moving to the other end of the age scale, Kopach concluded that 'due to longer and healthier life spans, many people will be living in retirement for perhaps 20% to 30% of their lives . . . [and that] it is important for a corporation to assist its employees in creating a structure that will replace the company when it is no longer there.' Although much of the advice given in this article had only a tenuous link with ethics, it did make the one significant ethical point (in the context of good retirement planning program) that a company's management does have a responsibility for helping employees become aware that they are responsible for their own futures.

Drug and alcohol abuse - Techniques for testing for drug and alcohol abuse among employees have been used for many years in the United States. Apparently, 'over 90% of the largest US employers now have drug programs of some type and more than 60% of them test their employees for drug use' (Cambridge & Bensinger). These two authors do not even seem to question the ethical issues associated with this practice, their main concern being that companies which resist such testing policies will become 'employers of last resort' with immeasurable damage being done to safety, productivity and morale.

A rather different emphasis was given in a British article which suggested a move within the UK towards drug and alcohol testing. This article cited British Rail as an example of a company planning to introduce compulsory drug and alcohol testing for some of its employees. It also highlighted some of the main problems of testing, in particular: infringement of civil liberties; false accusation and the use of tests which discriminate against

less harmful drugs such as marijuana, which stay in the bloodstream for weeks, but which do not pick up evidence of hard drug use.

Gaps in the Literature

For the most part the articles in the sample dealing with human resource management were innovative and forward looking. Only the two articles dealing with drug and alcohol abuse emphasized the need for enforcement. In general the emphasis was on encouraging the best from individual employees and managers through careful selection and good training.

It was refreshing to note several examples where the conventions and norms of the 'group' were criticised and a concern for the quality of life, 'higher' values and the need for individual responsibility were emphasized. For example, Thompkins was concerned that companies, in selecting new employees, should look for people who are creative and likely to resist the pressures of 'groupthink'. The suggestion that collective bargaining could move away from a combative style to one of collaboration and cooperation was also encouraging.

It would be worrying, perhaps, if those who were responsible for human resource management were not forward looking and innovative. Presumably this sample of articles represents only the cutting edge of the profession, with the majority of personnel specialists still emphasising the application and enforcement of rules. Much more of the same therefore is needed with effort being put into developing new techniques which will help companies to give greater emphasis to the development of the individual and in helping them to function collectively in a cooperative manner. There is also a pool of established techniques, such as meditation, stress management and assertiveness training, which could be applied more widely.

Purchasing

Two articles in the sample reported on studies of purchasing behaviour. A third dealt with the ethics of government procurement. This latter article (Kidd) mainly emphasized issues of legislation and the problems of awarding public contracts fairly without so criminalizing and burdening the system that companies no longer wanted to do business.

Taking a more general look at purchasing ethics, Morgan reviewed the ten finalists of *Purchasing's* 1990 welcome booklet competition where ethics was one of four selection criteria. Modic reported on a survey of 1000 purchasing professionals conducted by *Purchasing World* which suggested that 85% of respondents 'worked under some sort of code of ethical conduct, 59% of whom reported that it dealt specifically with the purchasing function'. However, the article went on to report that 'despite

the existence of a code of ethics, a significant percentage seem to bend, if not break, the rules'. For example, 8 out of 10 such respondents admitted to accepting gifts and company name-imprinted items despite the rule of 'no gifts or favours'.

Gaps in the literature

In this group the emphasis was on procurement codes and the problems with their enforcement. No article encouraged a more affirmative approach where potential suppliers are selected on the basis of their ethical policies, the way in which they treat their employees and their own procurement policies with regard to, say, sourcing from a South American dictatorship.

Production

Plant closures - Millspaugh provided a historical perspective for the pressure being put on the US legislature in the early 1970s for laws to restrict US plant closures. He listed the diverse range of pressure groups in favour of such legislation and also the 'formidable obstacles' encountered in 'an increasingly hostile free-market environment.' At the same time as parts of the business community were 'moved to assume some of the burdens precipitated by closures . . . powerful business interests fought the enactment of mandatory closing restrictions into law'. Despite this, Millspaugh was optimistic, suggesting that 'the requirements of advance notice and worker severance pay have now begun to root in law . . . success [which] stands as evidence of a continuing US public policy receptivity to ethics-driven concerns.'

Total Quality - Although the two articles in the sample on this subject have been classified under production, they are, to some extent, misplaced. The concept of total quality (which has evolved from the pioneering quality management work of William Deming among Japanese businesses - see Deming 1986) is, as its name implies, concerned with attitudes and practices throughout the whole company. As Baum suggested, US managers are coming to terms with the idea that continuous quality improvement does not end with zero-based, discrete item manufacturing methodologies. Slogans such as 'white-collar quality', 'quality proud' (Baum) and 'Quality is Job #1', the last being a coinage of Ford Motor Company (White), would seem to suggest wide-ranging commitment to high quality values. Although total quality management seems to have a lot to do with profitability and 'enlightened self-interest', it does have interesting ethical implications. It encourages, for example, several qualities which are supportive of good ethical practice, such as: open leadership, a desire to make the best use of human resources (for employee as well as company) and the wish to give the customer a good deal.

Gaps in the Literature

As Figure 3.3 showed, the interest in Total Quality Management (TQM) was fairly consistent throughout the 1980s. As TQM seems to encourage good ethics, a continuation of this trend is welcome. However, as a recent study in the United Kingdom suggested only some 25% of those businesses that had implemented TQM regarded it as successful. There is a need to develop an independent debate within the literature with respect to production and ethics rather than just to rely on TQM, especially as, during times of economic recession and stagnation, the trend is likely to be away from ethical concerns (unless covered by legislation) and towards those 'powerful business interests' (referred to by Millspaugh) protecting their 'bottom line'.

Finance

Ethical issues associated with accounting as a profession are dealt with elsewhere; this section therefore reviews a single article which discusses an ethical framework for reporting short-term earnings. Bruns & Merchant suggested that a casual observer may assume that factors such as laws, regulations and professional standards would have 'restricted accounting practices to those that are moral, ethical, fair and precise'. The results of a survey questionnaire would suggest, however, that there is much room for variation in financial practices and that there was a lack of agreement among respondents concerning reporting procedures. Further, 'if differences of opinion exist, [Brums & Merchant concluded that] it is likely that financial reporting practices will sink to their lowest and most manipulative level.'

Gaps in the Literature

Problems of professional accounting ethics are discussed below. However, Bruns & Merchant's article touches on a major ethical issue which would benefit from a wider airing. This concerns the power of the financial specialists within a company and how they use that power. How common is it, for example, for the executives of medium to large corporations who are not trained accountants to be at the mercy of such specialists? As the accountant is in control of the figures, and more significantly, how those figures are presented, an ethos of 'short-termism' and financial veto often prevails, with profitability and return on investment taking precedence over other non-financial concerns. There is a need, it seems, for executives and accountants to recognize that this power relationship exists, to acknowledge its limitations and to take whatever steps are needed to break it down.

Computing

Most of the articles in this group dealt with computer security and were largely concerned with avoidance and legislative matters rather than with directly ethical issues. For example, Mason reported that an estimated '\$40 million dollars in commercial software' is pirated in the US every year, with the preferred solution being proposed as 'an enforced contract or code of ethics'. Both Swinyard et al and Paradice conducted comparative surveys on the morality of software piracy. The former comparing students from Singapore and America, the latter entry level management information system's students with non-MIS students. Perhaps the most constructive, in an ethical sense, was the article written by Edmund Fitzpatrick who warned against some of the ethical problems associated with the use of sophisticated databases and expert systems.

Gaps in the Literature

In today's technology-dominated world our dependence on computing is all-pervasive. It is very surprising, therefore, how few articles appeared in the sample which dealt with the ethical issues of computing. Pirating software seems insignificant when compared to the possibility of human rights infringements caused by the illegal acquisition of data, of the threat of industrial or military accidents caused by software errors and the human costs of the large-scale implementation of advanced computer technology. With the unabated growth in the use of such technology in modern life, such issues need to be forcefully and loudly debated.

