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# CRE PERSPECTIVE

## BUSINESS, FAITH & ETHICS: MAKING THE CONNECTION

*An Impression*

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### INTRODUCTION

In February 2001, The Counselors of Real Estate held a conference in Tucson, AZ, which featured 10 speakers on the subject of Business, Faith and Ethics, Making the Re-Connection. The first day focused on faith-based ethics, the second day on reason-based ethics, and the third day involved active business persons discussing the relevance of the discussion to their lives.

Speakers included Laura Nash, senior research fellow at Harvard Business School; Andre Delbecq, professor and former dean of the Leavey School of Business at Santa Clara University; Oliver Williams, director of the center for ethics and religious values in business at Notre Dame University; Lynn Paine, professor at Harvard Business School; David Brady, professor and associate dean at Stanford Business School; David Davenport, former president of Pepperdine University and current CEO of Christianity.com; Eugene Kohn, principle of Kohn, Pedersen, Fox, architects; Dan Rose, chairman of Rose Associates, a New York-based real estate organization; Patricia Vandenberg, former CEO of Holy Cross Health Systems; and J. McDonald Williams, chairman of Trammell Crow Company, a Dallas-based real estate organization. I organized and moderated the conference.

### FAITH-BASED ETHICS

A number of issues were raised the first day. While statistics suggest that we are "a religious nation," what does that mean? How is that evidenced in the business world? Can we be spiritual and not religious? What is the difference? When do we stop trading off our deep personal values? What are we willing to lose for? Can we be religious and survive in business? How can we be ethical in an unethical environment? Should we compartmentalize our lives?

It may be said that one has the potential of living out a life on four different levels. First is the surface level, dealing with the superficialities which we all must cope with in our daily lives; being socialized.

Second is the allegorical level. This is the level at which we make meaning out of stories and heroes. Third is the moral level. This is the level of the limits of the law. It is that behavior which society, as a whole, is willing to condone from time to time. It sets limits as defined by those living around us. The fourth level, or the deep, is the level from which we draw our deepest meanings of life. This is the level of the ethical, the spiritual, and the religious. This is where we define what we are willing to lose for. This is the level of the transcendent, or what many call, God.

We live on all four levels simultaneously. The bulk of our time is spent on the surface level. For most, the least amount of time is spent on the deep level. We move in and out of the different levels all the time. If we have the ability and the support to de-compartmentalize our life, and to bring the fourth level into all that we do, including our jobs, we can be said to have a fully integrated life. It can be said we live a life of integrity. Most of us move in and out of such a state.

The extent to which friendships and relationships are based upon a commonality coming from the respective deep levels, the greater sense of support and well-being an individual is likely to have. Writers have informed us, however, that most of us cannot sustain a plenitude of such deep relationships without beginning to trade off confidences and trust.

Many in today's world have experienced disillusionment, broken promises, token relationships, fragile commitments, and provisional settling for whatever gets us through until we find something which is better. In these cases, a kind of hopeless cynicism emerges and tends to create a self-oriented world for the person who has been disappointed. Such attitudes narrow the field of choices, as we are always suspecting that others will most certainly let us down. Such individuals have little room left for community.

The One Great Commandment to "love the Lord your God with all your heart and all your strength and all your mind and all your spirit,"; together with the corollary to "love your neighbor as yourself," is one of the great societal organizing principles of the world. It occurs five times in the New Testament, twice in the Hebrew Bible, and is explicit also in the Koran. It is implicit in virtually every organized religion. It is Greek in nature. One must be in harmony with oneself, with one's communities and

with some powerful, transcendent being or force which takes us totally out of our own self-will, pride, and hubris.

The communitarian movement, started by Amitai Etzioni and John Gardner, among others, is based on this same principle. Communitarians are urged to be in harmony with themselves, with their communities, and with some absorbing, transcendent force. Thus the principal is valid in the totally secular world as well. In Peter Drucker's recent book, *Management Beyond the Walls*, he states that the leader of the future must be self-confident, love people, and have an absorbing passion for the enterprise. To me, this is resonant with the One Great Commandment as well. Drucker goes on to state that the leader of the future must have the centeredness and detachment to manage anxiety and rapid change. Having an integrated life, including the deep level, allows one to gain this sense of detachment, to take risk, and to deal with ambiguity and paradox.

Religion can provide one answer to some universal questions: How do we find our center? How do we gain a sense of detachment in the highly competitive cacophony of current business? Where does the passion come from? For a religious person, business can become a calling, a vocation, a battleground to test out one's faith. For many, the work place can provide their sole community. Young employees may work from 10:00 AM until 3:00 AM, seven days a week. If they cannot form meaningful relationships in the business environment, they become rootless and subject to early burnout.

Most of us, including people of faith, are uncomfortable with any form of evangelicalism at work. We feel it is simply not appropriate behavior on the job. Nonetheless, one should be able to live out of

one's religious conviction in the workplace. This is what certain theologians have termed "stealth" religion, or "religion-less" religion. We are respected by our actions, not by the symbols we wear or the attempts we make to recruit others to our faith.

The deep sense of the other which comes out of all deep religious convictions helps to take us out of pride and greed. It causes us to deal with failed leadership and to deal with the complexities of power and wealth. We can become whole, complete, and more relaxed when we discover that we can live out our foundational beliefs. We can become good persons without necessarily subscribing to a particular institutional religion, or to any religion. What we are talking about are foundational beliefs, however attained.

Researchers into the human brain have written about isolating areas in the brain which create a universal longing to know our origins and purpose. Where do we come from? Why are we here? We yearn to find completeness, unity, and wholeness with whatever transcendent power created us. If, in fact, all humans are "hard wired" to desire to be in relationship with a creator (God), such knowledge can have a powerful impact on global interactions and relationships. Perhaps humankind can bond ultimately out of the yearning that comes from the deepest level.

