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Getting to the Heart of Business Ethics

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Abstract: Though contemporary ethical problems may be partially mitigated by legislation, increased reporting requirements, audit committees, and other *external* structures; real long-term improvements will not occur until organizational leaders touch the hearts of individuals and organizational culture. This article addresses three ways in which leaders can get to the heart of ethics: (1) moving individuals and the culture from a dominant ego-comparative identity to a dominant contributive (common good) identity, (2) helping stakeholders to move from a "less than tacit" awareness of principles to a reflective utilization of them; and (3) educating stakeholders in the proper use of precedents. The first point is particularly important because it controls the amount of fear and hubris in a culture which, in turn, affects openness to ethics, moral courage, and the reflective use of principles and precedents. These techniques for *internalizing* ethics provide a necessary complement to today's proliferation of external requirements.

Key Words: casuistry, consultant, culture, deontology, fear, good, ideal, principle, transcendental, utilitarian, virtue

The so-called "ethics crisis" in the United States and around the globe is so obvious that WorldCom, Enron, Arthur Andersen, and HealthSouth have become household names. Some resolutions to this crisis may be found in recently initiated compliance efforts (such as Sarbanes-Oxley). However, most executives would hasten to add that these expensive compliance efforts will not be enough to stem the tide of ethical violations, because they do not get to the heart of the problem. Perhaps, "heart" *is* the problem.

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What is it about our collective heart that might have led to the current crisis? The answer does not lie in a decreased sense of social responsibility or the common good, for volunteerism in churches, community organizations, nonprofit organizations, and even for-profit organizations seems to be on a remarkable upswing. Though individuals have different philosophies about *how* to serve the common good, service organizations are finding increases in both the volunteer base and the generosity of that base.

The current crisis cannot be attributed to a decrease in the *amount* of ethics education. The past forty years has not only seen the creation of the field of business ethics, but also an integration of business ethics courses in graduate and undergraduate curricula of both religiously based and nonsectarian institutions. Indeed, there are more organizations dedicated to business ethics today, more case studies, more books, videos, and other educational materials, more organizational seminars, and more "outreach programs" than ever before.

So what's going on? Is the current crisis simply a matter of "too little too late?" Or is it something more fundamental—something lying at the heart of our culture? I would maintain that it is the latter, and that simply throwing more time and resources at educational and compliance efforts without considering "the heart of the culture" will be singularly ineffective, and could cause a cynical reaction to ethics education and compliance efforts in the future. In an organizational world dominated by extrinsic qualities such as structures, strategies, market tests, empirical evidence, goal-setting, and action plans, business leaders may well have to look at the *interior* domain of fundamental attitudes, principles, conscience, and ideals. They will probably have to look at this domain of the heart from the vantage point of both the individual and organizational culture.

How can organizational culture reach the heart of its constituencies? How can it shape fundamental attitudes, principles, conscience, and ideals? It must move beyond mere training (which seeks to establish various cause-effect relationships or patterns) to education (which seeks to develop higher viewpoints enabling people to analyze issues and problems).

So what is a higher viewpoint? Plato discovered that analysis requires higher viewpoints. Analysis is the process of breaking up a proposition or a problem into parts, so that the whole can be understood through the interrelationship of those parts. Higher viewpoints are "great ideas" which embrace a multitude of subordinate ideas; much like a genus em-

braces a multitude of species. The higher the viewpoint, the more it is capable of embracing (and *interrelating*) more ideas. Calculus, for example, is a higher viewpoint embracing (and *interrelating*) ideas from algebra, geometry, analytic geometry, and trigonometry. With respect to ethics, there are a variety of higher viewpoints such as "utilitarianism," "deontology," and "virtue ethics."

In my view, business will have to consider two major frameworks of "higher viewpoints" in order to resolve its problems in ethics: purpose in life and principles. Even though the discussion of higher viewpoints might seem "off task" or "far beyond traditional training," they are the best way of reaching the heart of ethics while imparting a powerful analytical tool for self, team, and leadership analysis. I have personally seen the beneficial effects of a higher viewpoint curriculum in several large and medium-sized corporations throughout the world. In addition to improving self-motivated ethical conduct, it builds the level of trust, opportunity-seeking, and shared purpose, and therefore, *esprit de corps*, cross-functional teamwork, and collective creativity within organizations.

Three topics are essential: (1) purpose in life, (2) personal appropriation of principles, and (3) the proper use of precedents in resolving ethical dilemmas. I will give a brief explanation of each.