Corporate Philanthropy (10 articles - 3%)

Corporate giving - The articles in this group present a picture of corporate giving which is not very optimistic, at least in America where most of the articles were published. US corporate giving increased from \$2.4 billion in 1980 to \$4.4 billion in 1984 but then slowed, rising only about 2% during 1988 and 1989 (Naylor). A view confirmed in the journal *Across the Board* (Anon) which, although claiming that 'corporate philanthropy is thriving', confirmed that corporate giving totalled \$4.75 billion in 1988 - just a 7.95% increase in four years. Various reasons are given for this relative decline. Naylor referred to the effect of capital structure, suggesting that 'giving is threatened when a firm is highly leveraged'. Cordtz listed certain other reasons, suggesting that although there is US government pressure on firms to give more to social programmes, their generosity is tempered 'by lower profits, the threat of a hostile takeover and the growing demands of institutional investors'. With regard to takeovers, Naylor pointed out that this tended to lead to reduced giving and that even in the few instances where giving has increased after a takeover, this was not enough to equal the combined level of pre-takeover donations.

As well as reduced giving, three other distinct trends seem to be indicated by the literature: (1) the growing tendency for companies to prefer gifts in kind to financial donations with, in 1990, such non-monetary gifts accounting for 15% of all US corporate giving (Anon); (2) the second trend is towards cause-related marketing and (3) closely linked to this, a move towards organizations' demanding mutual benefit. Does Katz recognize the cynicism in his view that 'corporations tend to operate from the premise that philanthropy, properly monitored, is enlightened self-interest. Because corporations must function as bottomline organizations, mutual benefit must be the essential ingredient in any successful proposal [for charitable support]?' Cordtz seemed to regard the emphasis on self-interest, particularly cause-related marketing as controversial but nevertheless true and lists four aspects of this changing approach to business giving: (1) greater selectivity in choosing causes to support; (2) limiting objectives and targeting effort more carefully; (3) substituting human resources for dollars where possible and (4) joining coalitions in cooperative ventures.

Two examples of cause-related sponsorship programmes, where the American Red Cross was the happy beneficiary, were given by Nichols who cited Burger King Corporation's success in raising \$5.7 million for victims of the 1989 San Francisco earthquake, and Wichman's account of the catalogue sales company Talbot's offer to give a donation for every order placed to those who suffered due to the destruction caused by Hurricane Hugo.

Service to the local community - The trend towards gifts in kind is further reflected in several articles which discussed the relationship between business and the local community. This was sometimes reflected by reference to the notion of wider stakeholder responsibility, that is, 'that a company exists to benefit not only shareholders, customers and employees, but also those who make up the community and the country' (Skeel). Meagher cited the case of Beneficial Corp. which adopted this approach through making significant cash contributions and also encouraging staff to volunteer for community service. Skeel cited several similar cases in the United Kingdom.

Support of the Arts - Reading the three articles in this group it is difficult not to form the cynical view that companies support the arts primarily for reasons of financial gain and that 'corporations are exploiting culture to advance the bottom line' (Fujigane). Indeed, one bank, the First Wachovia, boasts an art collection of \$5 million 'about twice the price paid' (Maloney). According to Maloney, a key motive for supporting art is to enhance a company's image in the community. Whether such an attitude is all bad is certainly open to debate, but what is clear is that this is an important method of funding the arts. 'During the 1970s and 1980s, business support for the arts grew at an unprecedented rate in the US. Underscoring the promotional value of such donations . . .' Benson.

Overseas aid - There were no articles in the sample in support of overseas aid.

Gaps in the Literature

The views represented in the sample which suggest a slowing of corporate giving, a move away from cash donations to gifts in kind and more selectivity in choosing philanthropic projects, all go to support the view expressed earlier that the picture of corporate giving in America is not very optimistic.

As, generally speaking, companies cannot be forced to give, and as there is a trend towards conditional giving (for mutual benefit), many more articles are needed informing potential donees how to ask for gifts and advising donors how to give effectively (and not just to those donees who are good at presenting their case). In addition, there are also wider educational issues which need exposure, associated with promoting a philosophy of giving, rather than one of gain.

FINANCIAL SERVICES INDUSTRIES

34 articles (10%) came into this category which includes the provision of financial services by banking, investment institutions and the insurance industry.

Banking (5 articles - 2%)

Money laundering - R. D. Fullerton in *World of Banking*, suggested that bankers 'must share a common goal: to declare all-out war on the money laundering problem and to deny drug traffickers a safe haven for their proceeds'. He suggested that their motivation should be that of both a concerned citizen and one of self-preservation. Marcuse presented a similar view suggesting the need for banks to keep abreast of the latest laundering techniques. Both authors provided basic advice to help bankers stem the problem including: getting to know clients (both lenders and borrowers), staff training and monitoring (as swindles often involve collusion) and looking out for accounts with excessive movement that does not match a client's business.

Political corruption - Hawthorne drew attention to the problems of political corruption by citing a case of the failing Lincoln Savings & Bank Association which in the past had made large political contributions. The article describes how three members of the Senate Banking Committee were under investigation for trying to pressure federal regulators to give Lincoln Savings favourable treatment.

Credit information - Possible problems caused by the development of a close friendship between senior bank staff and a client were highlighted in an article in the *Journal of Commercial Bank Lending* (Anon) which described the case of a relationship between a car dealer and a bank which spanned 50 years. When times got really hard and the car dealer needed extra financing the bank's president gave a false credit reference on the strength of their friendship.

Bank coercion of credit customers - Custis reported on a survey of National Association of Casualty and Surety Agents members which provided anecdotal evidence to support the view that banks, given the opportunity, will coerce credit customers to buy insurance through a bank-affiliated agency, on the basis of preserving a continued credit relationship.

Gaps in the Literature

All of the articles in this sub-group were concerned with stopping bad or illegal practices such as fraud, corruption and coercion by some banks of their clients. Banks have had a long history of high profits (although this has changed) and so perhaps the banking industry should now look to putting more back into the community. One way they could do this is by positively discriminating in favour of ethically sound businesses. They could encourage ethical projects by, for example, discounting interest rates and adopting a policy of lending-long on such projects. Lending long is something which British banks, at least, are very bad at (see generally *Why Are the British Bad at Manufacturing?* Williams, Williams & Thomas 1983).

Investment Institutions (18 articles - 5%)

'Insider' trading - In 'The Confessions of Ivan Boesky' Chesler-Marsh gave extracts from the testimony of the most famous 'insider' who never had to stand trial because of a deal with the American government to help clean up Wall Street. Despite this clean up and the conviction for fraud of several 'Wall Street giants', Zetlin pointed out that some observers believe that Wall Street is still 'rife with insider trading, fraud and general moral bankruptcy'. Even where an acquisition is deemed bad for a company, Zetlin suggested that some executives, seeing an opportunity to make a large sum of money through an acquisition, not only do not try to prevent it, but actively take part in its construction (Zetlin).

Taking a more theoretical stance, Moore summarized the principal arguments against the practice of insider trading as being: unfair, involving the misappropriation of information and harmful to ordinary investors and to the market as a whole. She then goes on to examine the deficiencies of these arguments, particularly fairness, which she deemed the least

persuasive. Moore concluded that the 'real reason for outlawing insider trading is that it undermines the fiduciary relationship that lies at the heart of US business.' (Moore)

Sharedealing practices - Two articles drew attention to dealing practices which are legal but possibly unethical. Coffee looked at the possible ethical problems of the practice by which brokers receive secret cash rebates from market makers. Arthur referred to the widespread practice of giving 'soft commissions', i.e. payment by non-monetary gifts, to brokers in return for business. The legal position with regard to this practice is provided by the Securities Investment Board which has ruled that it is legal but that 'fund managers should reveal to clients what and how much business they carry out under soft arrangements' (Arthur).

