

INVITED ESSAY

Transforming Faith in Corporate Capitalism through Business Ethics¹

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Abstract

Although faith is typically associated with religious experience, it is the contention of this paper that people are faith-guided creatures and the practice of business is itself based on an experience of faith – not a religious faith, but an existential faith, by which we mean a deeply held belief embedded in one’s understanding of what the fundamental nature of reality is and how one ought to act. In our contemporary industrialized society, the dominant system for organizing work is corporate capitalism, which, as we see it, is neither inherently good nor bad. Corporate capitalism, however, has been infused with a normative faith that gives primacy to profit maximization and personal enrichment, and in so doing opens the door to corrupting forces that debase business. In this paper, we will suggest that business ethics can infuse corporate

¹ This paper follows on an earlier paper named “Can Corporate Capitalism Be Redeemed? Business Ethics and the Search for a Renewed Faith in Work,” appearing in the anthology, *Philosophical Faith and the Future of Humanity*, edited by with Helmut Wautischer, Alan M. Olson, and Gregory J Walters, (2012), Springer Publishing Company, New York. This paper builds on that one and represents our current and more developed thinking on this subject.

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capitalism with a transforming faith that affirms a personal dignity through service to the greater good.

Introduction: Work and Corporate Capitalism in a World Pervaded by Faith

What has become of business? Protesters “occupying” Wall Street are but the latest sign of a pervasively held sentiment that business has lost its way. We agree. The problem, we argue, is that business has been hijacked by a bad faith, a faith that is misguided and weak, and if it is to be redeemed, it must be infused with a better and stronger faith. Business ethics, we propose, can provide insight into what such a redeeming faith might be. Specifically, in this paper we will argue that humans are faith guided creatures and that this pertains to our work lives as much as to our spiritual lives.

In our contemporary industrialized society, the dominant system for organizing work is corporate capitalism, which, as we see it, is neither inherently good nor bad. Corporate capitalism, however, has been infused with a normative faith that gives primacy to profit maximization and personal enrichment, at the expense of other more socially and personally beneficial forms of faith, such as those that give primacy to dignity, service, and accountability associated with business ethics. If we hope to save corporate capitalism, it will not be enough to impose stricter or more ingenious regulations — we must dig much deeper and change the underlying faith that gives meaning and motivation to the enterprise of business.

Before delving into the specifics of the argument, let’s first provide some background. The term “faith” is usually associated with religion, but as we see it, faith may include religious faith as

well as faith in atheism.² And while the faith with which we are concerned is not limited to religious experience it may spring from a related well in the human psyche. This faith pervades human experience whether we are aware of it or not.

How does this relate to work and corporate capitalism? Work can be organized and experienced in multitudinous ways, each of which is guided by its own particular faith. And within the vast spectrum of human activities that fall under the term “work,” we see corporate capitalism as a relatively new, sociologically and economically important manner for organizing work. We will argue that the faith associated with modern corporate capitalism, but which is not inherent to it, is one that understands the ultimate purpose of work as profit maximization and personal enrichment. Such a faith not only debases humanity, work, and even corporate capitalism itself, it is inherently unsustainable. We interpret the relentless lurching from business scandal to global economic catastrophe as a manifestation of a misguided faith writ large. If we hope for more than a patch on the fundamental brokenness of contemporary corporate capitalism, we believe that it must be redeemed by infusing it with a faith that follows from an ethic that affirms personal dignity through service to the greater good. In this paper, we will suggest that business ethics can partake in a quest to redeem corporate capitalism by infusing it with a faith that restores to work value and beauty that has been largely lost.

Before going any further, let’s clarify what we mean by corporate capitalism. Capitalism is generally understood to refer to a free-market economy in goods and services in which the means of production and distribution are privately held by individuals or corporations. Corporate capitalism refers to a capitalist economy in which the dominant economic actors are large

² One scholar who read an earlier draft of this paper suggested that we need to distinguish between “faith” and “Faith,” which seemed to imply not simply religious faith, but Faith that was understood to serve as a means of accessing the divine. To be clear, we agree that faith is normally understood in terms of religious faith, but our position is that such faith is a particular manifestation of a broader experience not necessarily pertaining to religion or any experience of the divine. We are, indeed, concerned with “faith,” not with “Faith.”

administratively complex and technologically sophisticated business organizations legally identified as limited liability corporations or “persons.” Defined as such, corporations have both rights and responsibilities, in which case the moral character of corporations is even more evident.

One of the most momentous changes of the last century has been the emergence of global corporate capitalism. In the history of work, corporate capitalism has been one of the great innovations of the 19th and 20th centuries, in which advances in technology and management have permitted the development of commercial organizations on a scale previously barely imaginable.³ Illustrating this, Charles Perrow notes that “today [i.e., around the year 2000], well over 90 percent of the workforce works for someone else – as wage and salary employees -- up from 20 percent in 1800; over half of the gainfully employed people in the country work for organizations with 500 or more employees, up from 0 percent in 1800” (Perrow, 2002, p. 1). Given this, we believe it would be accurate to describe the United States as having an economy dominated by corporate capitalism. This is true not only for the industrialized countries, but even in less industrialized countries global corporations wield significant influence.

We will argue that one of the root problems with corporate capitalism is that it follows from a misguided faith. To understand our point, however, we must first analyze what we mean by faith. Only by identifying some of the key characteristics of faith generally can we understand the faith associated with corporate capitalism, and with this in hand, we will then be able to propose more clearly how corporate capitalism may be redeemed of those aspects that have a

³ We must emphasize that this is not to say that corporate capitalism was first invented in the 20th century. One ancient institution, the Catholic Church, may represent the primogenitor of the modern global corporation, and from the seventeenth to mid-nineteenth centuries, the East India Company was an early example of a commercial corporation operating virtually on a global scale.

corrupting influence on it. Let us, therefore, first reflect on the elements of faith in human experience.