(1) Purpose in Life

Aristotle saw the relationship between purpose in life and happiness. He viewed happiness as the one thing that could be desired in and for itself, while everything else is desired for the sake of happiness. Thus, "happiness" controls the goals and relationships we pursue, the way we judge ourselves (Are we progressing? Is our life worthwhile? Are we worthwhile?), and even our very purpose in life (for our purpose is linked to our view of happiness). If Aristotle is correct, then our idea of "happiness" is our most powerful and determinative idea, because our freedom, loves, goals, purpose, and yes, even our ethics depend on how we define it. If business leaders are to get to the heart of self-motivation, teamwork, leadership, shared vision, *esprit de corps*, and ethics, they will have to help their stakeholders understand "purpose in life," which entails understanding what they mean by "happiness."

I have identified four levels of happiness or purpose in life.[1] The first and most basic level of happiness (in Latin, *laetus*) comes from an external stimulus. It interacts with one or more of the five senses and gives immediate gratification, but does not last very long. A sensorial pleasure

like an ice cream cone or a possession like a new car can impart immediate gratification from these stimuli.

The second level of happiness (in Latin, *felix*) comes from ego-gratification. "*Ego*" in Latin means "I." This kind of happiness comes whenever I can shift the locus of control from the outer world to myself. Hence, whenever I win, gain power or control, or gain admiration or popularity, I feel happy. I feel as if my inner world is expanding. My control relative to the outer world is enhanced. Note also that *comparative* advantage brings ego-gratification. Thus, if one has more status, popularity, esteemability, power, or control than another person, or one feels that one is better than another person, one is likely to have an accompanying feeling of ego-gratification. This level of happiness may be referred to as "comparative," or "ego-in."

The third level of happiness (in Latin, *beatus*), pulls in the opposite direction of Level 2. Instead of shifting the locus of control to oneself, one desires to invest one's time, talent, and energy in making the world a better place. Hence, one is not concerned with who is better, but rather with how one can make an optimal positive difference to family, friends, colleagues, organization, employees, community, local culture, extended culture, society, church (if one has faith), and even world culture. Most people cannot conceive of themselves as having little or no positive effect upon the world, for they want their lives to make a difference to the constituencies they touch. Hence, they are at least tacitly aware of a need for contributive identity in the areas of love, truth, fairness, and goodness. When they discover the satisfaction, efficacy, and inspiration of this level, they try to *optimize* their contribution in the above contexts. This level of happiness will be termed "contributive," or "ego-out."

The third level of happiness does not exhaust the scope of human desire; there is a fourth level—the desire for the ultimate, unconditional, and perfect in truth, love, goodness/fairness, beauty, and being (what the Platonists term the "five transcendental desires"). We not only desire *concrete* truth, love, goodness/fairness, but also *unconditional*, *perfect*, and even *unrestricted* Truth, Love, and Goodness/Fairness. Plato discovered that we not only have an *insatiable* desire for these transcendentals, but also a desire for them in a *perfect* form. We seem to know instinctively when the truth, or love, or goodness that we possess is *not* perfect. This gives rise to the question of how we are able to do this. Many philosophers believe that this is only possible if we have a tacit awareness of what perfect truth, love and goodness might be. Plato thought that this tacit awareness implies the immateriality and immortality of the soul.

Four Levels of Happiness

4		**Ultimate or Unconditional Purpose**
	Objective:	Seek and live in ultimate Truth, Love, Goodness, Justice, and Being (Platonic transcendentals).
	Characteristics:	Seeking the unconditional, unrestricted, perfect, eternal in above transcendentals. Can come from pursuit of transcendentals or faith/God/religion. Optimal pervasiveness, endurance, and depth.
3		**Contributive (Ego-out)**
	Objective:	Optimize positive difference in the world. (The world is better off for my having lived.) Comes from "doing for" and "being with."
	Characteristics:	More pervasive (positive effects beyond self), enduring (lasts longer), and deep (using highest creative and psychological powers). Can come from generosity, magnanimity, altruism, love.
2		**Comparative (Ego-in)**
	Objective:	Shift locus of control to self (ego) and gain comparative advantage in status, esteem, power, control, winning, and success.
	Characteristics:	Intense ego-gratification (sense of progress, superiority, and esteemability. If dominant, than fear of failure, ego-sensitivity, ego-blame/rage, self-pity, inferiority, suspicion, resentment.
1		**Physical/External Stimulus**
	Objective:	The pleasure or material object itself (nothing beyond this).
	Characteristics:	Immediate gratification, surface apparent, and intensity of stimulus. No desire for common, intrinsic, or ultimate good.