Mergers and takeovers - Three articles addressed some of the ethical problems of mergers and takeovers. Schadler & Karns explored the need for legal protection for shareholders in management buyouts overcoming 'the temptation of managers to extract shareholder wealth for personal gain' through the manipulation of share valuation. McKay drew attention to some of the human costs of mergers and the consequent cost to organizational effectiveness. The final article in *Directors and Boards* reported on the findings of the Woodstock Theological Center which looked at the 'important ethical issues' associated with worldwide merger activities (Anon).

Hidden beneficiaries - Mulcany and Stein gave information on two cases where company ownership information is not fully disclosed and where unlawful, or at least unethical, benefit is suspected.

Share ownership / ethical investment - Share drew attention to the 'growing sense of social responsibility among Americans' which often reflected in share ownership decisions. She suggested seven categories by which socially responsible investment can be judged: environment, energy, employee relations, weapons, health care, international attitudes and community participation and citizenship.

As Brandel pointed out, social investment has not always meant good returns, and yet, as S.T. Bruyn said in his book *The Field of Social Investment* (reviewed in Owen), 'social investors, whilst being concerned with ethical issues, remain steadfastly committed to economic development and financial returns on their investment.' Brandel, however, was optimistic that the emphasis on environmental policy and the end of the cold war will be good for ethical investment, although he also indicated that a compromise is in the offing to help lacklustre mutual funds be more successful. This will involve allowing conglomerates, classified as socially responsible investments, 'to have certain "sin" holdings, providing that the business derived from these activities is less than 5%'.

Shareholder power - In 'US trends Limiting Corporate Accountability', Longstreth identified two simultaneous trends: changes in the nature of stock ownership and the development of investment products and techniques which have caused shareholders to be less interested in management behaviour. These trends have been reinforced by changes in corporate law which make management less accountable and also the development of an investment ethos which manages risk by sharing investment over a range of stocks rather than relying on responsible risk management within a specific corporation.

As a counter to this loss of power, a growing number of pressure groups have been formed to organize and mobilise shareholders into putting forward shareholder resolutions on social issues. One such organization, the Investor Responsibility Research Center, was reported (in Ring) to have submitted 293 social issue resolutions in 1990.

Management responsibility to shareholders - Marcus argued that 'increasing shareholder wealth is an appropriate way to judge managerial behaviour . . . [because] if managers acted as the true agents to their shareholders, they would not allow their companies to fall into the predicament of ethical compromise.' To support this view he gave examples where company scandals such as bribery, fraud, dangerous product faults and illegal political contributions have all led to a fall in investment values.

Gaps in the Literature

As with banking, a dominant concern within this group of articles was for the avoidance of illegal practices within the industry. One should not be surprised, perhaps, that no article in this group examines the soundness of the whole business of buying and selling shares. Given that the current system will stay, the industry should at least be examining how it can make an ethical contribution to the society which goes further than simply 'getting their own house in order'.

The Insurance Industry (11 articles - 3%)

Doubtful sales techniques - In two articles, Robbin Derry, a leading academic, pointed out several doubtful selling tactics among insurance agents. They included: not conducting a careful enough and accurate needs analysis for the client because of pressures for a result; selling replacement policies without properly establishing whether replacing a competitor's policy will be worthwhile for the client (also reported in King). In 'Ethics: Standards We Must Not Stretch' Derry drew attention to the accusation made by many agents concerning pressure being put on by the home office which constantly focussed on quantity rather than quality and which

rewarded unethical behaviour. Hostetler highlighted another issue: the problem of not saying no to a client, however unreasonable their demands, leading to the sacrificing of principles and often 'in selling products that should not be sold to clients who should not be served',

Mistrust of the industry - Several writers commented on the problem of trust within the industry. As Feldblum pointed out, although many insurance agents and their professional societies are committed to ethical behaviour, 'many individuals mistrust the insurance industry.' (Feldblum).

Several solutions were put forward to this problem of mistrust. King stressed the need for improved communications, suggesting that 'the challenge is how to maintain and communicate ethical standards . . . when all the reward systems are focussed on sales.' Feldblum confirmed this, and pointed to a lack of knowledge on the part of both the consumer and the insurer which promotes suspicion and mistrust. Oakes drew attention to the need for honesty and its role in overcoming the antinomies of trust created by the exigencies of personal sales, which compromise the sales process.

Professional attitudes - Radin argued for the need to raise the status of insurance professionals, which is not possible unless the obligation of due diligence is satisfied, achieved through honesty and care in selecting products. This point was taken further by King (b) who argued that it is the moral responsibility of agents to do the necessary research to ensure that an insurer is solvent and financially viable.

Community service - McCarley bemoaned the continuing negative image of the industry and recommended that this be countered through community service which, as well as providing the indirect bonus of business contacts, gives the 'satisfaction of seeing the charities at work'.

An ethical alternative - In 'Going Fraternal Offers Built-In Prospects', Sullivan discussed an alternative to the mainstream method of insurance sales which provided some agents with a more satisfying career path. This alternative is provided by fraternal societies which offer a variety of services in addition to insurance sales, including charitable, educational, cultural, patriotic and even religious services. According to Sullivan, a common characteristic of agents who work for fraternal societies is frequently the wish to help others, although, on the financial front, commissions are generally deemed to be competitive with those of commercial companies.

Gaps in the Literature

The public perception of the insurance industry is very similar to that of used car salesmen, so it is understandable that the main emphasis within the sample was with the insurance industry's concern with changing this view. As the *raison d'être* of insurance seems to be the trade in fear and

insecurity, it is hard to see how the public's perception will change unless there is a fundamental and permanent move away from an unethical selling practices and policies. The 'fraternal' is a small move in this direction.

THE PROFESSIONS

This category includes 45 articles (13%) which focussed on professional conduct, education and codes of practice. It includes several professions generally held as such, including accountants and engineers, plus several other 'new professions', which tend to apply this definition to themselves. To clarify what is meant by a profession Harold Clarke in *Law Practice Management* gave a concise definition of 'someone who provides an essential service in which the public has a vital interest and [which] requires of the performer extensive training and the exercise of qualitative judgement'.

General Issues (2 articles - 1%)

There were two articles which dealt with professions in general. Siler in *Business Week* looked at the growing perception among the public at large that 'professionals have abused their autonomy and enriched themselves at the expense of their clients'. She cited case examples from both the accounting and law professions and the American government's response, concluding that 'overall, professionals are being blamed for the insoluble crises that afflict the US, including runaway health care expenses and the lack of industrial competitiveness.' Gaa continued the same theme, arguing that professions which are granted autonomy by society to regulate their own affairs have an obligation to act in a socially responsible manner. He then went on to describe a game-theoretic analysis of the relationship between the professions and society which demonstrated instability when opportunities were present for an individual to renege on the social contract. The analysis suggested that as long as society continued to act as if a profession was maintaining its obligations then there would be an incentive for individual professionals to lower their standards of behaviour.

Professional Accountants (21 articles - 6%)

This was by far the largest group of articles in the 'Professions' category, the majority being concerned with professional standards and codes of conduct. The main motivation seemed to be 'the increased number of court cases involving accountants and fraud' (Lander, Cronin & Reinstein), which has led to a poor professional image, and also the fear of more government controls. Cohen & Turner warned that 'to prevent further government regulation, the accounting profession must ensure that the behaviour of its members is impeccable and that their ethical consciousness

is raised.’ This theme was further examined by Goodwin and Younkings who suggested that the independence of certified professional accountants has been under increased scrutiny, particularly as the scope of their business has widened to include management consultancy and, more recently, personal financial planning.