Some Thoughts on the Anatomy of Faith

The term “faith” is used in many ways. It is not only associated with religion, it is used as a synonym for “religion,” as when one may ask, “To what faith do you subscribe?” Some may see faith as an emotional response, but we see it more in terms of epistemology, as a kind of knowing, which lacks the concreteness and specificity of ordinary knowledge. Yet, in a fundamental way, it is more important than ordinary knowledge, as it affords a form of understanding not accessible through knowledge in a conventional sense.

Kant may have been referring to an epistemological view of faith when he famously justified his metaphysical enterprise with the assertion, “Thus I had to deny knowledge in order to make room for faith....” (Kant, 1998, p. 117). What did he mean by this? One possible interpretation is that he sought to defend religious faith from the onslaughts of Enlightenment skepticism.

However, we think his intent was broader than that. Kant’s ontology and ethics are both rooted in his philosophy of mind. He sought to map out the terrains that comprise the human mind, and in this context he may have held that faith, though related to empirical knowledge, went beyond it.⁴ Kant provides us with tools for better understanding faith as bridging conventional knowledge with religious experience. By stating that he “had to deny knowledge in order to

⁴ Drawing on Kantian terminology, might it be that one of the characteristics of faith is that it provides a point at which the noumenal is indirectly accessible to phenomenal consciousness? Edward Ames proposes the following interpretation, which is apt: “But for Kant, that destructive exposure of the claims of the understanding was only a preliminary step in clearing the way to what he regarded as a far more impressive substantiation of the fundamental things of religion. It was his purpose to show that religion belongs to a higher realm of faith. Above the bounds of reason and independent of it, rises the region of the spirit, secure from any intrusion of the earthbound senses and natural science” (Ames, 1925, p. 173)

make room for faith,” Kant is placing faith within the phenomenal, but still outside the epistemic domain of ordinary knowledge.

An important and more recent interpreter of faith is Paul Tillich. Like Kant, Tillich offers a view of faith that straddles the realms of theology and philosophy. The strength of Tillich’s view, as we see it, is that he recognized faith as omnipresent in human thinking: “Faith,” Tillich states, “is the state of being ultimately concerned: the dynamics of faith are the dynamics of man’s ultimate concern” (Tillich, 1957, p. 1). Faith in this sense universally pervades human consciousness.

Even the most apathetic and listless of souls holds something as ultimate, be it his or her own life, country, or contempt for others. In this regard, Tillich states, “If a national group makes the life and growth of nation its ultimate concern, it demands that all other concerns, economic well-being, health and life, family, aesthetic and cognitive truth, justice and humanity be sacrificed” (Tillich, 1957, p. 2). As someone who was forced to flee his German homeland, Tillich could see very clearly that it was a faith in an extreme form of nationalism that provided the cognitive and emotional framework that permitted the growth of the Nazi abomination.

Tillich’s view of faith is an insightful perspective into the phenomenology of faith independent of the objects of faith. That which claims “ultimacy,” he notes, “demands the total surrender of him who accepts this claim, and it promises total fulfillment even if all other claims have to be subjected to it or rejected in its name” (Tillich, 1957, pp. 1-2). Faith in this Tillichian sense sheds light on its motivating capacity. We think Tillich provides a valuable insight into the nature of a particular form of faith. He correctly sees that one can find a motivating quality to faith even when it is not associated with God, but something that can serve as a kind of god in one’s life, be it the nation, money, or something else that in our mind lays claim to our allegiance. We accept the Tillichian idea of faith as “ultimate concern,” but see this as a special

case of a more general faith experience, which we will call “existential faith.” Let us now describe that.

1. “Existential Faith” as a Cornerstone of Human Experience

We noted that according to Tillich, faith is that which claims “ultimacy” in one’s life and as such, demands total surrender. We would suggest that it would be more accurate to say that faith *may* claim “total surrender,” but need not. The faith to which we are referring we call “existential faith,” because it is a faith pertaining to our basic interpretation of the nature of reality, so basic in fact that it cannot be empirically verified, but must be taken “on faith.” Such a faith refers to what we accept as “ultimately real,” not in the transcendental sense of “ultimate,” but in the sense of what people take to be “unquestionably real.” We define existential faith as a deeply held belief embedded in one’s understanding of what the fundamental nature of reality is and how one ought to act.

As with Tillich’s “ultimate concern” existential faith does also involve a kind a submission, but because it forms a kind of cultural background, the individual may be totally unaware that his or her faith is a faith at all. The view of faith that we are proposing constitutes a distinct and essential aspect of human epistemology that exists side by side with knowledge, but generally goes utterly unrecognized. According to this view, despite its seeming cognitive invisibility, it is impossible to live without this faith, and in its quiet way, it exercises an overarching influence on our encounter with the world. As such, existential faith is drawn on to explain many of our basic notions of reality, such as the nature of causation, matter, personal identity, the meaning of life, our values, and the nature of the afterlife.⁵

⁵ The term “existential faith” has appeared in other books and articles with various interpretations. Therefore, while the way in which we are using this term is original, it is not unique to us.

