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# INTRODUCTION

What are you working on?" For the last few years, I have answered that question knowing that "business ethics" is a concept about which everyone is ready to express an opinion. So visceral is their reaction that most people start explaining their views before I can offer either detail or caveat about my own work. Such intrusiveness is understandable because business intrudes so forcefully into every aspect of modern life. The bottom line is now as much a feature of government, education, the arts and even religion as it is of business. And with that logic comes the pressure to perform, to reengineer, restructure, compete and make a profit. Business thinking has become so pervasive that when something goes wrong in our society—and much does—the clunky footprint of free-market practices is inevitably found at the scene of the crime. The very combination of the two words *business* and *ethics* challenges people's experience and can elicit fear.

The range of response has been surprisingly broad. As people commented on my project, they revealed their passions, beliefs and ideologies. The cynics dismissed the whole topic as an oxymoron. Those to the right of my banker friends explained to me why communism had failed. Many of the people who have worked internationally felt compelled to share nightmare stories of under-the-table arm-twisting in Paris or of corrupt intermediaries in Kuala Lumpur. Bribes, don't you

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know, are a tax-deductible business expense in Denmark and Germany. Business is business, I was counseled. So why not leave it at that?

I had always understood this issue to be controversial but I had underestimated the emotion it could arouse. While some people attacked me for being naive, others challenged my credentials for undertaking such a mission. A few of my fellow students in theology school proved to be among my toughest critics, turning their despair and antipathy towards business into a judgment that my soul was probably beyond redemption. Much lively debate aside, the vast majority encountering my work were genuinely struck by the possibility of what I was exploring. For the businesspeople among them, including CEOs, there was also an impatience to share their experience, explain their beliefs and often question the strategy and usefulness of what I was doing.

These disparate voices helped enormously because they reinforced to me that business ethics, with its endless questions and messy judgments, is an even more vital issue than I had perceived. More than that, the reactions of these many friends, colleagues, teachers, professionals and businesspeople opened me to the deeper task of including these varied, sometimes contradictory views in the final product. This book has not become a chameleon that appeases all tastes. Rather, by virtue of these many points of view, the book now better reflects that defining challenge of modern ethics to find relevance and practicality across diversity and even discontinuity. In other words, difference of opinion is not an enemy to be conquered but a lesson to be learned. What I had planned to be a thoughtful how-to resource is now a critique and a challenge, as well as a set of models for implementing solutions. And what I had conceived as a business book exploring the application of ethics is now a work about how business mirrors who we are as a society, and the beliefs that we actually live by as individuals.

Nike is one of many companies having a social conscience imposed on it. This organization creates products for the imagination as well as for the feet, but not many remember that it has also overcome enormous odds. A small start-up using a waffle iron to create rubber soles, Nike beat out globally entrenched giants Adidas, Puma, Bata and Converse. Even after its swoosh symbol became ubiquitous, Nike stumbled against Reebok (remember aerobic shoes?) and regained its growth trajectory

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only after a tough battle of competitive wits. I run, and although I do not wear as many logos as Tiger Woods, I believe that Nike deserves its status as one of the premier global brands and the profits and reputation that go with its marketing smarts and gumption.

Yet for all its momentum, Nike has responded with such insouciance to questions about labor abuses at the off-shore companies to which it contracts manufacturing that it is starting to stink like an overused pair of running shoes. I do not want to oversimplify the issues, and will return to this story in a later chapter. The points I want to make now are that; first, Nike pledged at its 1996 annual meeting to set up a formal audit system to check on its contractors, and, second, this decision was forced on it by its own shareholders. Figuring out how the very people being enriched by Nike turned on it to demand action that could cost them future profits is an exercise in understanding the power of dissonant voices.

The initial, faint clamorings about Nike came in the early 1990s from the human rights extremists who are generally anti-institution and anti-business. These were the tree-huggers in the early days of environmentalism, the fanatic fringe who did not so much challenge as reject the mainstream. But in our wired world, the concerns on the periphery eventually become rumblings in the general media. Under the scrutiny of articles in *Newsweek* and in the glare of special reports by *NBC Nightly News*, the passion of a few became the outrage of many. Local churches throughout the U.S. and Canada started a postcard campaign politely requesting CEO Phil Knight to do more to ensure the fair treatment of workers in Korea and China. Shareholders took turns at the microphone at the annual general meeting to demand action. And Nike finally responded by hiring former U.S. ambassador to the UN Andrew Young to conduct an audit.