Codes of conduct - In suggesting that ‘in today’s volatile environment, no other single issue is of greater concern to accountants . . . than ethics’, Smith & Bain pointed out that the ‘challenge for accounting ethics is to direct accountants to abide by a code of ethics that facilitates, if not encourages, confidence in an accountant’s works.’ This theme is considered in several other articles dealing with the situation in the United States (for example Smith, Kullberg, and Sweeney & Siers), as well as that in Canada (Carroll & Gage) and in Britain (Dearing). Horner outlined the common problems that accountants face in developing a code and described the three objectives set by KPMG Peat Marwick when they formulated their code.

Professional liability - Singleton-Green described the possible bankruptcy threat to UK auditors if an audit goes wrong and the call by the profession for a statutory cap on liability. Nash described a case which happened in Australia where a legal ruling was given against an accounting firm which failed to notice that \$A 10.50 million of a client’s funds had been misappropriated.

Accountants and the environment - A lone but interesting case was described in *CA Magazine* (Canada) by Yvon Houle. She reported that ‘in Canada both accounting and auditing standards are silent on the question of illegal acts except fraud’ and argued that the professional accountants had the responsibility ‘to report wilful pollution by a client’.

Education - Two articles dealt with the possible role of education in helping to raise ethical standards within the accounting profession. Mintz drew attention to the increasing call from accounting educators and professionals for ethics education in the accounting curriculum. According to a survey of some 333 members of the American Accounting Association, such education is already fairly widely available, with some 52.6% of the respondents saying that they had integrated ethics into their course. Quite what this integration meant is not made clear. Accounting textbooks, it seems, ‘touch only lightly on ethical issues’ so faculty are having to turn to other sources for ethical coverage. Another problem, highlighted by Frank, Sarham & Fisher, is that ‘many professors lack current, relevant accounting experience and, therefore, are unable to do much more than belabour obvious issues.’ To help alleviate this problem the National Association of Accountants (NAA) has called for a member of the accounting faculty in 500 American universities to serve as a liaison with the NAA, making available any educational material produced by the Association.

The Law Profession (3 articles - 1%)

A similar situation exists within the law profession as with accounting. Clarke reported on 'a perceived deterioration of the law profession's reputation.' Brown, in 'America's Legal Profession Is In Trouble', suggested that 'the once honorable legal profession has descended to a base trade in which too many lawyers operate solely for profit and self-aggrandizement.'

Different solutions to this problem are suggested. Clarke suggested the need to identify the nature of professionalism and argued that in order to deserve the higher earnings and other privileges that they received, they must be prepared to treat their clients (within appropriate limits) with 'honesty, knowledge, hard work, courtesy and zeal'. Adler described the American Inns of Court's contribution to improving ethics with the legal profession. This organization has formed several mixed ability teams within each of its Chapters (ranging from students to judges) which are intended 'to create an ethos of civility and collegiality throughout the profession . . . with the purpose of encouraging a culture of excellence'. More specifically, these teams have been asked to highlight typical ethical dilemmas.

The Engineering Profession (3 articles - 1%)

Technical writing skills - Two articles were concerned with possible ethical problems associated with technical writing. Michaelson suggested the need to weed out ethical irregularities after the first draft stage. He called for the deliberate searching (with the help of a colleague, if possible) for ethical problems, such as omitting important information; identifying ambiguities; exaggerations and biased information; using graphics to hide defects in the text; and plagiarism, passing off the work of others as your own. To provide help in dealing with these type of problems, Raymond & Yee described certain group techniques they have used to help student to write more ethically, particularly in a collaborative context.

Engineering education - Tiedeman described how, according to the fundamental principles of the American Society of Engineers (ASCE), the engineer's ethical responsibilities, as well as being concerned with the needs of society, are, in part, co-terminous with his duty to help 'increase the competence and prestige of the engineering profession.' Tiedeman argued that, owing to rapid changes in engineering technology, as well as other factors, it is essential to evaluate and change current educational practices to meet today's needs.

The 'New Professions' (16 articles - 5%)

Industrial security management - The American Society for Industrial Security (ISIS) was formed in 1955 and was created with the express purpose of eventually earning professional status. Since 1977 it has acknowledged professional accomplishment and standards through its Certified Protection Professional Programme (Anon).

In an article in *Security*, Russell described some of the 'conflict of interest' problems that can be experienced by security professionals, particularly where they 'work without the protection of an ethics policy'. He described the case of the security chief of the US Nuclear Regulatory Commission who cooperated with a congressional committee and who had a 'conflict of interest' case brought against him by his employers.

Business consultants - Grudnitski & Pilney in 'Confessions of a Reformed Lowballer' addressed the ethical as well as economic consequences of 'lowballing', the practice frequently used by management consulting services to offer a price substantially below cost, with the intention of 'getting a foot in the door . . . to demonstrate their capabilities' so that the client would develop a degree of brand loyalty. The same authors pointed out that consultants do not usually consider the ethics of this practice which, as well as being unprofessional and demeaning, can have an adverse effect on customer relationships, especially when an established customer discovers the level of pricing being offered to new clients.

In the general area of maintaining high ethical standards in consulting, the interview with Marvin Bower, former MD of McKinsey & Co., was interesting (Comer). In this interview Bower outlined the 'Five Responsibilities' which he introduced into McKinsey, summarized here as: (1) putting client interests before those of the firm; (2) maintaining the highest ethical standard; (3) confidentiality; (4) being truthful and (5) thoroughly knowing your job.

Information management - Two of the three articles in this group emphasized professional codes. Pemberton drew attention to the possible benefit of a code for information and records management. Barnes described some of the problems that the American Society for Information Science has had to resolve in developing its Code of Ethics. These include deciding what type of code was required: an 'imperative code' which raises questions on how violations are to be sanctioned, or a 'definitive code' which can remove an individual's autonomy and 'which many feel is in itself unethical'.

In a research paper, Vitell & Davis described an empirical study which looked at the relationship between ethics and job satisfaction among management information systems professions. Using the ubiquitous opinion survey, they discovered that MIS professionals had greater job satisfaction

when their top management stressed ethics and also that they were 'optimistic about the relationship between ethics and the success of their firm'.

Personal financial planning - The 'fledgling profession of financial planning' (Goss) seems to be a big growth sector, particularly in North America whence most of the articles in this group derive. Again as a new profession there is an emphasis on reputation, trust and the avoidance of fraud. For example, Goss reported that 'doubts linger regarding the ethics . . . of financial planning' and Zeidenberg drew attention to 'a growing number of swindles perpetrated by financial planners'. In order to deal with such problems, Blankinship exhorted the industry 'to garner public trust' through a policy of full disclosure and by 'providing a forum for an open, communicative planner-client relationship'. Other articles focussed on the need for regulation through government legislation and licensing, and through the adoption of industry ethical codes (Connelly, Zeidenberg). By example, Golub, in *Business Month* cited the case of IDS Financial Services, where he claimed that 'rigorous ethical standards govern all action . . . [and where] the interests of the client come first'.

Gaps in the Literature

It is clear that the use of the term professional has changed significantly over the years. The list of those who deem themselves 'professional' grows, as does the concern within society for the way that the privileges and autonomy accorded to the professions is abused. No longer is the professional person (archetypally the local solicitor or GP) seen as the pillar of the community.

The loss of reputation and the possibility of the loss of autonomy through government regulation has led the 'older' professions to take steps to improve things. Accountants in particular have employed a largely legalistic solution, mainly through the application of 'codes of conduct'.

GOVERNMENT AND PUBLIC SERVICES

This category contained just two articles (1%).

In the survey of a random sample of 750 members of the American Society for Public Administration (ASPA), reported on by James Bowman, some idea of the ethical concerns of this profession were described. The survey examined three topics: (1) perceptions regarding ethics in society and government; (2) the nature of integrity in public agencies and (3) overall organizational approaches to moral standards, including agency policy, the ASPA code and key techniques used to foster ethical concern. The findings suggested a 'broad, deep consensus' that merely raising general

awareness was not sufficient but that there was a need to establish responsiveness programmes.