The scholar of religion, Alan M. Olson posed the following question: “Does *faith* have any place in postmodernity and what would a *postmodern faith* look like if such a faith were possible?” (Olson, 1990, p. 37) This question seems to imply that a postmodern person would be able to live without faith. However, even if we were to accept a certain duty to doubt, does this mean that postmoderns could occupy a space stripped of faith? We think not. As we see it, we human beings are faith-guided creatures, incapable of living without faith. Even if some members of society give up faith in a particular narrative, there will be another faith that fills the gap. Whatever the narrative to which one holds (“grand” or not), to the extent that it involves an existential commitment that is not subjected to empirical verification, it is a form of existential faith. Moreover, even when we have empirical verification, we have to have faith that that form of verification holds, which may not be the case.⁶ In short, existential faith is inescapable.

Existential faith is needed for people to piece together coherent narratives. All people navigate through life with limited knowledge. On a daily basis, we collect scraps of information from here and there. Alone, the bits of information may be disconnected and meaningless, but when interpreted within a faith framework, we are able to create theories of the world, that will be reinforced, modified, or rejected as we add new information.

Existential faith need not be — and typically is not — articulated. Indeed, in almost all cases, people fail to make a distinction between our faith in the nature of reality and reality itself. We don’t think we have faith in X, we simply think that X is the case. Our forebears, for example, didn’t think that they had faith that the world was flat; they saw that as an obvious fact. That “fact” however, was an expression of faith. Most contemporary educated people would say that when we trip on something, gravity causes us to fall towards the earth. Yes, we have abundant

⁶ Thomas Khun’s investigation sheds light on the extent to which our scientific views are a function of faith. People have to interpret their scientific data, and in so doing, faith is brought into play. See (Kuhn, 1996)

evidence that things fall in the direction of the ground, and indeed, what makes us fall may be “gravity,” but few of us have any idea what that means. Whatever the scientific explanation, for most people, “gravity” is taken as an article of faith.

Faith is, therefore, the glue that adds coherence to our otherwise fragmented bits of information we carry in our minds. And yet, although faith may permit us to create a meaningful narrative out of a jumble of data, in more cases than not, we would find ourselves unable to articulate a coherent theory or doctrine. In this way, existential faith is unlike the tenets of religious faiths that must be articulated if the faith is to be propagated. Instead of preaching our existential faith, we transmit it in the manner in which we raise our children and respond to the events in our days. According to this view, we use the word “know” very liberally, when in fact, we have a paucity of knowledge and an abundance of faith. By recognizing the centrality of faith in our mental lives, we believe we are creating a more complete and accurate picture of human epistemology.

2. The Two Dimensions of Existential Faith: Ontological and Normative

Existential faith can be seen as operating along two dimensions: the ontological and the normative. From an ontological perspective we have faith in what is or is not the case. We have faith that the sun will rise again tomorrow, that there is causality, and that there is or is not an afterlife.

Faith can also be normative. Existential faith pertains not simply to what *is* the case, but about what *ought to be* the case. We have faith that some things are right and some things are wrong, and this informs us regarding what we should or should not do. These norms pervade all our voluntary behavior, from dietary restrictions to notions of hierarchy, and one’s duties to a particular group. These norms may be embedded in faith, but that does not mean all norms are purely conventions and are outside the empirical. Norms can be subjected to empirical scrutiny

and philosophical analysis in ways similar to ontological beliefs. And indeed, the discipline of ethics — especially applied ethics — exists to help us to understand how to interpret ethics in practice.

Our normative faith depends on our ontological faith, for before we can assess the moral status of something, we must affirm its existence. Today, the pro- v. anti-abortion debate remains fervent and deadlocked not simply because the two sides hold different normative faiths — the gulf also comes from two faiths regarding the ontological status of the fetus: for one, the fetus is a person, for the other, it is an appendage of a woman's body. We cannot determine this empirically. It is a matter of faith and based on our ontological faith a normative faith follows.

3. Faith and Belief

Unlike ordinary beliefs, which can be easily changed, faith cannot change easily or routinely.⁷ I may believe that Los Angeles is the capital of California, but this is not a matter of faith; as soon as I am informed by a credible source that, in fact, Sacramento is California's capital, I accept that my previous belief was wrong and change it without distress. Because faith is embedded in our sense of what ultimately is real and valuable, we are unable to change it at will or with any rapidity.

Nevertheless, everyone's existential faith does undergo changes over time. Children tend to see their parents as embodying ultimate moral and intellectual authority. The parent-child relationship retains a special status throughout one's life, but a child's faith in his or her parents

⁷ Tillich's distinction of faith and belief is valuable. He states, "The most ordinary misinterpretation of faith is to consider it an act of knowledge that has a low degree of evidence. Something more or less probable or improbable is affirmed, in spite of the insufficiency of its theoretical substantiation. This situation is very usual in daily life. If this is meant, one is speaking of *belief* rather than of faith.... In all these cases the beliefs are based on evidence sufficient to make the event probable" (Tillich, 1957, p. 31).

necessarily must change as the child grows in moral autonomy.⁸ In the context of religion, a change of faith is understood as a conversion. Conversions are uncommon, and no person can have many conversion experiences in one lifetime.⁹ So while one's faith does change, such changes constitute a shift in how we interpret the nature of reality and our personal existence, and as such tend to be gradual and only rarely occur in a rapid and dramatic manner.

4. The Faith of a Culture

To the extent that faith is shared by a society and embedded in its cultural norms, it could be considered the "faith of a culture." By this we mean the tacit norms that constitute the framework with which a large portion of people in a society generally understand the essential elements of reality and how their experience ought to be evaluated. When a person who partakes in an animistic culture takes a walk in the woods, he or she may believe that he is surrounded by a host of spirits associated with animals and the environment. Someone who belongs to a more materialistic or monotheistic culture is more likely to see the surrounding environment in primarily material and aesthetic terms.