Regardless of what one believes about the implications of the fourth level of desire for the immateriality of the soul, it is a profoundly influential part of our lives. It incites creativity in every discipline, moves us to ever-greater pursuits of justice and love, and incites us to deeper appreciation of beauty in the fine arts, music, literature, and architecture. When this desire goes unfulfilled, it can lead to dashed idealism, frustrated romanticism, and intellectual disappointment. When set within the context of faith, its object is frequently identified with "God" (i.e., "perfect truth, perfect love, perfect justice, perfect beauty, and perfect being" = "God"). Even if one does not have faith, one can treat the fourth level of desire as an awareness of a seemingly unconditioned horizon surrounding human curiosity, creativity, spirit, and interpersonal relationship. In many ways, the fourth level of happiness brings the third level of happiness to completion and perfection.

I termed the above options "*levels*" of happiness because the higher the level the more the increase in pervasiveness (effects beyond oneself), endurance (the longevity of their effects), and depth (the use of our highest powers—intellection, creativity, formation of ideals, moral reasoning, capacity for self-sacrificial love, spiritual life, etc.). At the same time, they will decrease in immediate gratification, intensity, and surface apparentness. When one of these levels becomes dominant, the others become recessive. The dominant level becomes "purpose in life" and begins controlling one's views of goals, success, love, freedom, etc. My initial research indicates that Levels 1 and 2 act like default drives (that is, they easily become dominant because they are almost instinctual, not requiring much education, self-analysis, or delay in gratification). Hence, if one wishes to move up the levels, one must make a *choice* to trade off some immediate gratification, intensity, and surface apparentness for some additional pervasiveness, endurance, and depth. The explanation of this trade-off formed the rationale for liberal education since the time of Plato's academy. However, the fundamental insight does not require years of study; it can be done in very succinct curricula within organizations (such as the one utilized by the Spitzer Center of Ethical Leadership or the one used by the Positive Psychology Center at the University of Pennsylvania).

For the formation of organizational culture, the crucial choice occurs between Level 2 and Level 3 (from a life purpose of "ego-in" to "ego-out"). If individuals can effect this transition, they will be led to a more fulfilling life (with more pervasive, enduring, and deep purpose), a more positive emotional life, more deeply formed ethics, and a capacity for transformational leadership. The following will help to explain this.

If one chooses or defaults to Level 2 happiness as dominant (making it one's purpose in life), then one is likely to believe, on at least a tacit level, that the only thing that really makes life worth living is an increase in status, admirability, popularity, winning, control, and/or power. One does not see these characteristics as a means to a positive or contributive end (e.g., status for the sake of credibility to further the cause of education, or power to serve the common good, or winning in the pursuit of excellence), but only as *ends in themselves*. As a result, one screens out contributive purpose in life and along with it advancement of the common good, the potential for win-win relationships, and the potential for transformational leadership. Instead, one becomes preoccupied with who has more or less status, more or less control, more or less popularity, or one's win-loss record. This gives rise to a host of negative

emotions which, if left unchecked, can become increasingly vexing. Viewing oneself as a "loser" engenders feelings such as jealousy, dejection, inferiority, fear of failure, and self-pity. Yet viewing oneself as a winner engenders feelings such as arrogance, contempt, ego-sensitivity (to the point of self-destructive feelings arising out of inconsequential mistakes), uncontrolled resentment toward subordinates who do not express enough subservience, and suspicion of anyone who tries to take the smallest bit of one's spotlight. Making Level 2 an end in itself seems to undermine happiness and debilitate efficacy and leadership irrespective of whether one wins or loses.

A dominant Level 2 identity has a similar effect on ethics. This might explain why a culture which has a record number of ethics resources, an increasingly strong compliance system, and a high concern for social responsibility might be suffering an ethical crisis. Perhaps it is partially attributable to the fear, anger, dejection, arrogance, incapacity for failure, contempt, and jealousy arising out of a dominant cultural Level 2 identity. If our culture is dominantly Level 2, then the negative emotions associated with that dominant identity might seriously mitigate the above positive ethical influences on our culture. There can be little doubt that fear of failure, arrogance, etc. can inhibit composed, rational judgment, and that this inhibition is responsible for a significant portion of ethical failures.

What is the way out? A regression to Level 1 will generally fail to satisfy dominant Level 2 individuals for they have already moved beyond Level 1. Hence, recourse to Levels 3 and/or 4 may well be the only paths out of what might be termed "dominant Level 2 dysfunction." This has proven to be the case in my work with several large and medium-sized organizations.