Dealing with the qualities required by public officials for the exercise of moral discretion, Dobel pointed to the need for a 'complex array of moral resources' and highlighted three different realms: accountability; responsibility and prudence and effectiveness. He then went on to suggest that 'the ideal of personal integrity as a presumption of moral responsibility [would be] used to explain how individuals can and should hold commitments to all three realms as public officials' with public discretion being seen as an iterative process of judgment providing a balance among the three realms.

Gaps in the Literature

It is really very surprising that only two articles appeared in this category, particularly bearing in mind the figures quoted in Chapter 2 which suggested that in 1977 'some 16 percent of the [American] labour force now works for one or another government agency . . .' (Lodge 1977).

Government determines the laws that businesses are forced to obey: it sets the level of taxation, it makes demands on businesses to be a collector of taxes and social welfare payments, and yet the literature is silent on the ethical consequences inherent in a system which is so dominated by government controls.

NATIONAL UTILITIES (5 articles - 2%)

Nuclear Power

Just one article appeared in the sample on ethics and nuclear power. Interestingly it was published in Japan and not America and its author (Tsuchiya) gives the impression of being dismissive and rather arrogant (perhaps a form of defensiveness). He described the 'considerable divergence' between popular knowledge and the higher levels of scientific knowledge, and the difficulty in bridging the gap between common sense (which he elsewhere dismissed as 'the habitual way of thinking') and scientific knowledge. He offered no solution to the problem.

Electricity

Of the two articles in this section, one dealt with the effect of electricity generation on the environment, the other with the way electricity distribution companies deal with cases of consumer hardship.

In his article on 'Electricity and the Environment' Joseph Tomain outlined the two competing models which are used in making energy / environmental decisions. The dominant model, subscribed to by American energy policymakers, argues that 'current policies, directions and regulations are entrenched because of long term investment and institutional design'. The second model is concerned with environmental sensitivity and stewardship and emphasizes conservation, energy efficiency, and alternatives to fossil fuels and nuclear power. Although the two models are apparently incompatible, Tomain was hopeful because policymakers representing both views 'were beginning to talk to each other and may arrive at a merger, represented by a sustainable development model [which reconciles] society's need for energy with environmental concerns'.

In 'Power and Poverty and People' Crisp addressed the problem of consumer hardship and described the way many state commissions have been very lenient in the collection of bills {?} through such policies as deferred payment plans and the prohibition of disconnection for people on life-support machines. Crisp's article, which is mainly in the form of a eulogy, gives details on how such a leniency policy should best be implemented.

Oil Industry

The two articles in this section offered a very strong criticism of two of the world's major oil companies and their poor environmental policies. Dean Cartwright in 'What Price Ethics?' focussed on the environmental record of British Petroleum which has 'allegedly bulldozed and burned vast areas of a Brazilian national park', although BP's chairman claimed that its activities have been misrepresented. Cartwright concluded that, according to the 'consequentialist, contemporary dynamic', if the value of buying BP petrol is weighed against the value of the right to life that is under threat, then 'the choice of buying BP cannot hold up'.

Staying with the theme of environmental responsibility, Barnard described a potentially positive outcome of Exxon's environmentally disastrous sinking of the Valdez when 11 million gallons of crude oil was discharged into Alaska's Prince William Sound. He outlined the work of the Coalition for Environmentally Responsible Economies (CERES) which, partly in response to this disaster, has been 'attempting to redirect corporate environmental priorities'. Barnard described how CERES has been trying to persuade thousands of US companies to adopt 10 'Valdez Principles' associated with developing a policy of environmental responsibility which deals, among other things, with the reduction and disposal of waste, harmful incident disclosure and damage compensation. He also described the chemical industry's own attempts to create a set of principles in its 'Responsible Care' programme, which he scathingly described as reflecting more public relations than progress.

Gaps in the Literature

The small number of articles in this group is surprising, bearing in mind the vital importance of gas, electricity, water, oil and communications to the infrastructure of a nation's economy. One might expect the business community to have a strong interest in how ethically these industries are being run, which would reflect widely in the literature.

There were several general issues which did not appear, including: the relative importance of profit versus public service within the national utilities; and the use and abuse of monopoly power (at national or local level) and, linked with this, a concern for unfair trading practices.

Nuclear power - After an accident like 'Three Mile Island' and, more recently, 'Chernobyl', it is very surprising that no American business journal published anything on the subject of nuclear power during 1990. Some of the assumptions on which American (and European) nuclear policy and its reactor building programme were based during the 1970s have now proved to be quite wrong and yet, unless the nuclear industry acknowledges this and tries to correct some of its earlier errors, catastrophes of global proportions may well be experienced in the future. Some hope, however, was provided in Tomain's article (reviewed above under Electricity).

Oil industry - More hard-hitting were the two articles criticising the poor environmental record of the oil industry. Many more of this type of article, addressing the (un)ethical practices of all the main utilities could well put them under pressure to improve their ethical performance.

Water supply - No articles at all appeared covering the ethical practices of the water supply industry. This is presumably because in prosperous countries water is taken for granted and, ethically speaking, is perceived as a benign industry. However, water is an essential ingredient of a nation's well-being. The water industry is important as the guardian of a valuable national resource. It is also a large employer and a large user of toxic chemicals.

Communications - In a world where every other executive seems to be carrying a portable phone, where enormous databases can be accessed in seconds from the other side of the world, where even tiny businesses seem unable to function without the ubiquitous fax machine, it is very surprising that no articles appeared in the sample on ethics and communications.

OTHER NATIONAL INDUSTRIES (16 articles - 5%)

Bio-engineering - Mitcham discussed the development of ethical codes in the engineering industry generally and recognized a variety of moral issues associated with bio-engineering, including concern for the ethical

consequences of foetal research and of the effect of complex and expensive technologies.

Defence industry - Just one article (Bedingfield) was concerned with defence, specifically with accountability and the ethical practices of defence suppliers to the American government.

Drugs industry - Three articles reported on some of the doubtful practices used by the drug industry where sales representatives are 'well paid and highly trained in the science of human behaviour and persuasion' (Hester). The same writer was concerned that the industry sometimes dictates a hospital's drug policy through paying for drug research and through the giving of valuable gifts and other inducements. Conlan reported on the criticism of the (American) Food and Drug Administration's Deputy Director who 'warned generic drug company officials not to verbally abuse FDA employees.'

Computer industry - Just one article appeared on the ethical practices of this important industry. Guptill criticised some of the unethical practices used by some sales companies, including selling products or features that do not yet exist and not informing potential customers of the limitations of their products.

Retail industry - Each of the three articles dealing with the retail trade were concerned with employee theft and dishonesty. In 'Retail Security: Stealing from the Store' Dobrin et al described the findings of a study which showed how employees collude with each other in stealing things. In describing the 'basic work ethic' of younger employees in fast food restaurants, Sheehy suggested that it revolved around "taking the system" or "milking the place dry" and suggested that theft was rampant and that skill levels were 'surprisingly low'. In 'When It's Not "On the House"' Michael Sherer pointed out that 'employee theft is a constant problem in the restaurant business' and, like Dobrin et al and Sheehy, pointed to low wages and unskilled labour as partial causes, and to more careful selection and training as possible solutions.

Gaps in the Literature

Chemical industry - One important industry which was notably absent from the sample was the chemical industry. The products and manufacturing processes of this economically very powerful industry have a major impact on the socio-political and environmental well-being of any industrialized nation. So why no articles examining its ethical behaviour?

Raw material extraction - With the exception of Oil (see above), no articles dealt with the ethical behaviour of the industries associated with

raw material extraction and, especially, the environmental and human costs of mining and quarrying, and the long term costs of over-extraction.

Defence - The one article dealing with defence dealt with a minor issue when compared to the far-reaching ethical questions associated with producing products the sole purpose of which is to kill!

Other industries not covered in the sample include:

Industries that directly cause suffering - Such as the tobacco and alcoholic drinks industries.