The faith of a culture is no more fixed than the faith of an individual. Indeed, the ages that we use to punctuate our historical timelines are generally reflective of changes in the faith of a culture — the faith of the Middle Ages was challenged by that of the Renaissance, which was supplanted by that of the Enlightenment, which then gave way to the Industrial Era. In each period, the faith of one generation was reinterpreted and supplanted by a new faith. And as with faith generally, the faith of a culture is both ontological and normative. This form of faith

⁸ This view was central to Kohlberg's view of moral development (Kohlberg, 1984).

⁹ Although dramatic changes of faith rarely occur, they do happen sometimes, such as when someone has a dramatic conversion experience. This experience aptly goes by the name "metanoia," which comes from the Greek, meaning to "change one's mind." One of the most dramatic and archetypical examples of such a radical changing of one's mind occurs in the conversion experience of Saul of Tarsus, who went from being one of the leading persecutors of the early Christian church to become, as St. Paul, one of its leading evangelists.

embodies a collective understanding of basic metaphysical principles regarding what is real and what is of fundamental value, such as wealth, honor, power, holiness, or physical attractiveness. Individuals are born into the faith of a culture and, from birth on, that faith is continually reinforced through the cultural norms that are embedded into the collective social experiences from entertainment, rites of passage, and education. Like the regional accent that we inherit, so too, faith is woven into our mental formation. If one were to adopt incompatible faith elements, they would be seen as “odd,” “unrealistic,” or perhaps even “nonsense” or “offensive” to most other members of a society.

Individuals may have an impact on a given culture, but even when they do so, it is against a background of the received view on what is real and valuable. It is a rare individual who is able to have a significant impact in changing the faith of a culture; Einstein, Gandhi, Mandela, and Martin Luther King are a few examples, and even with them, it took many years for the impact of the changes they helped to usher in to permeate the broader culture. In all but rare instances, our cultures are acted upon at the margins, while the faith at the core remains intact.

5. Strong and Weak — Not All Faiths Are Created Equal

As implied by the earlier passage by Alan M. Olson, we live in a period in which many take it as a matter of intellectual sophistication that we can leave faith behind for a more “realistic” perspective based on scientific knowledge and a rejection of “grand narratives.” This view denotes an essential misunderstanding of the nature of faith. People may reject the idea of faith because they may associate it with superstition or as incompatible with the scientific outlook. But such a rejection of faith, is itself an act of faith — albeit a weak faith, because it fails to recognize the place of faith in human experience and the difference between strong and weak faiths.

What should be recognized is that not all faiths are created equal. A good or strong faith is one that permits the faithful to navigate reality more ably than a bad or weak faith. The “bad” or “weak” faith held by many people that the world was flat prevented many generations of people from venturing far beyond their shores for fear they would slip off the edge of the world. The “good” or “strong” faith that someone like Christopher Columbus had, permitted him to explore the world much more fully. Columbus was not only an explorer of the earth; he was an explorer of faith. Similarly, ordinary people may not understand what gravity is, but one’s faith in it is routinely verified as well founded, and anyone who holds a contrary faith is likely only playing with words, because if they act as if there were no gravity, they will soon find themselves toying with death. Our point is that a good faith is generally conducive to long term human flourishing, whereas a bad faith is an impediment to flourishing. The test of the strength of a faith is how well it can be verified or shown to contribute to the flourishing of the person or culture with which it is associated.

On Work, Faith, and Corporate Capitalism

In the remainder of this paper, we will apply our understanding of faith to corporate capitalism. To do so we will first contextualize corporate capitalism within the broader notion of work. We will suggest that work can take many forms and that the current dominant form of work is corporate capitalism, which is not only a method of organizing work, it is sustained through a culture build upon a “bad” or “weak” faith, and if corporate capitalism is to flourish in a sustainable manner, it must be redeemed by basing it on a stronger faith, something which we suggest can be found in business ethics.

1. Some Thoughts on the Nature of Work

What is work? Let's provide a "working" definition of work. We understand work to be purposeful action aimed at some productive outcome, typically associated with economic gain.¹⁰

Work may be done to fulfill some personal or social purpose, such as when it is done in response to a "calling," in which case it may be voluntarily pursued even when so doing results in no economic gain and may even violate one's ostensible self-interest.

Let's take a look at some of the more prominent contours of work.¹¹ Like culture, which influences every aspect of our experience, work is so central to human existence as to render it difficult to discern. However, as a way of appreciating the place of work in human experience, we think it is worth noting that work can be seen as existing on a continuum from travail to transcendence or creative self-actualization.

Work has long been associated with travail.¹² This theme of work as travail has persisted throughout history and, sadly, is vividly illustrated with all too many painful exemplars — from Europe's feudal serfs to the impoverished workers of the Victorian era so powerfully depicted by Charles Dickens, as well as today's oppressed sweatshop workers laboring in places from Dhaka to Pretoria. According to the World Bank, in 2008, the last year for which we have data, there were approximately 1.2 billion people living in extreme poverty, which is defined as surviving on less than \$1.25 a day.¹³ Generally speaking, working under such conditions would by

¹⁰ When work is associated with economic gain, the benefit need not accrue to the worker. Through various exploitative circumstances, people may be forced to work in ways that benefit others but not themselves.

¹¹ Given the constraints of space, this "phenomenological look" is barely a glance. For a more in depth review of the nature of work, see (Clair, Bell, McConnell, Hackbarth, & Mathes, 2008).

¹² Indeed, "travail," in French means "work."

