Monica Booth leads a topical discussion on the role of philosophy and the applicability of time-honoured principles, such as service and reciprocity, to the business community.  She will be asking whether there is a place for concepts such as truth, virtue and wisdom in our working practices, whether there are any benefits to applying them, and examining some of the work done in these areas to date.

Good evening. Thank you all for coming here today – it’s great to see you.

My name is Monica Booth, please call me Monica.

Today, as per the brief, the topical discussion will focus on the role of philosophy in the workplace and the applicability of time-honoured principles such as service and reciprocity to the business community. I will be asking if there is a place for concepts such as truth, virtue, wisdom in our working practices, and examining some of the work in these areas to date.

**How will I do this?**

1. I’m going to talk a bit about the route I took in coming to philosophy, particularly in resolving personal and organisational ethical dilemmas and conflicts. I will define what a corporate philosopher does as per one author’s definition.

2. I will do an overview of “what is the role of philosophy in the workplace” as well as consider the social narrative that takes place behind the organisation and its importance when making ethical decisions.

3. – As we witnessed in our talk in September at Bridges titled “Good Enough” (Is there an ethical principle that can be applied to everyone, everywhere, at all times - or must we settle for "good enough"?), it is hard to agree and determine exactly what does it mean to be good from an individual sense, and answering those questions like – what does it mean to lead a good life? what is a good life? what does it mean to be good? to do good? and for whom?, are far more complicated for an organisation of people working. Also, as we found out in our previous debate that the characteristics that make up what is essentially “*good”* often depend on the context in which they are placed. So I will be examining how one academic from Durham University has tried to address this issue in an empirical study using a framework based on virtue ethics on a corporate organisation. It is also an introduction to virtue ethics, before Ron Beadle gives his talk on “Virtue & Meaningful Work” in November.

4. I’ll look at some examples of bad behaviour in the press and I will be asking if, by law, we are bound to be “good”?

5. Our rights in the workplace and UK Law

6. Is there a business case for ethics?

7. Some practical suggestions for making organisations more “philosophical”

8. Questions

Definitions: ethics are standards or codes of behaviour expected by a particular group (in this case a place of work or “organisation”) to which an individual belongs, and morals are those behaviours which define a person’s character. So while a person’s morals don’t usually change, the ethics people practice do. Philosophy: philosophy’s job is to uncover truths about things and to help us make sense of what we take to be true, and use that knowledge to serve as a route to peace in life. So the practice of philosophising is also a framework or standard or code within which to live by, too.

**How I came by philosophy**

In 2006 I was working in a large academic organisation on my first year out of university as a post-graduate student studying for a PhD in materials engineering. Believe or not, within the first five minutes of the interview I knew this was going to be a bad idea, but against my better judgement I took the job on and by October 2006 I had started on a three year studentship that would lead to a doctorate. Within three months of starting, the relationship began to break down irrevocably and in April 2007 I was offered a transfer to another department within the institution to start a new PhD, but I turned it down and found myself unemployed. Luckily, I bumped into a friend who owned a small IT company who needed someone to document their software in preparation for a US patent and launch in the US market, but after 3 months I quit. It was around this time that I picked up the book “Plato, not Prozac” by Dr Louis Marinoff.

**Philosopher’s cafes**

**Philosophy in Management**

I found out about the Society for Practical Philosophy and through them, the “Philosophy of Management” journal. I decided that I wanted a career in this area and have since gone into Human Resources Management. I’ve been coming to the Philosophy Café since April 2009 and last year I gave a talk on Authenticity in the workplace.

**What is the role of philosophy in the work place? (Q. what do you define “philosophy in the workplace” by?)**

If I had to answer this question, I would say that Philosophy has a role in the workplace is in the form of individual, personal values in small businesses and in the form of business ethics for larger organisations. It asks them the question - what is of value (to you)? What qualities or human attributes do you value in the people you employ in your organisation? For any given circumstance, what preferences do you have concerning the courses of action to be taken or the outcomes? Bearing in mind that collections of people working together will each possess differing values because of their upbringing, the beliefs and societal attitudes around the times they were raised and cultural backgrounds they come from. Practicing ethics, therefore, will help to reconcile the differences, and also determine whether they matter in the first place and if there is not an overriding importance to go above cultural differences and focus only on universal values such as justice and respect.