Industries that have a wide environmental impact - In particular, the motor industry.

Industries that use high technology - Only one mention was made (under bio-engineering) of the environmental and social costs of the high technology used by many industries.

Industries which encourage excessive consumerism - Such as commercial television.

ACADEMIC THEORY AND RESEARCH IN BUSINESS ETHICS

The 27 articles (8) in this category have been separated into four subgroups: (1) general business ethics theory and research; (2) psychological theory and research; (3) socio-economic theory and research and (4) theory about theory, that is, theory concerned with measuring the effectiveness and value of ethics theory and research.

General Business Ethics Theory and Research

This first sub-group has been further divided into two: (a) theory and research which is adjudged to be 'distant from practical application' and (b) theory and research which is seen as 'closer to practical application'. There is a third category which has not been treated separately, which I call 'homespun theory', which is drawn from the author's own observation and experience and not apparently derived from any particular theoretical lineage or piece of research.

Theory and research 'distant from practical application' - Six articles were judged to be remote from any practical application, although some could make an interesting contribution to future research. Among the most obscure were Hart's article on Adam Smith's philosophy of capitalism, and Schwartz' debate on whether or not nature has legal rights and should be given an independent judicial standing.

Two articles which seemed to have definite future academic relevance were: Bolle, who described some game theoretic experiments which reformulated the 'prisoner's dilemma' as a game between players of different moral standards; and (staying with collective ethical behaviour) Shamir, who argued that within organizational theory there was a need 'for the further development of work motivation theories'. Shamir argued that the continuation of this line of research could potentially make a useful contribution to the understanding of moral behaviour, especially as the majority of moral theory seems to be concerned with the behaviour of the individual qua individual and not the individual as a member of a group.

Theories and research 'closer to practical application' - Several articles emphasized the need to develop ethical theory which can be practically applied. Jensen suggested that 'traditional moral philosophy offers little of practical value for the business community and psychological theories of moral reasoning have been shown to be flawed and incomplete.' Lewis supported this and suggested that 'a more focussed position for business ethics was needed for ethical theory to have meaning to present and future managers of modern corporations.' One of the principal reasons for this need for a more practical focus was described by Stead et al who suggested that 'managing ethical behaviour is one of the most pervasive and complex problems facing business organizations. Employees' decisions to behave ethically or unethically are influenced by a myriad of individual and situational factors. Background, personality, decision history, managerial philosophy and reinforcement are some of the factors that have been identified by researchers as determinants of employees' behaviour when faced with ethical dilemmas.'

In terms of providing practical guidance, several of the articles offered some form of methodology or model which are intended to bring greater understanding to individual ethical behaviour within a business context. For example, Laverty offered 'A Framework for Analysis' which will help a manager systematically to explore the ethical conflicts in a given situation. This framework is based on a matrix of three types of ethical approaches, viz legalistic, antinomian and situationist, and three levels of ethics classified as universalist, participatory democratic and pluralist. In Stead et al 'An Integrative Model for Understanding and Managing Ethical Behaviour in Business Organizations' a model is proposed that posits a direct relationship between organizational factors, an individual's decision history and the making of ethical choices within a business context. Jensen & Wygant in their 'Developmental, Self-Valuing Theory' claimed to shed light on the process of individual moral reasoning by adapting the earlier work of Albert Bandura and his 'social-cognitive theory'. Jensen & Wygant proposed that 'individuals first learn moral values from associations with others who are significant in their lives. [A view not far removed from those of some of the psychological theorists whom they criticise in the article.] Second, self-regulation is learned through a process

of self- observation, self-judgment and self-reaction. Third, the individual must believe that one can act ethically.'

Psychological Ethical Theory and Research

The three articles in this group were all fairly removed from any short term practical application. Nevertheless they did seem to contribute some interesting ideas. At a purely theoretical level Bowles drew attention to the imbalance of the rational over the emotional in modern management. In very strong terms he talks of the 'monopolization of profit and technical criteria' with a consequent de-emphasis on human feeling. This, he argued, had led to 'an absence of values informing the moral and ethical nature of decision making.'

The other two articles were more empirical. Weber reported on a survey of 37 executive managers which was designed to test Kohlberg's six stage theory of moral development. The findings confirmed the expectation that most of the managers reasoned at a conventional level. In Dukerich et al's study of the tape recorded discussions of 21 four-member groups their findings were that 'a group's moral reasoning level seemed to depend upon whether more principled reasoning members took a task leadership role.' In a second study, where group leadership was assigned to an individual 'who reasoned at more versus less principled levels', their findings indicated that the reasoning level of the assigned leader affected group performance, while individual performance overall, on a subsequent moral reasoning task, benefited from the group experience.

Socio-economic Theory and Research

The articles assigned to this group were either fairly obscure (from a pragmatic viewpoint) or very general in nature. Nitsch provided an example of the former group with his exploration of the moral-theological roots of socio-economics found in the Greek, Christian and modern secular traditions, as did Karston in his discussion of the moral problems of capitalism. Among the general articles Etzioni gave a definition of socio-economics as being 'a new field that combines the wisdom of sociology, psychology and other social sciences with economics' and that it is based on the recognition that people's behaviour, including their economic behaviour, is deeply effected by their emotions and their social and moral values. Continuing the theme of social as well as economic factors, Weiner claimed that 'statistical devices used to measure the economy are flawed because they fail to account for 'exonomic' factors . . . such as natural disasters . . . [and that] no exonomic factor is more significant than individual or community morality.' None of the articles seem to go much further than generalities, with just a peppering of 'homespun theory', such as 'if the corporation sees itself as a social, rather

than a purely economic entity, then responsible decision making will be tied to factors other than quarterly financial reports' (Sacacas)

Theory about Theory

The five articles in this sub-group dealt with a number of important issues, including: a discussion of where theories of moral and social psychology may be helpful in evolving business ethics research (Payne & Giacalone) and also a discussion of some of the problems associated with the corporate sponsorship of research (Cichy). But perhaps the most generally significant article concerned the quality of the empirical research being done in the field. Randall & Gibson reviewed the methodology employed in 94 published empirical articles and drew attention to certain problems which, assuming their findings are correct, must be of some concern to the academic community as they suggest fairly woolly, unscientific standards are being applied. For example, they found that 'full methodological detail was provided in less than half of the articles. Moreover, the majority expressed no concern for the reliability or validity of measures; were characterized by low response rates; used convenience samples and did not offer a theoretic framework, hypotheses or a definition of ethics.'

Gaps in the Literature

As Jensen & Wygant and many others have indicated, traditional moral philosophy and psychological theories of moral reasoning have significant limitations in guiding moral behaviour in a complex business context, and yet the new work being done in the field seems rather piecemeal and uncoordinated. So, whilst there are several useful articles in this group, overall they give the sense of 'being in the dark', with views and models being promoted which, although having some theoretical basis, seem to lack a cohesive theoretical context (a view explored in Chapter 6). Likewise, much of the research being done in the field seems to lack scientific rigour, with an over-dependence on the ubiquitous, and often flawed, opinion survey.

BUSINESS ETHICS EDUCATION (16 articles - 5%)

An American survey, reported on by Katz, of members of the American Assembly of Collegiate Schools of Business (AACSB) suggested that one fifth of all responding colleges with an undergraduate business degree had a 'required business ethics course'. Likewise one sixth of all schools with graduate business degrees have such a course. In terms of giving advice on whether or not ethics courses are appropriate to the business school curriculum, Jay Halfond argued that 'while the methods might not always be clear, higher education has an opportunity and responsibility to play a

critical role.’ Defending the case for ethics education, Shenkir argued against the view that it is not relevant as character and personality are already determined by the time the student reaches 20 years. He cited recent psychological research which indicated that ‘character development was a continuing process’.