It is unlikely that a person will default to a dominant Level 3 (ego-out) identity, because one has to specify it and choose it on an ongoing basis. Therefore, I recommend that individuals take out a notebook and write down how they can make an optimal positive contribution to the various groups touched by their lives. I recommend that they start with the optimal positive contributions they can make to their families, then to their friends, then to their colleagues, organizations, and stakeholders, then to their community centers and boards, their extended community, their church (if they have faith), then to their local culture, the societal culture, and to larger contexts (if they are privileged enough to have influence in these domains). I recommend that they take at least five to ten minutes of contemplative time every morning (which may be the only contemplative

time they have during the day) to reflect on how they might live out these opportunities for contribution.

Those who follow through with this method of self-appropriated identity show marked decreases in the negative emotions associated with a dominant Level 2 identity, find character and ethics to be increasingly important in their identity structure, report having much more composed and far-sighted judgment in their leadership activities (or at least less breakdowns in this "composed, far-sighted state" arising out of fear/insecurity, anger/blame, arrogance/ego-sensitivity, and jealousy/inferiority), and a greater willingness to look for the "win-win" and extend trust among stakeholders. Level 3 attitudes among individuals and a Level 3 organizational culture can't help but increase ethical conduct, trust, *esprit de corps*, self-motivated quality improvement, opportunity-seeking, and creativity.

It is difficult to orient an *organizational* culture toward Level 4 because of differences in our conception of the unconditional or ultimate. Nevertheless, *individuals* who move to Level 4 report success in living a Level 3 identity at work, at home, and in the community because they integrate Level 3 into their views of the ultimate or unconditional (Level 4) and use their lives of prayer and/or contemplation to reinforce their contributive identity.

Is a Level 3 culture enough to instill the heart of ethics within an individual or culture? Unfortunately, it is not. Nevertheless, it is the most important condition for establishing a self-appropriated ethical identity, for a pervasive, enduring, and deep life-purpose. This will provide the highest viewpoint from which the rationale for being ethical can be understood. If one believes that unethical behavior or unvirtuous attitudes will undermine one's ability to be optimally contributive, and one believes that optimal contribution is the purpose of life, one will (within the limits of one's powers) try to be as ethical as possible (not to please anyone else, but only to please oneself). We may now proceed to two other aspects of ethics education which complement and specify this most important one.

(2) The Personal Appropriation of Principles

We live in a culture that is quite teleological ("ends" or "goal" oriented). We want to optimize our goals, opportunities, successes, and benefits. And we find precise metrics by which we can measure these goals or beneficial ends. This is one of our culture's greatest strengths; yet it can have a very negative influence on the practice of ethics, for an extremely

teleological approach to ethics can be forgetful about the means used to achieve the end. This frequently makes or breaks ethics within organizational decision-making.

The well-known fundamental principle "the end does not justify the means" may be used to prevent this "error of omission." One should not cause the death of a million people to produce a cultural revolution which will benefit 200 million. One should not cause the death of one person to benefit another ten. One should not defraud ten people in order to give more money to charity. One should not deceive a person in order to increase the profits of an organization.

This principle has wide appeal because the "should not" in the above sentences is justifiable by all three major schools of ethics. For deontologists (who tend to be duty-based or rules-based, believing that good and evil almost always inhere in specific *actions* irrespective of their consequences), one should not defraud another for a "good end" because fraud, in any circumstance, is intrinsically wrong (regardless of consequences). For utilitarians (who generally believe that the ethics of a particular action is determined by the optimization of *benefit* and minimization of *harm* in its *consequences*), one should not defraud a person for a "good end" because fraud is inconsistent with, and can even undermine, the optimization of beneficial consequences. For a virtue-ethicist (generally concerned with *habits of the heart*—virtues—from which actions originate, e.g., justice, temperance, humility, compassion, or love), one should not defraud a person to benefit another because the vice of defrauding will undermine the virtues of justice and love one is trying to foster.

Unfortunately, ambiguities involved in the use of "the end does not justify the means" have led to its gradual disuse. In many organizations today, well-educated people do not understand this principle, and some have not even heard of it. Why does it seem so difficult to use? The most obvious problem arises in situations with more than one ethical principle. For example, in order to preserve one's life (an ethically positive end), one has to kill another (an ethically negative means) in self-defense. Again, in order to prevent the starvation of one's family (an ethically positive end), one steals bread from the store (an ethically negative means). In order to prevent bankruptcy (an ethically positive end), one has to lay off one hundred valued employees (an ethically negative means). And so forth.