¹³ (Bank, 1011)

definition seem to be travail. And yet, travail is not confined to the impecunious. It applies also to those who labor in the fields of unfulfilling work on factory floors and glassy urban towers.¹⁴

Work can also be a source of exaltation. From the prehistoric cave paintings to the contemporary artists and scientists, work has been an essential vehicle by which people have gained access to the transcendent and through which one's creative capacities are actualized. Indeed, all the treasures of human civilization bear witness to the idea that it is through work that humanity's inspired capacity for genius is realized.¹⁵ Whether we see our work to be that of parents or painters, to the extent that we consciously aspire to leave a legacy, it is through our work that we do so. In this sense, work is essential to the very possibility of human fulfillment. These two extremes — work as travail and work as transcendence — may represent the poles between which lie a continuum of alternative experiences of work. As such, wherever we find ourselves on that continuum, our view of our life is colored by our experience of work.

2. Corporate Capitalism as the Dominant Mode of Organizing Work

Although we think it accurate to suggest that work exists on a continuum from travail to transcendence, that doesn't capture the whole picture. As long as there have been people, there have been people working, but the way in which work is organized has changed in many ways. Work is an organizational phenomenon, and as such has a long complex history that says much about human culture and the development of human civilization. Consider these different examples of work: a slave laboring in American cotton fields, a family farmer tending the cows,

¹⁴ We want to note that the experience of work as travail is not simply a function of monetary rewards. As noted, some of life's most rewarding work may be done without payment at all, such as volunteer work and parenting. However, for those whose work is a struggle on the margins of subsistence, it seems likely that generally their labor is not experienced in terms of "self-actualization," but motivated from the need to survive.

¹⁵ According to some interpretations, it is through work that humanity discovers in itself a kind of partnership with God. According to Raymond Baumhart, S. J., the former president of Loyola University Chicago, "God presented you and me with an incomplete world and invited us to help in its completion.... This cooperation is certainly a major source of our human dignity" (Baumhart, 1990, p. 6).

a social entrepreneur engaged in microfinance as a means of reducing poverty, and a banker trading in derivatives in Hong Kong. There are distinctive cultural and organizational characteristics for each of these. The slave is denied the dignity of personhood, the family farmer is not. The social entrepreneur is responding above all to a social mission, while the banker is typically working within the parameters of corporate capitalism.

Structurally, we see corporate capitalism as a form of organizing work that is new and important. It is “new” due to the way in which work, especially in the last century, has been organized within relatively free market economies under the structure of large, technologically sophisticated, and administratively complex organizations. It is important because corporate capitalism has rapidly come to dominate the world economy.

Although the US has been capitalist from its inception, it is only over the last century, however, in which corporate capitalism has come to dominate its economy and spread around the world. Why has it grown so strongly and rapidly? The simple answer is that corporate capitalism “works.” Its success is manifested in the benefits that have been associated with it in terms of unprecedented economic growth and improved living standards for countless millions of people. According to the Economic History Association, from 1820 to 1998 real GDP per capita increased 21.7 fold, or an average of 1.73 percent per year (Steckel, 2010). This is not to suggest that there is a direct correspondence between happiness and per capita GDP, and yet poverty often imposes a kind of suffering on people that they seek to avoid. Moreover, along with increased per capita income there was a related increase in longevity.¹⁶ So where corporate capitalism has excelled is in harnessing the collective talents and abilities of large numbers of people so as to respond to the purposes of business.

¹⁶ As an example, according to the Congressional Research Service, the average life expectancy at birth of Americans grew from 49.2 years at the turn of the 20th century to 77.5 years in early 2003. For more information see (Shrestha, 2006).

Driving these advancements has been the growth in size and power of international corporations, to the point that companies today are exerting an international impact that was once reserved to religions or nation-states. The importance of this development is as obvious as the Golden Arches that illuminate cities around the world as well as the flood of Chinese goods that have inundated markets everywhere. As an illustration of the size of the corporate footprint on the world consider this: the 2010 revenues of Walmart were \$421.8 billion. If Walmart were a country in which its revenues were counted as GDP, it would rank as the 23rd largest economy in the world, just after Sweden.¹⁷ Clearly, our world is being shaped by global corporate capitalism.¹⁸

3. Distinguishing the Normative Faith of Corporate Capitalism from its Ontological Structure

Earlier we noted that corporate capitalism was one of many forms for organizing work, but that the contribution of corporate capitalism could be found in the engagement of large, technologically sophisticated, and administratively complex organizations in relatively free market economies. It has become the dominant mode of work due to its effectiveness in bringing together under one organization the abilities of large numbers of people in the service of the purposes of the business.

To understand the ethical significance of corporate capitalism we must distinguish between corporate capitalism as a mode of economic organization that aims at creating optimal conditions for achieving business purposes, whatever they might be, and corporate capitalism as embodying

¹⁷ This idea was based on information from the following two sets of data: http://money.cnn.com/magazines/fortune/fortune500/2011/full_list/ and <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

¹⁸ Some might argue that despite the dominance in the industrialized countries, these corporations have little if any presence in large swaths of the developing world. Moreover, most people do not work for large multi-national corporations, but for small companies or on small farms. That is true, however, as the world economic crisis of 2008 has shown that when the powerful corporations fall, the entire world economy is hurt — affecting even those who are living in the economic hinterlands.

a set of norms that provide the moral framework for guiding business conduct. When corporate capitalism is interpreted from a moral perspective, in that latter sense, it is important that we bring to light the assumed purposes of business, rather than allow them to be presumed as if they were immutable laws of nature.