The advice given on the best way to teach business ethics varied from simply trying to get the student to think more ethically with the expectation that this will influence business decisions, to trying to work with actual case examples. Edward Conry (discussed in Chapter 6) provided a very readable example of the former. He proposed the creation of a ‘philosophical dialogue’ ‘designed to maximize the moral growth of students, engage them in a philosophic search for truth and equip them to continue philosophizing after the course ends.’ Following Conry, Cava stressed the importance of encouraging critical thinking in ethics education and, like Conry, called on the theories of moral philosophy and of moral psychology.

Strong & Hoffman, like others who proposed a more practical approach, did not deny that theoretical perspectives can be ‘particularly useful’ but suggested that, in a business teaching situation, ‘they can be rendered more accessible through applications and discussions focussed on real life situations.’ In ‘Perspectives: The Ethical Dimension at Work’ Von der Embse pointed to the numerous studies cited in the National Management Association’s Business Ethics Course which, he suggested, supported the view that ‘managers and professionals develop ethical capacity better through observation and reasoning than through lectures and prescriptions.’

Business Ethics Education Research

In trying to determine whether current efforts to teach business ethics were successful, Weber, in his review of certain empirical studies, pointed to the short term nature of the results. He found that, in general, a student’s critical awareness and ethical reasoning skills did improve but that this improvement seemed to be shortlived. Weber pointed out that, owing to a lack of extensive empirical research, ‘the generalizability of these findings is limited’. However, some insight may be provided by the reported position of the National Management Association (Von der Embse) which reinforces the view that ‘ethics is a mental habit that develops with experience.’

Drawing on the extensive research of Bloom (1956) and other educators, Reeves proposed a taxonomy designed to help in the teaching of business ethics. He outlined six levels of cognitive educational objectives: knowledge, comprehension, application, analysis, synthesis and evaluation; and five affective levels, viz receiving, responding, valuing, organizing and characterizing, with each one of these levels being related to aspects of

student behaviour denoting increasing interest and commitment to business ethical behaviour.

Gaps in the Literature

If the findings of the surveys described at the beginning of this section can be generalized, then a surprisingly small proportion of American business colleges formally teach ethics. This is especially so given the relative maturity of the field in America and the 'fact' that ethics education in US college / professional schools, 'is at an all time high' (Shenkir). This perhaps begs the question: 'Have American educational institutions failed to respond to an educational need or does this level of activity reflect in some way "real" demand as opposed to an "imagined" demand created by business commentators and academics?' It is one thing to suggest that ethics training is needed in the business curriculum and quite another to suggest that it is wanted.

Appendix 3

A Short History of Siddhartha Gotama

For the reader with little background knowledge of Buddhism, here is a short history of its founder.

Siddhartha Gotama, the historical founder of Buddhism, was born in northern India (in present day Nepal) some 2500 years ago. Exactly when he did live is uncertain. The Theravada, the surviving member of the Southern School of Buddhism, has it that Siddhartha lived for eighty years between 623-543 BCE (Walshe 1987) and it was on the basis of this that *Buddha Jayanti*, the 2500th anniversary of his death, was celebrated in 1957. Others disagree with these dates. Bechert (see Williams 1989) for example, in concert with some other modern scholars, gives the date of his death nearly two hundred years later at circa 370-368 BCE.

Although accounts vary, the historical record shows that Siddhartha came from a very privileged background. His father was the elected leader of the Shakya clan who had the title raja, hence, in some accounts, the claim that he was the son of a king. As a leading member of a warrior caste he received a good education in the martial arts, although it is uncertain whether he ever learnt to read or write. What is more likely is that the traditions, superstitions, and wisdom of his Shakya society were handed down by word of mouth.

Born into a wealthy family with, seemingly, a very affectionate father, Siddhartha Gotama lived a life replete with material luxury. He was married very young (some say as young as sixteen) and had one son.

Despite a very pleasant life Siddhartha was not happy. Legend has it that one morning, bored with the material luxury of palace life, he instructed his personal charioteer, Chunda, to take him for a drive. Until this time he had lived a very closeted life. It was on this drive, it is said, that Siddhartha saw the 'Four Sights'. The first three, the sight of someone who was ill laying by the side of the road, of someone very old and crotchety, and of someone who was dead being carried in a funeral procession, representing the suffering which is the common experience of us all; and the fourth sight, the sight of a wandering holy man begging bowl in hand, whose demeanour was calm and beatific, representing the possibility of freedom from worldly suffering.

Some accounts of this story are most moving and beautiful (for example see *Lalitavistara Sutra* Bays 1983). Whether they are true or not is perhaps

beside the point. What such a legend represents is the future Buddha's realization that even the life of privilege and luxury which he was fortunate enough to live could not ultimately bring happiness. It was with this realization that, we are told, he 'went forth' from the life of luxury and became a wandering mendicant in search of the truth.

His search was to last for six years. At different times he studied with the two major teachers of his day, Alara Kalama and Uddaka Ramaputta, and while he was able to master all they taught him, including the attainment of the highest of meditative states, he realized that their knowledge did not go far enough.

Following the custom in India at that time, his search for the truth led him to spend several years practising great austerities. At different times he repeatedly plucked out his hair and beard, slept on a thorn bed, lived
'Scorched, frozen, and alone,
In fearsome forest dwelling,
Naked, no fire to warm,'

(M.N. Woodward's (1973) translation)

He restricted his food intake to such an extent that his hair fell from his body, rotten at the roots, and he reached a state of utter exhaustion:

'Just like a bison's hoof became my hinder parts through
. . . lack of sustenance. Just like a row of reed-knots my
backbone stood out . . . Just as the rafters of a tottering
house fall this way and that, so did my ribs fall this way and
that . . . Just as a bitter gourd, cut off unripened from the
stalk, is shriveled and withered by wind and sun, so was the
very skin of my head shriveled and withered through lack of
food.'

(M.N. Woodward's (1973) translation)

The extent of his self-torture was such that Siddhartha's activities were acclaimed far and wide, yet still he had not achieved his goal. There must be another way, he thought, a saner way to 'achieve the truly Ariyan excellence of knowledge and insight surpassing all mortal things' (Woodward 1973). Then, calling to mind how, as a young boy sitting in the cool shade of a rose-apple tree and remote from sensual desires, he had entered into the first *dhyana* (level of meditative consciousness), which was accompanied by calm concentration and was free from sensual desire, he wondered whether this would be the way to wisdom. Accordingly, he took a little food to build up his strength and then sat in meditation under a tree resolving not to move from that spot until he had attained his goal:

'Here on this seat my body may shrivel up

my skin, my bones, my flesh may dissolve,
but my body will not move from this very seat
until I have obtained Enlightenment,
so difficult to obtain in the course of many kalpas.'

in *Light of Liberation* ed. Elizabeth Cook (1992) p61.

The rest is history. Siddhartha Gotama 'with thought steadied, perfectly purified, and made perfectly translucent, free from blemish, purged of taint, made supple and pliable . . . established and immovable', became Enlightened (Woodward 1973). Siddhartha Gotama, the son of an Indian raja, became the Buddha, the Supreme and Perfectly Enlightened One. According to some accounts, he attained this state at the age of 35 years and continued to teach what he had discovered for a further 45 years across a large part of north-western India. Through his Enlightenment experience and subsequent teaching and example, he set in train the foundations of what was to become one of the three great world religions which, in the proceeding centuries, would profoundly influence somewhere 'between a third and a fourth part of the human race' (Sangharakshita 1980, Introduction), and which even today still has, according to one source, 500 million devotees.

Appendix 4

Moral Audit Questionnaires

A STUDY OF THE ETHICAL PRACTICES OF WINDHORSE TRADING

August 1992

Dear

Thank you for agreeing to complete this questionnaire on the ethical practices of Windhorse Trading.

This study is part of some research into Buddhist ethics and business which I am conducting under the auspices of Aston University in Birmingham. As well as contributing to this wider research, it is hoped that the study will be of value to Windhorse Trading in helping it to focus on important ethical issues and to become more aware of the opinions of those people who work within it. In this respect please note that the anonymity of your response will be maintained at all times.