This ambiguity gives rise to a caveat in "the end does not justify the means," namely, "the lesser of two evils," which holds that it is morally permissible to use an evil means in order to prevent a greater evil end. This means that one can use an evil means to prevent a greater evil end,

but one cannot use an evil means to produce a good which does not prevent a greater evil end. Hence, one cannot take out an insurance policy on a relative with ten beneficiaries and then poison the relative (who probably only had a few good years left in her anyway) in order to obtain the benefit; for the benefit does not prevent a greater evil end.

There is considerable "gray area" surrounding the distinction between "ends which prevent greater evil" and those which do not. Does this make our fundamental principle (i.e., "the end does not justify the means") and its caveat unimplementable? No, but it does require concerted community reflection for successful implementation. Should organizations invest time and educational resources to help their constituencies answer this question? I would respond in the affirmative, because failure to do so would almost certainly lead to a forgetfulness of means testing which would open a Pandora's Box of organizational ethical violations. Indeed, we have already begun to feel the profound effects of this error of omission.

How can the above ambiguity be overcome, allowing the ethical assessment of means to be restored? In a word, "principles." Principles are a shorthand way of doing means assessment, for they alert both consciousness and conscience to potentially unethical means. Principles are accepted by all three major schools of ethics, though for different reasons. For deontologists, they reflect intrinsic goods and evils which one has a duty to observe or avoid. For utilitarians, they represent common expectations about moral conduct which will benefit individuals and organizations when observed (because they will prevent unnecessary harms, the undermining of common trust, and therefore, the undermining of the common good). For virtue ethicists, principles flow out of virtues, which originate in the key virtues of justice and love.

If principles are a shorthand method for doing means analysis, and they are accepted by most people, how can an organization effectively develop and use them? By providing the time and educational resources for the *personal* appropriation of principles. Without this, organizational and professional codes of ethics are powerless.[2]

(3) The Proper Use of Precedents in Resolving Ethical Dilemmas

Though personally appropriated principles (within a Level 3 organizational identity) can resolve a myriad of *simple* ethical dilemmas, they are generally not enough to resolve *complex* dilemmas involving multiple principles and stakeholders within multiple sectors of complex organizations.

Such complex dilemmas generally require a tool commonly used by the legal profession, namely, precedents. As may already be clear, judges use the decisions and definitions of past cases to help them resolve new and more complex dilemmas in current cases. These past cases set a *precedent* because they influence decisions in the present and future. This tool is as available to ethicists as it is to judges. Precedents obtain their power in three ways: (1) they avoid "reinventing the wheel," (2) they show some degree of accepted justification of conduct, and (3) they provide definitions of terms integral to those commonly accepted justifications.[3] The second aspect of precedents has caused considerable ethical confusion in the present day.

In the last fifteen years, journals of business ethics and the internet have provided vast catalogues of ethical precedents which can be electronically searched by both professionals and novices alike. This has had a good and bad effect. The good effect is an increase in non-professionals' awareness of ethical literature and the reasoning processes intrinsic to it. The bad effect is linked to doing too narrow a search.

A common human foible (which I frequently experience) is to look only for what one wants to find. As I search the literature of case precedents in which my organization has a stake, I constantly amaze myself by what I will (almost unconsciously) skip over because it is not the decision that I really want to see. It is even more amazing how I light upon, focus on, underline, and copy precedents in which I am "truly interested." As recent business ethics history seems to reveal, I am not the only one who falls prey to this propensity. The current capacity to search case precedent literature electronically with strings of five or more words has exacerbated the problem. Our investment in the technology and classification of ethical precedents has ironically given us the capacity to justify just about anything. If we look hard enough we are likely to find a case precedent showing "definitively" that what I want to do (but feel somewhat uneasy about) has been done in the past by people of "high repute." Such discoveries not only provide legal justification, but also assuage conscience.

I have come up with a three-step method which has helped me, other ethicists, and organizational leaders to circumvent this risky propensity. First, one should search and catalogue the *full range* of precedents. If organizations do not have either professional ethicists or interested competent "precedent searchers" within their employ, they will probably want to make use of an ethics consultant. As noted above, there are literally thousands of ethics consultants in consulting groups, professional firms, and universities who make their precedent-searching expertise available

through the internet (simply type "business ethics consultant" in your favorite search engine).

Ethics professionals within companies, consulting firms, and universities generally have one common characteristic. They want to please the client. This means they will give you the answer that they think you really want. Therefore, it is incumbent upon us to ask them the right question. If one says to an ethics consultant, "Please give me any precedent which will justify non-disclosure of the following revenue issues within our primary financial statements," the consultant will probably say, "No problem," and one will now have professional expertise in addition to precedents to justify the nondisclosure for which one is looking. Unfortunately, there are far more errors of omission than commission. What the consultant may not have said is, "Here are the only two case precedents I could find with the solution you desired, but I will not be giving you the 932 which you didn't want to hear about." This absence of information may lead organizations not only into the violation of their own principles, but also into legal difficulties, undermining of reputation, undermining of trust among internal stakeholders, and a consequent increase of transactional costs and decrease of market share.