Just as work can be seen as existing on a continuum ranging from travail to transcendence, corporate capitalism is a modality of capitalism that can operate on a moral continuum of business in service of greed to business in service of social needs. And if greed is understood as an excessive desire for personal enrichment at the expense of other moral imperatives, then greed can be seen as morally bad.

Taken simply as an approach to business organization, corporate capitalism is like an instrument that in itself is morally neutral. Just as a knife can be used for good or bad but itself lacks moral content, people may join forces to draw on the tools of corporate capitalism as a highly effective means for serving humanity or for serving unbridled greed. The moral content of corporate capitalism emerges in the manner by which it is used by its practitioners, and that use, we would submit, is not simple or homogeneous, but complex and variable in relation to the business institutions taken as a whole and the individuals who populate them.

4. On the Culture and Faith of Corporate Capitalism

Along with its organizational dimensions, corporate capitalism is infused with its own culture. Earlier in this paper we noted that the “faith of a culture” consists in the “tacit norms that constitute the framework with which a large portion of people in a society generally understand the essential elements of reality and how their experience ought to be evaluated.” We also suggested that faith is not simply a matter of personal choice because it is embedded in the norms into which people are inducted from birth.

Corporations have their own cultures, and when a person joins a company, he or she is admitted to that culture and in so doing is inducted into its collective faith. The corporate norms are captured in the everyday practices that convey the message, “This is our faith and this is how things are done around here.” Since one’s paycheck is at stake, there is a strong incentive to adopt the norms and keep the faith. The risk in this is that by conforming to the organizational culture, normally ethical persons can be induced to engage in moral transgressions they would otherwise avoid.

What is the faith associated with corporate capitalism? By examining the narratives and overriding archetypes that are used to characterize the nature and purpose of business, both in popular stories as well as in the business media, and pedagogies of business schools, there is ample evidence to support the idea that the faith of corporate capitalist culture is contained in two essential tenets: *profit maximization for the corporation* and *personal enrichment for the individual*.

Profit maximization is a bedrock normative tenet of corporate capitalism. Profits are almost always described as if they were morally “good.” Profitability may not be the sole indicator of success, but it is the dominant one. Companies may celebrate many things, such as innovation, employee loyalty, customer satisfaction, contributions to social welfare, but ultimately, for most companies, the bottom line is the bottom line. Profitability is the most valued of values.

This ideal of profit-maximization as a pillar of faith for corporate capitalism was famously given voice by the Nobel Prize winning economist, Milton Friedman, who asserted, “there is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say,

engages in open and free competition without deception or fraud” (Friedman, 2001, p. 160)¹⁹ According to this view, so long as companies compete freely without engaging in deception or fraud, they could legitimately carry out all sorts of injustices in the name of profit maximization. Indeed, there are countless examples to support that view. Friedman was no fool and we don’t wish to reduce his views to a caricature. He at least added important qualifications that limited the permissibility of actions done in service of profit maximization. In practice, however, too often such limitations are eschewed, which can help explain some of the many iniquities done in the name of corporate capitalism.

The idea of personal enrichment as the other pillar of faith within the corporate capitalist culture is illustrated with many examples, the most obvious of which is that we generally use the word “successful” as a synonym for wealthy. CEOs are recruited and rewarded in terms of huge compensation packages, and we often celebrate the super-wealthy as if they were folk-heroes.

Let us be clear — we are not suggesting that, in themselves, profitability or personal enrichment are bad things. But we do not agree that in themselves they are good things either; it is that assumption of goodness that we hold must be challenged.

5. On the Misguided Faith of Corporate Capitalism

Earlier, we suggested that not all faiths are created equal. The test of the strength of a faith is how well it can be verified or shown to contribute to the long term flourishing of the culture with which it is associated. If we apply this critique of faith to corporate capitalism, we can easily see the flaws of a faith based on profit maximization and self-enrichment. They are unsustainable. Here is the problem: when profit maximization and personal enrichment are taken as a primary article of faith, then all other moral concerns will be subordinated, and this inevitably and

¹⁹ This article originally appeared in the *New York Times Magazine* on September 13, 1970.

necessarily leads to corruption and injustice. Examples from recent debacles, such as Enron, WorldCom, and Tyco, paint a sorry picture of what happens when profit maximization and personal enrichment are accepted as ultimate concerns.²⁰

More recently, in 2008, the global economy went into the worst recession since the Great Depression, caused in large part to a “housing bubble,” brought about above all by awarding subprime mortgages on a colossal scale to unqualified borrowers, in a practice known as “predatory lending.” According to Edward Gramlich, “From essentially zero in 1993, subprime mortgage originations grew to \$625 billion by 2005, one-fifth of total mortgage originations in that year, a whopping 26 percent annual rate of increase over the whole period” (Gramlich, 2007, p. 106). The loan originators, working in banks and other financial institutions across the United States and elsewhere, were able to enrich themselves by bundling the mortgages and selling them as securities, before the homeowners went into default. Because of the crisis, the national unemployment rate rose to above 10 percent, and in response, the government was forced to intervene on an order of trillions of dollars, thereby ensuring the indebtedness of the country for generations to come. In many cases, the brokers had to have known that they were selling loans doomed to default. The innovation of selling the mortgages as debt instruments insulated the brokers from the effects of their actions. In this and many other examples that could be given, the actions depicted were within the law and demonstrated a faith in the “virtues” of profit-maximization and self-enrichment.