In completing the attached forms please do not consult with any other members of Windhorse. Do take your time and seek clarification from me if required.

Please feel free to add comments or notes alongside your answers and use the continuation sheet at the end of the questionnaire if more space is needed.

Thank you.

PART 1A: PERSONAL INFORMATION

Questionnaire number:

Please give the following information about yourself:

1. Are you: *(please tick a box)*

Male Female?

2. Age: *(please tick a box)*

under 25 25 - 34 35 - 44 over 45

3. Place of work:

4. General duties and responsibilities: *(please give a brief description, including job title)*

5. Educational qualifications:

6. Business experience prior to Windhorse. *Please give brief description, including duration.*

7. Financial support (including retreats, housing, car, etc) received:

8. How many years have you been working with Windhorse?

9. How long do you expect to stay with Windhorse?

up to 1 year 1-2 years 3-5 years more than
5 years

10. How many years have you been involved with the FWBO?

11. Are you: *please tick a box*)

an Order Member a Mitra a Friend?

12. How often do you attend your local FWBO centre? *(please tick a box)*

Occasionally Twice a month
 Once a week More than once a week

13. What type of household do you live in? *(please tick a box)*

Community with Windhorse Order Member(s)
 Community with other Windhorse member(s) but no Order Member
 Other community
 Nuclear family
 Alone
 Other *(please specify)*.....

14. How often do you meditate and, on average, for how long?

15. What retreats have you attended in the last six months?

PART 1B: GENERAL QUESTIONS ABOUT WINDHORSE TRADING

16. What would you describe as the main corporate objectives of Windhorse Trading?

17. How do these objectives differ from two years ago?

18. How would you like to see these objectives change over time?

19. What would you describe as the main ethical strengths of Windhorse Trading?

20. What would you describe as the main ethical weaknesses of Windhorse Trading?

21. Where, to your knowledge, is action being taken to add to the company's ethical strengths?

22. Where, to your knowledge, is action being taken to minimise the company's ethical weaknesses?

23. Where would you like to see further changes being made in future?

24. How far can / do you look to other members of Windhorse for guidance and example on ethical and spiritual matters? *Please give details.*

25. What training have you received at Windhorse in ethics or related fields?

26. Do you see any relevance for such training in the future?

27. To what extent is study (Buddhist or otherwise) encouraged within Windhorse? *Please give details.*

28. To what extent are you able to engage emotionally with your work at Windhorse and see it as part of your personal spiritual / ethical practice?

29. Can you identify with any personal or collective myth or ideal (e.g. *building a new society*) which contributes to your level of emotional engagement with Windhorse?

30. Which events, or people, from the past influence your evaluation of Windhorse as an ethical company? *Please give details.*

31. Which people (if any) working in, or associated with, Windhorse inspire you to greater ethical / spiritual practice? *Please give examples.*

32. To what extent does ritual play a part in your everyday working life?

33. What mechanisms are there within Windhorse for recognising and taking into account potential ethical problems in management decision making?

34. What ethical standards or codes of conduct are enforced within Windhorse?

35. What training has Windhorse given you in management and decision-making skills?

36. What vocational or work-related training have you received in Windhorse?

37. What training have you received in Windhorse in communication and other "human" skills, such as assertiveness, stress management and Neuro-Linguistic Programming?

38. What "space", individual or collective, do you have in your daily working life for introspection and reflection?

39. Where would you like to see changes made in this area?

40. In what ways does Windhorse encourage a Culture of Generosity (*dana*)?

41. Where could changes be made in this respect?

42. To what extent do you think that the management of Windhorse is open to the views of others (both inside and outside the company) and willing to change the way the business is run? *Please illustrate your answer with examples where possible.*

43. In what ways is cooperativeness and consensus encouraged in Windhorse, as opposed to competitiveness and confrontation?

44. To what extent do you feel empowered to express your views about how the business is run and, if necessary, speak out if you disagree with any decisions?

45. How is the profit that Windhorse makes distributed?

46. Are there any changes that you would like to see made to this distribution?

47. Are there any changes that you would like to see made to the way individuals are supported financially in Windhorse?

48. To what extent are you able and encouraged to participate in decision making in Windhorse?

49. Are there any changes you would like to see in the way that Windhorse is managed?

50. Do you feel a cared for and valued member of Windhorse Trading?
Please give reasons where possible.

51. What influence does spiritual friendship have on the way you work at Windhorse?

52. How far does the company encourage you to undertake new projects or responsibilities which stretch you and help you to develop as an individual?

53. In what ways does your work at Windhorse hinder or help your development as an autonomous, ethical individual?

CONTINUATION SHEET FOR PART 1

Question
number:

Comment:

PART 2: A MORE DETAILED LOOK AT ETHICAL STRENGTHS AND WEAKNESSES - INTRODUCTION

In this section I am interested in your views on the ethical strengths and weaknesses of different aspects of Windhorse's business. Please fill in your comments on the ethical strengths and weaknesses and areas you would like to see changed in the appropriate spaces. In addition to your comments, we would like you to give three scores on the scale 1 to 7 (or X if you have no opinion) for each issue on the basis of:

- A) The Practice of Kindness and Generosity
- B) The Quality of Communication
- C) Creating a Peaceful and Harmonious World.

A) The Practice of Kindness and Generosity

In what ways are KINDNESS and GENEROSITY practised in Windhorse and in what ways are these qualities lacking?

1 = very harmful or exploitative

4 = neutral

7 = very helpful and generous

B) The Quality of Communication

In what ways is TRUTHFUL, HELPFUL and KINDLY COMMUNICATION (both written and verbal) practised in Windhorse and in what ways are these qualities lacking?

1 = dishonesty with intent to defraud

4 = plain truth (but only when necessary)

7 = kindly and harmonious communication

C) Creating a Peaceful and Harmonious World

To what extent do activities within Windhorse Trading conduce to the creation of stillness, simplicity and contentment (either within the company or among third parties) and which conduce to their opposite (anxiety, complexity, acquisitiveness and discontent)?

1 = conducive to great disharmony

4 = neutral

7 = conducive to great harmony

PART 2A: ETHICAL STRENGTHS / WEAKNESSES - INTERNAL

54. SENIOR MANAGEMENT

Who are they?

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

55. PRODUCT CHOICE

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

56. PRODUCT PRICING POLICY

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

57. ADVERTISING / OTHER PROMOTION

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

58. WHOLESALE VAN SALES

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

59. WHOLESALE NON-VAN SALES

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

60. RETAIL SHOP MANAGEMENT

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

61. FINANCIAL ADMINISTRATION

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

62. WAREHOUSE ADMINISTRATION

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

63. GENERAL ADMINISTRATION

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

PART 2B: ETHICAL STRENGTHS / WEAKNESSES - EXTERNAL

64. RELATIONSHIP WITH CUSTOMERS (including the customers' customers)

Strengths: Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

65. RELATIONSHIP WITH SUPPLIERS (including the suppliers' suppliers)

Strengths: Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

**66. RELATIONSHIP WITH THE BUSINESS / ECONOMIC COMMUNITY
(including bankers, competitors and government)**

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

**67. RELATIONSHIP WITH THE LOCAL COMMUNITY
(i.e. local household and business)**

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

68. RELATIONSHIP WITH SOCIETY AT LARGE

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

69. RELATIONSHIP WITH THE GLOBAL ENVIRONMENT

Strengths:

Weaknesses:

What changes would you like to see?

Scores:

Kindness and generosity	1	2	3	4	5	6	7	X
Communication	1	2	3	4	5	6	7	X
Peace and harmony	1	2	3	4	5	6	7	X

CONTINUATION SHEET FOR PART 2

<p>Question number:</p>	<p>Comment:</p>
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**THANK YOU VERY MUCH FOR YOUR HELP IN COMPLETING THIS
QUESTIONNAIRE.**