This whole mess can be cleaned up by simply asking one's ethical (or legal) consultant the right question: "Would you please give a general description of the full range of precedent solutions pertaining to this case along with the percentage use of those solutions within the literature?" Thus, if the consultant sees four different ways in which the case has been resolved in the past, and notices that the first way is mentioned only four percent of the time in the literature while the second, third, and fourth ways are each mentioned thirty-two percent of the time, his/her disclosure of this fact would give leaders the whole picture they need to make a difficult ethical decision.

The second step entails applying the organizational set of ethical questions to each of the precedent solutions discovered by the consultant (or internal ethicist). Using the above example, one might apply the following questions to each precedent solution: "Are we doing anything in this decision that could create (or give the impression of creating) an unlevel playing field?" and "Are we doing anything in this decision to create (or give the impression of creating) an unfair or unjust condition?" And so forth.

It is rather remarkable to see how much agreement leaders can have about rejecting precedent solutions that do not conform to their common, implicit understanding of their organizational principles. They

frequently do this with precedent solutions that have been used in thirty percent or more of the cases in the literature (i.e., they allow their principles to hold sway over strong precedents). If this one practice had been utilized in several of the more recent notorious cases of ethical failure, I am certain that it would have led the organizations in question on a more ethical path.

Some firms have found it helpful to use "sniff test" questions in addition to their set of principle-based questions. These are questions designed to arouse surface uneasiness with particular precedent solutions. Some of the more popular questions might be, "Would we be comfortable waking up tomorrow and seeing our use of precedent solution #1 on the front page of our local newspaper or the *Wall Street Journal*? Would we feel comfortable waking up tomorrow and seeing our use of precedent solution #1 in an email (of undesignated origin) sent to everyone in our network?" Many organizations have found much more creative and humorous ways of eliciting a surface response from their "collective conscience."

The third step entails adapting acceptable precedent solutions to an organization's current dilemma. Given that one or two precedent solutions will probably pass muster with the organization's principle-based and "sniff test" questions (and will not jeopardize the long term viability of the organization), it is nevertheless likely that they will not respond perfectly to the organization's dilemma. Provisions should be made for a team of people (not merely a CEO, CFO, or division leader in isolation) to make an adaptation of the acceptable precedent to the dilemma. If possible, members of the team should have previous experience resolving dilemmas, and should include a line leader (and if the decision pertains to the whole organization, an executive and a director), a lawyer, an accountant, an HR director (if the decision concerns HR matters), and others with needed skill sets (e.g., engineers if product or process safety is a question, etc.).

The results of the three-step reasoning process can be easily documented and proudly disclosed to the public. Leadership may or may not want to initially disclose this reasoning, but if their decision is called into question, they will be able to do so in a manner demonstrating due diligence, principle-based reasoning, and creative adaptation. This will not only protect the organization from legal liability and loss of reputation, but also show the organization to be trustworthy and precedent-setting in its ethical rationale. This cannot help but induce long-term organizational viability and *esprit de corps*.

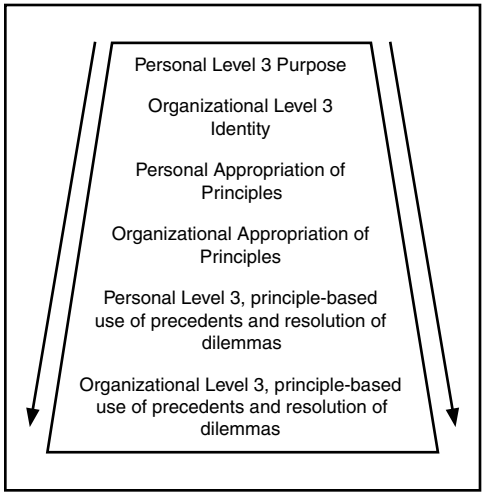
Conclusion

The above three-step curriculum is best learned and appropriated in the order in which it was presented, because a Level 3 (contributive/ego-out) identity opens and motivates one toward a personal appropriation of principles. This is most obvious with subscribers to virtue ethics who are seeking ways to live out of the primary virtues of justice and love (which characterize a Level 3 identity). However, this recommendation is not restricted to this group. It also applies to subscribers of deontology (who link the authenticity of their contributive identity to following their conscience's recognition of inviolable principles) and utilitarians (who link their contributive identity to minimizing harm and maximizing social utility within particular groups or communities). This is not merely a theoretical claim, but also one that has been experientially corroborated in the Spitzer Center educational sessions (www.spitzercenter.org) as well as those of Dr. Christopher Peterson (Psychology Department, University of Michigan, chrispet@umich.edu) who is linked to Dr. Martin Seligman's Positive Psychology Center at the University of Pennsylvania (www.positivepsychology.org).