Such examples point to a fundamental flaw in a theory of business responsibility that follows from a faith in profit maximization and self-enrichment. Profit maximization can only make moral sense if profits are understood to be instrumental in the achievement of some other morally good

²⁰ The culture of Enron, which was an emblem of success in the 1990s, is particularly gruesome. For more on this, see (McLean & Elkind, 2004).

end. Profit for the sake of profit (i.e., profits as ultimate concern or as a pillar of faith) will aim to continue ad infinitum, which is not only pointless, it is ultimately destructively exhausting. Similarly, self-enrichment as an end in itself is pointless if it serves no higher purpose. To the contrary, in the pursuit of this aim, the person is him or herself a tool in the service of an endless struggle for more profits or wealth, but for no end.

6. Changing the Faith of Corporate Capitalism

We are not the only ones to hold that it is mistaken to see profit maximization as a viable purpose of business. A similar view was expressed by the dean of management scholars, Peter Drucker, who stated the following:

Asked what a business is, the typical businessman is likely to answer, "An organization to make a profit." The typical economist is likely to give the same answer. The answer is not only false, it is irrelevant.... Yet profitability is not the purpose of, but a limiting factor on business enterprise and business activity. Profit is not the explanation, cause, or rationale of business behavior and business decisions, but rather the test of their validity (Drucker, 2003, p. 18)

We think Drucker's point is important because while it maintains a vital role for profits, it rejects the idea that profits are the purpose of a business. To reinterpret this within the framework of this paper, we believe that it is possible to build a stronger form of corporate capitalism by retaining its organizational and technical strengths while changing the primary principles of its faith — profit maximization and personal enrichment.

We have noted that both culture and faith can change and indeed one's faith must change as it matures. Business culture, just as social cultures, can change and must change if they are to adapt to the evolving environment in which they operate. Cultures, both at the geographic and organizational level, are highly heterogeneous and dynamic. As Jones and Zeitlin note:

One important implication of historical studies of firm culture is that culture is dynamic, and that firms are always drawing inspiration and ideas from the cultural material at hand.... There may be numerous subcultures striving for power within an organization.... Far from being an impediment to change, moreover, a complex and contested firm culture can also serve as a source of competitive advantage (Jones & Zeitlin, 2008, p. 611).

The power and flexibility of organizational culture can be both a threat and opportunity to those who seek to conduct business ethically. On the other hand, because organizational culture is changeable, individuals may have the opportunity to influence the culture's development.

Indeed, according to the scholar of organizational culture, Edgar Schein, "the only thing of real importance that leaders do is to create and manage culture" (Schein, 2004, p. 11). The key question, we would submit, is this: What is the faith to which a business leader should cleave as he or she takes on the monumentally significant challenge of seeking to guide the development of an organization's culture?

We have described the widely held tenets of faith of corporate capitalism as weak and unsustainable because if we take profit maximization and self-enrichment as tenets of faith, they lead to a mode of business conduct that is unsustainable. If, however, corporate capitalism is to contribute to social flourishing, it is in need of a deeper and truer faith — one that is not only sustainable, but one that brings out the best in capitalism. Such a faith is not a starry-eyed ideal, but is evidenced in socially responsible businesses around the world. Indeed, many people committed to the movement of social entrepreneurship, combine the strength of corporate capitalism with the desire to serve social needs, with the results of providing very valuable services to society. This synergy between business acumen and social service has led to the creation of multi-billion dollar nonprofit organizations such as the Red Cross and socially dedicated for-profit organizations such as Grameen Bank. Our point is that there is a richness and

variety to corporate capitalism, and we ought not to limit our view of it as being confined to the current dominant paradigm.

On the Reforming Faith of Business Ethics

The discipline of business ethics arose out of the need to challenge the anomie of the misguided faith of profit maximization and self-enrichment that seems to have taken corporate capitalism hostage. This unhealthy faith resulted in creating conditions under which people who would ordinarily hold themselves to be persons of integrity were forced to bifurcate their moral life into two: one for business and the other for their personal lives.

Despite the centrality of profit maximization and personal enrichment to the faith of corporate capitalism, as we understand it, this faith is misguided and if corporate capitalism is to serve social flourishing, it must be reinterpreted (and even reinvented) so that it follows from a stronger faith. Rather than rejecting corporate capitalism, we seek to unleash it from the ideological hold that has robbed it of its dignity.

Business ethics seeks to restore moral wholeness to persons participating in corporate life. To be true to its calling, business ethicists must self-consciously shine a light on the normative failures of the corporate capitalist faith, and offer an alternative that permits the organizational strength of corporate capitalism to be retained, while replacing the normative characteristics that impede corporate capitalism from fulfilling its potential as a vehicle for advancing social betterment.

To this end, business ethics must be founded on a faith that can be consistently held by organizations large and small, as well as individuals inside and outside of business. What then distinguishes business ethics from the ethics of ordinary life? Simply this: business ethics is particularly sensitive to the ethical problems associated with business. Business ethics is not

ethics for impersonal organizations, but ethics for *people* engaged in business; it follows from the recognition that businesses are organizations comprised of people who do not lose their moral status and responsibilities as such when they engage in business.

In its most simple form, the faith of business ethics is this: *work in all its forms should be consistent with moral goodness*. But let us add a bit more detail. As we understand it, the faith of business ethics rests upon the following three principles: dignity, service, and accountability.

Let us briefly look at these three principles. The *Dignity Principle* can be summarized as follows: All human beings, irrespective of their ethnicity, gender, economic or social status, or any other factor, have intrinsic worth or dignity by virtue of their being persons, and no individual or group has the right to deny them of their inherent dignity.²¹

Obviously, the Dignity Principle gives expression to a principal understanding of Kantian ethics as well as the Golden Rule that is central to the ethical teachings of Christianity and many other religious traditions. Moreover, the Dignity Principle can be seen as underlying human rights.