For a company so used to being a step ahead of its market, Nike was caught flat-footed. The point is not just that Nike stumbled, but that it took many voices, expressing different beliefs, from across the full range of ideologies, to start the company on its reforms. There are several lessons in this. One is that ethical questions exert themselves even on companies that do not necessarily acknowledge ethics as a dimension of business. This issue is thus neither an oxymoron nor a utopian ideal

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but a practical pressure requiring a strategic response. Another lesson is that the status quo is never fixed. Not very long ago, the concerns of ecologists were as irrelevant to business planners as those of ethicists are today. "Green" has gone from being a disparagement to becoming a badge that no smart company would risk being without. As Nike learned, and as I will argue further, ethics are similarly en route to becoming a strategic imperative. In this sea change, the companies that do not embrace ethics will be as vulnerable as those that eschewed efficiency or quality or customer service.

The third lesson is that the spreading concern for ethics is not a preoccupation of the left or right. Instead of a constituency, ethics represent a continuity, shared across a wide spectrum of social, economic, managerial and religious positions. It is not that everyone everywhere shares the same definition of right or wrong. It is that everyone everywhere discerns the distinction. Whether you believe ethics are a contrivance of the "selfish gene," an automatic response to an intricate social conditioning or the construct humans have inherited from a divine creator, the orientation to do the right thing is a powerful and defining dimension of human nature.

It took many voices to wear Nike down, and the fourth lesson is that each was both distinct and essential for the others. The radical pricked the conscience; the media painted the picture; the activist mass exerted social and economic pressure; and the shareholders used the power and authority of their holdings to demand action. A very important realization for me was that the final result could not have been realized by any group singly. My history as a businessman has been to get on with solving the problem. And my usual response has been impatience—towards the radical voice for not being pragmatic, toward the middle mass for not being informed and towards the business decision makers for not being visionary. But I now see that the functional benefit of each voice is not to perform the whole story but to act out a specific role.

Recognizing that many voices are needed to move society's consciousness forward caused me to refine the voice of this book. My original formula was to use the learning accumulated in my consulting practice to build the business logic for ethical renewal. I had done this in previous books: describe the problem, posit the solution and provide

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an overwhelming rationale to validate my conclusions. What is GE doing? Why did IBM screw up? What can we learn from Microsoft or the Japanese? Cut and paste quotes from Tom Peters, Stephen Covey and Jack Welch. Add one or two anecdotes from personal experience. My consulting work involves teaching as well as planning, motivation as well as strategy, so this book about ethics would be a synthesis. I would bring together concepts from disparate disciplines and use my familiarity with strategic language to convince business of the appropriateness of the message.

As I immersed myself in the material, researching the topic, interviewing specialists and enrolling as a part-time student of theology, I realized that the usual business book formula was going to be inadequate. I came to understand that to treat ethics like other business topics was to invite a "flavor of the month" response. Ethics are different because, unlike "total quality," "leadership" or "learning," they are radically essential. They are not a new skill but a profound new sensibility that changes everything. And they are not optional. Emotionally, I could not help getting angry, directing my impatience at those doubting companies and businesspeople who demand to have ethical practices justified to them. Who could survive in an ethical vacuum? Even the hardest of hard-core capitalists need the protection of the law and the mutuality of contracts to exist at all. Rather than convincing business practitioners of the need for greater ethical consciousness, businesspeople resisting an ethical context should be apologizing to society for the mismanagement of the environment, the still widespread inequality of women and minorities, and the inhuman treatment of reengineered individuals and downsized communities. I finally found the voice for this book, and it is more challenging than accommodating, more impatient than evolutionary, and more simple common sense than repetitive case histories.

My impatience does not blind me to the great difficulty of framing a global ethic for the global economy. Clearly, one of the refracted lessons of McLuhan is that we are indeed a global village but not a homogeneous one. If anything, despite the familiarity and instant access made possible by technology, differences between cultures, countries, regions and even neighborhoods seem sharper and increasingly

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fundamental. However, the imperative we cannot escape is exactly that of resolving the tension between one world and its many parts. The underpinnings of the economy are now inextricably shared, as are the consequences of energy depletion, pollution and resource mismanagement. The presumption of a global ethic is warranted precisely because the problems are so outrageous.

To seek a global norm is not to neglect local or personal ones. The network of principles and behavior that makes up an ethical orientation operates both vertically and horizontally. It is personal, but as philosopher John Macmurray has pointed out, "the personal life is essentially a life of relations between people." Ethics may thus represent the character and choices of the individual,<sup>1</sup> but they are expressed and given dimension only in public behavior. Although ethics flow from deep personal beliefs, the value of an ethical commitment is realized only in its effect on others and on society. This has always been true, but because of the global economy and global sensibility, the gulf between self and society has never been greater. Ours is the paradox of "universal intimacy" in which the ethical construct is no longer limited to "I" and "thou," or "us" and "them," but now must embrace the most comprehensive of "we."