The asymmetrical connection between the first and second parts of the curriculum lead naturally to the third, for the personal appropriation of principles opens and motivates one to a principle-based use of the full range of precedents (necessary for the proper resolution of ethical dilemmas). In sum, if individuals are to optimize self-motivation, clarity, and precision in ethical decision-making, they would probably be best served by first considering purpose in life, then personally appropriated principles, and finally principle-based use of the full range of precedents in resolving ethical dilemmas.

The same ordering holds true for organizational ethics because the dominant identity of culture-forming individuals within an organization tends to constitute an organizational identity (ethos). For example, if a critical mass of culture-forming individuals have a dominant Level 3 purpose in life, they will likely cultivate an organizational culture with the same contributive values. Notice here that culture-forming individuals are frequently leaders, but they can also be people of good judgment, those who are well respected, and those who have charismatic influence within the organization. Inasmuch as a Level 3 purpose can open and motivate an *individual* to a personal appropriation of principles, so also a Level 3 *organizational* ethos can open and motivate a broader organizational constituency to the use of *commonly held* principles. The same

parallelism between individual and organization applies to the movement from the second to the third part of the curriculum. Therefore, an organization would be best served by first inducing a Level 3 identity within its culture-forming individuals, and then to its wider constituency. The same procedure would then be used to cultivate personally appropriated principles which would ultimately result in organizational principles. Finally, the above method for using precedents to resolve ethical dilemmas can be introduced through the same culture-forming individuals.



There are many ways in which this curriculum can be complemented by additional education, systems, structures, and processes. With respect to education, case studies specific to particular professions and organizations are quite helpful. With respect to systems and structures, vehicles for asking ethical questions (such as an ethics hotline by phone or computer, or a designated ethics consultant/office) are virtually indispensable. Integration of ethical considerations into hiring, evaluation, and reward processes provides extrinsic motivation for investments made in education and structures. Yet case studies, hotlines, consultants, and clearly defined procedures are not enough to stem the momentum of current questionable ethical decision-making, because they suffer from the same intrinsic deficiency as compliance structures, extrinsic threats, and new laws—namely, they do not get to the heart of ethics. If this is to be done, leaders will have to appeal to the *interior* disposition of their constituencies. In my view, the most effective, acceptable, and useful way of doing this is to provide "higher viewpoint" education about "purpose in life" which can form the foundation for a deep appropriation of principles and a proper utilization of precedents.

APPENDIX

Over the past fifteen years, I have given an assignment to my MBA and corporate/continuing education classes, which the vast majority of participants found to be personally and professionally beneficial. I gave them the four most commonly accepted *general* principles of ethics: "Do not harm unnecessarily" (life, safety, livelihood, reputation, etc.); "Do not cheat/be unfair"; "Do not lie/be deceitful/break promises;" and "Do not steal" (material goods, ideas, information, etc.). Participants specified these within the context of their professional and organizational work. Thus, engineers might view avoiding unnecessary harm as not cutting corners in an inspection; accountants might view not lying as fully disclosing material information to investors and stakeholders; and so forth.

I asked participants to identify their dominant rationale for ethics. Then, deontologists were asked to set out actions unconscionable to them (that is, violations of their conscience or felt duty to particular principles); utilitarians were asked to set out actions inconsistent with common expectations of ethical behavior which would very likely undermine trust, *esprit de corps*, and the common good within the organization; virtue-ethicists were asked to set out principles which would undermine justice and love (and other virtues dependent on them).

Here, proscriptive statements (e.g., "Don't be unfair") are more useful than prescriptive statements (e.g., "Be fair") because they pique conscience (particularly in those subscribing to deontology and virtue-ethics); they directly evoke a means test (e.g., "Am I being unfair in pursuing this end?"); and they establish lines which one is unwilling to cross (it's easier to see the line demarcating unfairness than fairness).