The practice of business ethics does not function alone in isolation and takes place in the wider context of ethics in general. That is, it takes place amongst the “grand narrative”, or the ethical forces that are impacting society at any given time. For example, in England before WWI there were the grand narratives of the Empire and Christianity, as embodied by Queen Victoria, who was a national icon and identified with strict standards of personal morality. The force of the Empire was seen as significantly positive particularly with respect to civilising other parts of the world and enabling technological progress. The church at that time was also in a strong position whereby marriage and family life were the basis which society built their lives upon, took meaning from and gained support from. The two world wars that followed brought about a decline in these patterns of behaviour and seismic shifts in cultural attitudes along with the worsening economic and health circumstances that had previously been robust and held the country together. Half a century on, we now live in a time where divorce rates are high and cohabitation is common, and where same-sex marriage is both legally and culturally accepted. It is true to say that the inviolable grip the church once had has loosened in response to the wave of changing attitudes, that is ethics has gone from being rooted in religion and power (traditionalist) to more freer, liberal ways of thinking and being. As the diversity of the religious and cultural landscape of the UK has broadened, *ethical plurality*, which is a modern term coined by John Rawls, an American Philosopher, which claims that there is a plurality of moral norms that cannot be reduced to one basic norm, have been adopted. Similarly, so has *ethical relativism*, which is the acceptance that there is no formal agreement about ethics. It is based in either the individual, or in a whole culture or community in society, is relative and not objective and has, to some extent, been more widely adopted to take into account the manifold values and practices that arise from the diverse cultures. The premise is that man works things out for himself, and as long what he does does not lead to harm of another, that’s OK. Nietzsche supported this view and famously argued against “herd” mentalities where no man or woman thought for him or herself. Like or loathe what the monarchy stands for, they represent traditional values and public support for them is as high as it ever was as evidenced in the royal wedding and the Jubilee most recently. So, in summary, the behavioural standards or codes that organisations are subject to are inexorably linked to outside forces and are framed by historical trends or beliefs surrounding those times.

**Types of theories currently in use in the West**

Ethical theory is divided into two main areas – rational (encompassing utilitarian and deontological theories) and non-rational, in particular virtue ethics. Both the rational theories have been very popular in business ethics in influencing ethical decision-making, because they ensconce fundamental principles such as “the greatest good is the greatest happiness” and the Kantian notion of “is this chosen action able to be universalised?”), without making them absolute. That means that principles such as justice or freedom can have different meanings and must be worked out in practice (so the process at how we arrive at the judgement is just as important as the principle). But these rationalist theories also raised many questions and as a way of supplementing them, non-rationalist approaches were taken on to fill the gaps.

One non-rationalist approach which has gained a strong following is virtue ethics. The most famous proponent of virtue ethics is Alasdair MacIntyre. This Scottish Philosopher born in 1929 revived the Aristotelian concept of moral philosophy as sustained by the virtues and is a leader in what is now known as neo-Aristotelian virtue ethics. He replaced the concepts of ethical frameworks and principles with community rituals and stories, where ethical meaning is derived from key virtues that are practiced within the community. A virtue is a human disposition for action that occupies the middle (mean) and not the extreme (cowardice->courage->foolhardy). Virtues, Aristotle believed, were learned through practice. And underlying the virtue is the *telos* – the end, purpose – which entails well-being or happiness. An ethically correct person acted out of the inclinations or emotions that the virtues gave him/her, which were learned through practice. The idea is if the right character is achieved by learning virtues through practices, good ethical practice will follow. This non-rational theory contrasted with the theories of Kant, who saw that ethical decisions were a matter of the will and not emotions.

**A focus on virtue ethics – HAND OUTS**

I’m going to focus a little on virtue ethics and in particular the work of the Durham Business School, who explored ways of turning MacIntyre’s “conceptual framework for virtue ethics” into practice by carrying out a case study on the private equity-owned organisation “Alliance Boots” (which was formally Alliance Unichem plc and Boots plc), the result of a merger between a leading European healthcare group and a UK-based manufacturer and retailer of health and beauty products. All the research had previously been done; it was a question of whether the framework could be applied in practice to a corporate organisation.

The definition of the “practice” that MacIntyre talks of is:-

Any coherent form of socially established human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity.

Internal goods include the excellence of the products and the perfection of the individual in the process.

In corporate terms, that might mean –the involvement in the generation and delivery of an excellent product or service. It might also mean enjoyment in the exercise of certain workplace skills – negotiation, working successfully to a deadline, solving a complex problem or enjoyment of the stimulation that the competitive situation affords. It’s about developing an inner satisfaction that brings out the best in you in the process.