This is especially important because as more and more businesses are global in reach, they must act on principles that accord the same respect to people everywhere, especially to those who are affected by the actions of a business, be they customers, employees, shareholders, competitors, or the public at large in all countries and cultures in which the business operates.²²

The *Service Principle* follows on the idea that all work should be conducted in a spirit of service or stewardship. Rather than thinking of work as simply a vehicle for profit maximization or self-enrichment, the Service Principle recognizes that all our work has effects on oneself and others,

²¹ A variation of this “axiom” appeared in an article we previously published. See (McNulty & Hoffman, 2009, p. 39)

²² This contrast is captured in the difference between shareholder v. stakeholder theory. For more on this, please see, (R. Edward Freeman, 1984).(R. Edward Freeman, 1984) The term “stakeholder” refers to those affected by the actions of a business and hence have a stake in the company.

and the criterion of success is whether one's work can be seen to serve the greater good or not. The profit motive is not incompatible with the Service Principle. To the contrary, no company can expect to survive if it is not profitable and, therefore, profitability is seen as a necessary element of the Service Principle. Nor is the Service Principle incompatible with the idea of personal enrichment. However, profit and enrichment, rather than being taken as ultimate concerns, are subordinated to a higher purpose of work as service to others that is respectful of the dignity of all affected parties. The Service Principle rescues the profit motive from being a force for economic and spiritual exhaustion, and puts profit on a track as an indicator of successful development in the service of the greater good.²³

Finally, the *Accountability Principle* seeks to reconcile the tension between personal moral autonomy and organizational authority. Accordingly, an accountable organization is one in which the individual and institution are both accountable to each other and the broader society. If the individual and organization are both committed to the principles of Dignity and Service, then both sides are on an equal footing. It is the individual's responsibility to exercise the autonomy needed to act as an ethical agent, and the company is responsible to exercise its authority to create a framework of values to support its business objectives. The integrity and agency of both the individual and the corporation are thereby respected. Moreover, the Accountability Principle follows from a recognition that *all* stakeholders are bound by common rights and duties, and while there will inevitably be conflicts and tensions, they should be resolvable provided all are prepared to act according to shared ethical norms, including the Dignity and Service Principles.

²³ The Service Principle is related to the idea of "Servant Leadership," that was so well understood and articulated by Robert Greenleaf. See for example, his book (Greenleaf & Spears, 1989).

Seeking to Salvage Corporate Capitalism

Why is business ethics so often greeted with skepticism if not outright derision? We would submit it is because business ethics doesn't simply challenge the organizational characteristics of corporate capitalism, but it rejects the fundamental faith of profit maximization and personal enrichment that pervades corporate capitalism and lays claim to its DNA. Business ethics categorically rejects the faith that is commonly associated with corporate capitalism and exposes it as an unsustainable misguided faith that ultimately weakens corporate capitalism. Business ethics as we here interpret it is a force for a transforming approach to corporate capitalism.

Because the prevailing faith of corporate capitalism based on profit maximization and self-enrichment is so entrenched, the idea that there could be an alternative is seen by many as preposterous. Business ethics, however, rejects this and in so doing is profoundly countercultural. And yet, consider this: just over ninety years ago, women in the United States were denied the right to vote based on the view held by many men (and some women) that women lacked the rational capacities to qualify them for this right. Less than a century later, for the first time in history, women make up over 50 percent of the US workforce ("Female Power," 2010, pp. 49-51) and almost 60% of college graduates. A century ago, these facts would have been deemed ridiculous. This type of cognitive dissonance pervades our views on business. We can see its brokenness, and yet we can't believe there is an alternative. But the truth is that the faith of profit maximization and self-enrichment is not just weak, it follows from a monumental misunderstanding of the nature of business. For if the conventional faith of corporate capitalism is correct, then profit maximization and self-enrichment are ends in themselves, and humanity itself is subordinated to business. Why would anyone embrace this? Because it reflects the long held view that in a world of work as toil people are condemned to a life of economic warfare.

Accordingly, the best one can hope for is to build a financial bulwark sufficient to permit the isolation of oneself from the incessant conflict.

According to the faith of business ethics, while work may indeed involve pain and toil, if it is approached in a spirit of dignity, service, and accountability, the possibility of work as a calling is found. And in responding to such a calling, we find the possibility of work redeemed — redeemed not only in the lofty sense in which through our work we tap into the creative potentialities inspired by a sense of the transcendent, but also redeemed in the sense that despite the pain, tedium, and travail of work, it still can and should represent our heartfelt offering to the world.

In some instances, by all outward appearances, work done according to the faith of conventional corporate capitalism may be identical to that done according to a faith informed by business ethics. And yet, because the faiths are so different, the phenomenology of work as experienced will be sharply different. Rather than being a “cog in the machine,” corporate capitalism guided by the faith of business ethics aims at moral goodness and, in this way, is affirming of what is best in our humanity. Rather than being dehumanized by corporate capitalism, corporate capitalism is humanized by a reformed faith. And rather than seeing corporate capitalism as a system from which humanity must liberate itself in order to redeem itself, we seek to redeem corporate capitalism by recognizing its enormous strengths in harnessing human potential and directing it towards the collective achievements of social goods. The key to salvaging corporate capitalism is to infuse it with a faith that is respectful of what is best in ourselves and our place within a complex and interdependent world.

Business ethics in the sense we are here describing, provides us with the philosophical grounding for a faith in work that is rescued from the exhausting and exploitative faith associated with

contemporary corporate capitalism. In its place, business ethics provides us with an opportunity to reinvent corporate capitalism in a way that opens the door to the creative potential of work informed by a spirit of dignity, service, and accountability.

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