Religion also has the potential to separate us into tribes and shut down reason. Institutionalized religion often puts itself beyond criticism and closes down dialogue. There is thus a conflict between faith and reason. Faith informs reason. It gives us our identity. It makes us whole. Perhaps we should separate institutional religion from the teachings of religion. The teachings of

religion provide a context for business. Otherwise it is success at any cost.

Rational behavior regards faith and spirituality as an input, but reason must dominate rational decision-making. We need a way out, a model; for example, utilitarianism, to lead us toward the greater good.

## REASON-BASED ETHICS

For even the best of the graduate schools of business administration, the teaching of rational decision-making which incorporates an ethical outlook has been problematic. This is so, in part, because of the structure of the Post-Enlightenment university, which specializes in specialization. Ethics crosses over many boundaries and may include inputs from theology and philosophy as well as sociology, political science, economics, and hard-nosed practical business experience. The university system of rewards and punishments does not reward individuals who cross boundaries and attempt to create unity out of all the areas of specialty.

Another hurdle to bringing ethics into the business school curriculum is the present social norm that one does not criticize the behavior of another unless it causes considerable harm to others. "I'm OK, you're OK" is the norm, thus making it difficult to become critical of the behavior of others. As a result, ethics becomes unrooted from the deepest level and becomes more or less a game of complying with whatever "the law" may be from time to time. This can become treacherous, as there are broad normative swings in how society feels about such areas as dress, smoking, gender, and sexuality, or even price-fixing, anti-trust, and insider trading. If we game our behavior up to the limits of the law at a particular time, we

could be contemplating this action from inside a prison later on.

Some feel that it is fruitless to attempt to teach today's students what to do, as the ground is always shifting. Ethical decisions require moral courage to go against the tide of current behavior. Sometimes breaking with the current norms of society is exactly the "right" thing to do. Many are of the opinion that such deep and intuitive ethical reasoning is beyond the scope of a professional graduate school, and must be taught at a young age in the family and appropriate religious institutions.

To a large degree, the medium may indeed be the message. The fact that institutions such as Harvard, Stanford, Santa Clara, Pepperdine, or Notre Dame have a required ethics module in their professional schools sends an important message. The best one may hope for is to elevate ethics as a respectable input in a business decision. The purpose of a rational decision-making course in ethics may then be primarily to increase the students' ethical awareness and moral imagination. This can be accomplished through stories and case studies of courageous moral leaders in the business world, who, by their actions, represent what the management consultants might term "best practices."

Reason-based ethics states: Given a set of moral principles, what would you do? It is not benign self-interest, *ex post facto* rationalization of decisions, imposing values, or resisting temptation. Religion is not rational. Rational ethics deals with decision-making and consequences.

A rational model most often utilized in business schools is that of utilitarianism: "the greatest good for the greatest number." This is the philosophy which drives market capitalism, and it is imbedded in the market clearing price

mechanism, input/output analysis and the like. We can determine the number of kidney dialysis machines which is optimal for a given gross national product, and determine a methodology for rationing what becomes limited health care on the margin. The pragmatism of such an approach disturbs some, and they attempt to override the system with a theory of social justice to address the imbalances. Pure utilitarians would claim such theories override and destroy the maximum efficiency of a perfect market system. Others come from a rule-based approach to ethics, and feel that certain deep values must override the market system.

An ideal organization might be said to be virtuous, where employees always do their best, are empowered, and gain rewards consistent with their behavior. Values-based enterprises are cheaper to run (no rule makers, interpreters, or enforcers), and generally attract a like-minded and thus more generally attractive set of employees and clients. Practically speaking, however, any values-based organization requires a reward and punishment system as well, in order to deal with human weakness and frailty, keeping everyone on course.

Recent research by Peter Drucker, Ira Mitroff of the Marshall School of Business at U.S.C., and many others indicates that certain basic values are far more important to employees than financial rewards. Such values include integrity, open communication, respect, interesting work, realizing one's full potential as a person, being involved with an ethical organization, and a focus on shared goals. Thus employees themselves tend to override the rational model when asked about what gives them the most satisfaction at work. This is undoubtedly true of the professors attempting to teach rational decision-making as well.

Global business values are in transition, as the Western model for business exports the values of transparency, opportunity, accountability, and good citizenship. Individuals all over the world are re-prioritizing their values in order to participate in the global marketplace. We in the West tend to value achievement over affiliations. We have a sense of urgency about time. Duties to family and tribe are rearranged and become duties to shareholders. The global marketplace becomes an area of conflicting world views. Capitalism is seen as inhumane. How can one have impartial justice for all without destroying personal relationships? Capitalism appears to amplify the impersonal voice, yet it cannot drown out the personal voice of kinship. The question then becomes how to humanize capitalism and resolve competing rights in the utilitarian model.

As we have seen elsewhere in society, ethical standards raise expectations. Our actions have to substantiate these claims, otherwise we create false expectations. Ethics then becomes dynamic, not static. Managing dynamic change requires that courage which Peter Drucker refers to.

## THE BUSINESS RESPONSE

In the early days of our national culture, religion was a dominant theme. Most of our great universities were founded as religious institutions, including Harvard, Yale, Princeton, U.S.C. and many others. In this modern age, faith and culture have become separated and compartmentalized. An irony is that as we have become increasingly concerned with our personal spirituality, we have become less ethical in our behavior. We are so caught up in the surface level, emulating popular heroes and lifestyles, that we have separated ourselves from our deep, intuitive level of