The final step is to reformulate the above principles in question form. Thus, the principle "Don't cheat," might be translated into the question, "Am I doing anything in this decision that could create (or give the impression of creating) an unlevel playing field?" The principle "Do not be unfair" could be translated into the question, "Am I doing anything in this decision to create (or give the impression of creating) an unfair or unjust condition?" And so forth. Most participants produce a list of ten to fifteen questions they consider to be integral to their personal character or essence. I ask them to rank the questions from most to least important so that if they should encounter a conflict of principles in an ethical dilemma, they will have a starting point from which to resolve it. When the list is completed, I ask them to place at the bottom a paraphrase from the immortal words of Shakespeare's Hamlet: "To thine own self be true, and it

must follow, as the night the day, thou canst not then be false to anyone." Participants then photo-reduce their list of ethical questions onto a two-sided 3 x 5 laminated card.

The results are remarkable. Seminar participants have told me ten years later that they still have their "ethics card" or that they have further refined them, and that the cards have been transformative in their conduct and in the building of their character or essence. These results are even more pronounced in people who use their cards during contemplative time (see (1) above).

These cards not only affect one's personal ethic, but also can have a profound effect on *organizational* ethics. If leadership is willing to engage in this exercise, consolidate the results, and share them with their constituencies, they can set the tone for an organization-wide appropriation of ethics, which truly reaches the heart of self-motivation. They can also set an example and call for deeper reflection on complex ethical issues.

Leaders need not worry that constituencies will believe them to have perfectly actualized a set of principles (which might look like hubris or hypocrisy, or make leaders feel hostage to a particular interpretation of their principles—"You said you were going to be just . . . and what I mean by 'just' is doubling benefits"), because one is sharing only the *questions* one tries to ask oneself in vital decision-making situations. There is great latitude in the interpretation of the principles embedded in these questions and the ways in which these questions are answered within particular decision-making processes.

Even if leaders choose not to engage in (and share the results of) this exercise with constituencies, a fruitful discussion of various constituencies' cards can lead to a consolidation of the most frequent ethical questions. Constituencies may want to share their cards with one another, and a trained facilitator can then consolidate the cards and prioritize the questions to produce an *organizational* set of ethical questions. "We" could then be substituted for "I" within the questions, resulting in a common set of ethical questions to be asked in complex organizational decision-making processes.

This exercise has three effects: (1) It engages constituencies on a personal level allowing the questions to be associated with a person's identity, character, and happiness, which, in turn, creates the condition necessary for self-motivation. (2) The listing and prioritizing of particular principles within the questions gives clarity and precision to constituencies' personal ethical reflection processes. The organizational questions do the same for organizational ethical reflection processes. (3) The listing and prioritizing of organizational questions provides a vehicle for a commonly accepted

means test within group ethical decision-making processes. These three effects add self-motivation, clarity, and prioritization to ethical decision-making processes, which has the power to obviate many of the poor judgments, which have led to contemporary organizational ethical failures.

Notes

1. In order to convey this point to audiences who may not have had a deep grounding in philosophy and the liberal arts, I took four common options for defining purpose in life from over 100 philosophers, psychologists, anthropologists, and theologians ranging from Plato, Aristotle, and Augustine, to Abraham Maslow, Lawrence Kohlberg, Erik Erikson, Carol Gilligan, Martin Buber, Karl Jaspers, Simone Weil, Gabriel Marcel, Edith Stein, and Viktor Frankl. I term these common options, "four levels of happiness or purpose in life."

2. See the appendix, which describes some experiences I have had in teaching this material.

3. The use of precedents is connected with casuistry throughout the history of ethics. See the comprehensive account of the ascent and descent of casuistry in Albert R. Jonsen and Stephen E. Toulmin. *The Abuse of Casuistry: A History of Moral Reasoning*. (Berkeley: University of California Press, 1988).

Robert C. Solomon links the right use of precedents and principles to moral courage (seen through an Aristotelian lens) in his relevant contemporary work *Ethics and Excellence* (Oxford University Press, 1993). Without moral courage the most principled, "Level Three" leaders can fail in their ethics because they believe too strongly in competitiveness and the warrior spirit (too overrated and misinterpreted *contemporary* business "virtues").

Daryl Koehn's analysis of professional ethics can be helpful in using principles to judge the appropriateness of precedents. She notes that professional ethics become delegitimated when special norms within a profession (or absolute interpretation of these norms) are not commensurate with ordinary norms (which are reflected in commonly accepted principles of ethical behavior). In the same way, precedents can become illegitimate when they are incommensurate with commonly accepted principles of behavior. If extraordinarily casuistic and circumlocutional reasoning must be given to adapt a particular precedent to commonly accepted principles, the moral leader should, at the very least, be suspicious of it. See Daryl Koehn *The Ground of Professional Ethics* (Routledge [UK] 1994).