In practice this means that Nike's failings are our failings. When workers are abused in faraway plants it is we—the ones who wear the shoes and buy the imagery and worship the athletes—who are stained by the unfairness. This is the culpability of being informed, the inescapable responsibility of participating while knowing. In the heyday of consumption, buying was a party, and more buying the objective. There were no worries about deforestation or landfills or sweatshops. Now nearly every purchase carries with it some consciousness of consequence. We still buy, but with recognition. We still consume, but with a greater awareness of impending limitation.

The idea for this book came from an unexpected encounter with Swiss theologian Hans Küng. Dr. Küng taught at Massey College at the University of Toronto in the 1980s, and he stopped over for several days in North America on his way to Tübingen from Asia. I contrived my way into a lunch for which my wife, Lucinda Vardey, had received an invitation. Expecting a large venue for the distinguished guest, I was

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slightly embarrassed to find only a group of twelve. There were two or three teachers, the master and several fellows of the college, a member of the clergy and spiritual writers like my wife. I was the only businessperson, a chicken trying to swim with the ducks. As fate would have it, Lucinda and I were chosen to sit next to Dr. Küng.

In a brief talk, Dr. Küng explained to the group what he had been up to. He, like Picasso, saw his life's work in increments of ten years. First he had plumbed various aspects of modern Christian theology, then devoted himself to comparative studies of the world's great religious traditions, and now, retired from teaching, was focusing on defining and fostering a global ethic. This is a passion as well as an area of study for Dr. Küng. With academic and spiritual leaders from other traditions he had convened the Parliament of the World's Religions, which in 1993 published a declaration on the common values supporting a common ethic. Dr. Küng had also recently founded a center for global ethics from which he would be carrying on his studies, lobbying and writing.

Dr. Küng sees the divisions brought about by spiritual sensibility to be even more dangerous than those of politics and the economy. He argued a very simple formula: There can be no peace in the world without peace among the great religions. There can be no peace among the great religions without deepening understanding of each other. There can be no deepening of understanding until each fully respects the other.

My interpretation was that the business of religion is failing our more compressed world in exactly the same way as unethical business is. Old dogmatic divisions and arbitrary institutional boundaries are defeating the sense of unity and interdependence that this crowded, busy, industrializing world so needs. As Dr. Küng asked us to consider how our own work affected this larger mission, the idea for this book dropped like a rock into the puddle of my creative yearning.

I will explain later how the pressures of the global economy have been diminishing the power and importance of the nation-state. With "missions" and "visions," governments and individuals now approach economics with the same fervor and faith that used to be reserved for religion. Indeed, such critics as Kirkpatrick Sale and Jerry Mander have

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argued that consumption is fast becoming our only really global religion. I realized, listening to Dr. Küng, that business requires an ethical base not only to fulfill obligations to society but for its own good to offset the confusion and uncertainty of international commerce. Just as one example, the implosion of Barings Bank showed how the ethical impropriety of a single person (compounded by the stupidity of his immediate management group) could bring down a 350-year-old multibillion-dollar institution that handled banking even for the Queen.

As big business gets bigger, as more of the world's economy becomes truly global, the risk of ethical damage grows as well. In his book introducing the Declaration Toward a Global Ethic, Dr. Küng referred to ethics as "a prophylactic against crisis."<sup>1</sup> Business is then both a beneficiary and a potential carrier for a wider ethical consciousness.

This book is constructed to go from thought to action. The early chapters provide an analysis of the current business and social situation, drawing implications that help reconceive the relationship between business and ethics. This involves building an irrefutable business logic for ethics and an inescapable ethics logic for business. Once the rational framework is in place, the middle chapters take the foundational work of Dr. Küng and others and present a new model for a global ethic for the global economy. The focus in this section is on understanding the operational factors that influence the already deep and deepening connection between spiritual and commercial sensibilities. This is not a New Age call to hang crystals in the boardroom but a recognition that the strategic needs for innovation, efficiency and enhanced customer service all depend on the dynamics of relating. The later chapters provide information and support for implementation. Changing company behavior and culture has proven to be very difficult even when the business rationale for transformation is crystal clear. We learned in applying total quality that genuine reinvention happens only when senior management wholeheartedly supports an initiative, when mid-managers and employees are involved, educated and trained, and when the outcome is monitored and measured. The final chapter deals with the obstacles to change and introduces a model that works for both successful transformation and fulfillment of obligations. The progress of this book and the movement from idea to implementation

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try to fulfill Aristotle's condition that "wisdom is only wisdom if it is of practical use."

Any creative project by definition involves the unexpected. With this idea—mixing business with theology and economics with ethics—I knew the surprises would be even more rapid-fire. Though expecting the unexpected, I was still astonished by some of the forks that appeared on this unmapped road, as well as by some of the turns that I felt compelled to take. The biggest surprise, and most inspiring one, has been my rediscovery of Dietrich Bonhoeffer. A German theologian and Lutheran minister, Bonhoeffer chose to risk his career and life to denounce the antisemitism and idolatry of the Nazi regime. The Aryan clause forbidding Jews to hold jobs in the German civil service was enacted at the beginning of 1933, and by February Bonhoeffer had made a courageous stand on radio, calling the political system corrupt and accusing the state of idolatry.

Persecuted for his words and actions, Bonhoeffer left Germany in the mid-1930s and spent several years visiting America, teaching in England, and even planning a trip to study with Gandhi. With war approaching, he decided to return to his homeland, explaining in a letter to a friend, "I shall have no right to participate in the reconstruction of Christian life in Germany after the war if I do not share the trials of this time with my people." He continued his resistance, not only challenging the Nazis but also painfully questioning the social, religious, learning and artistic institutions within Germany. Bonhoeffer's antiwar activity included "a scheme to help a group of Jews escape to Switzerland in 1941, and a meeting in Sweden in 1942 with the British bishop George Bell at which he tried to secure Allied support for the planned coup against Hitler now known as the Officers' Plot."<sup>2</sup> Arrested in 1943, Bonhoeffer was shuttled between various prisons and concentration camps. He was executed by hanging by special order of Heinrich Himmler, only a few days before the Allies liberated his camp at Flossenburg.

In a brief memoir, G. Leibholz provides a glimpse of the man behind the legend. "In prison and concentration camps, Bonhoeffer greatly inspired by his indomitable courage, his unselfishness and his goodness, all those who came in contact with him. He even inspired the guards

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with respect, some of whom became so attached to him that they smuggled out of prison his papers and poems written there, and apologized to him for having to lock his door after the round in the courtyard." Bonhoeffer has been lionized for speaking out against a system of evil, yet his letters and poems also reveal him to be fully human, with anguish and doubts simmering just below his convictions and audacity. I had read his *Letters and Papers from Prison*, while still in university. Well after beginning to write this book, I was doing some preparatory reading for one of my theology classes and discovered his *Ethics*.

Immediately, I was struck by the relevance of Bonhoeffer's message and the example of his actions. He had a profound sense of his own Germanness, yet adopted a truly global perspective. He strove in his theology and work for a more ecumenical and holistic response, one that presaged the more recent efforts of scholars to formulate a global ethic. Bonhoeffer also foresaw the dangerous implications of a fanatical adherence to duty, and lashed out at those who assumed that they could divorce their personal morality from their public involvements. He demanded that organizations and institutions—even the most powerful and most sacred—be accountable. Driven by his faith and ideals, Bonhoeffer stressed most of all that ethics must be concrete and practical.

Bonhoeffer's ethics, not to mention his example, are exacting and sometimes troubling, so much so that the German government reversed his conviction for treason only in 1996. My first surprise, then, was finding so much inspiration in his work. The second surprise is that I was so moved by his thinking and example that I decided to use quotes from Bonhoeffer's *Ethics* as epigraphs to each chapter. Bonhoeffer was a Christian. While his work is undoubtedly rooted in that tradition, many of his insights are presciently respectful of the cultural diversity that most of us are still trying to accommodate. I have tried to choose passages that neither diminish the centrality of Christ to Bonhoeffer nor proselytize his faith. As you will see, in their most basic values, his ideas contribute to what must be an embracing and multidimensional global ethic.

For businesspeople struggling to keep careers on track and business objectives on target, the wisdom of philosophers and theologians may be interesting but ultimately irrelevant or impractical. How does being

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ethical make my job easier? Or, more fundamentally, how does being ethical make it easier for me to keep my job? The answer to these questions, like so much else about ethics, is not linear. We must first accept that this is not a topic that will yield any one-minute-manager promises for improving success or guaranteeing results. This ambiguity, however, is not particular to moral weightings; instead it reflects the complexities of business itself. Several generations of formulae and matrices from management gurus and consultants have yet to solve the riddle for effective, and lasting, corporate renewal. We should know by now that there are no instant solutions for deeply entrenched problems. We should also recognize that, because business is now a big part of life, we need the wisdom of human life to manage and give context to the now dominating economic reality. An ethical orientation is of substantial value because it exercises the very skills of discernment and judgment that managers need to unravel the deepening paradox of competition and success. But the real reason for developing this orientation is not just what we gain from being ethical, but in realizing what we lose—in economic, social, natural and personal terms—by succumbing to irresponsibility.