MacIntyre also explains that in order to allow people to produce goods and flourish, they require institutions. The definition of an institution is:

An institution is concerned with external goods. They are involved in acquiring money and other material goods. They are structured in terms of power and status. They distribute power and status as rewards. “Nor could they do otherwise” if they are to sustain not only themselves but also the practices of which they are the bearers. No practices can survive unless they are sustained by institutions. So intimate is the relationship between the goods internal and the goods external to the practices in question, that they form a single causal order in which each characteristic is dependent on the other.

Look at Figure 1. of the hand-out.

External goods are: reputation, profit, success. The difference between external goods and internal goods is that external goods always belong to someone else and are characteristically objects of competition in which there must be winners and losers.

Examples of practices: chess, physics, medicine. Examples of institutions: chess clubs, laboratories, universities and hospitals are all institutions. MacIntyre extends the meaning of practices to encompass “productive crafts” so that business organisations can fall into the category. For example, fishing, producing beef or milk or building houses, or mining or retailing, or providing financial services is a practice. In fact any “coherent and complex form of socially established cooperative human activity” falls into the category.

The most important aspect of this that MacIntyre stresses in his framework is that “the making and sustaining of the institutions (making and sustaining the various forms of human community) has all the characteristics of a practice itself, and a practice which exercises the virtues..”

The idea is that senior managers, who have in one sense outgrown the core practice, now represent the institution and have another opportunity to exercise the virtues by engaging in this secondary practice. So there is a pattern emerging. If you look at it like an inverted triangle (see Figure 2), the supervisors or junior level management have little to do with sustaining the institution, while more senior managers become more and more concerned with maintaining the institution (now called institutional practice).

Geoff Moore, the author of the paper, stresses that an essential element of management at any level then is to understand and maintain an involvement in the practice at the core. He then cites a story of one of his senior managers being transferred from the textile section to the paint manufacture section of his company. On one of those days he was in the factory personally making a batch of paint. He states that as well as being involved with the core practices, managers should equally concern themselves with attaining internal goods and exercising the virtues with the pursuit of excellence through the secondary practice of sustaining the institution.

The idea is if we do this, we have a virtuous organisation.

**Features of a virtuous organisation**

A virtuous organisation has three main following features:

* a *good purpose* for both the practice and the institution.
* An intrinsic awareness that it is founded on *the sustenance of the particular business practice that it houses* and, in turn, *encourages the pursuit of excellence in that practice*
* A *focus on external goods* (survival, profit, reputation, success) as a necessary and worthwhile function of the organisation, but only to the extent that sustenance and development of the practice is not distorted by, eg. the pursuit of growth for its own sake

There are two points to consider further.

In relation to the purpose, it is clear that the virtues enable the achievement of a person’s *telos* at an individual level. (MacIntyre defines *telos* as the state of being well and doing well, of a man’s being well-favoured himself and in relation to the divine). There is, therefore, some notion of internal goods from various practices being connected to some notion of *the* good for the individual and hence bestowing some normative characteristic to the definition of organisational practice. But the *telos* needs to be constantly re-evaluated because it is only partially known and so what MacIntyre calls a narrative quest (a storied exploration) is a necessity that has to be shared within the larger context of the moral life as a whole, otherwise the various internal goods generated by the practices will remain disordered and potentially ruinous of one another. Ensuring that the organisational community has some shared sense of *telos* – of the overriding good - will allow the various internal goods to be ranked and evaluated. The questioning as to whether the purpose is fit for goodness or not would need to be on-going. This is one area that the researchers would be measuring.

In relation to the internal goods and external goods, both should be prioritised (i.e. one should not be subordinated to the other) and that in cultivating a virtuous organisation an appropriate balance of the two should be exercised. MacIntyre says: “..external goods are genuine goods. Not only are they characteristic objects of human desire, whose allocation is what gives point to the virtues of justice and generosity, but no one can despise them altogether without a certain hypocrisy”.

This then is the basis of the MacIntyrean conceptual framework which was applied to Alliance Boots in the empirical study. Why this organisation was of particular interest to the researcher is because of the nature of the interesting “mode of institutionalisation” features that the merger allowed them to study.

Turning to figure 9 of the hand-out is the virtue map showing the two concepts of organisational purpose and success-excellence, which are independent of each other. As an extreme example it might be possible for a charitable organisation to pursue financial success over excellence in its work or a gulag (soviet forced labour camp during the Stalin era) to pursue excellence in its operations. The virtuous organisation does not occupy the top right as might be expected, but is located just on the excellence side of the success-excellence scale.

After the empirical study the author concluded that it was possible to apply a virtue ethics approach to business organisations at the level of the organisation, not only at the level of individuals.

**“Is the workplace/employer bound by law to be “good”?”**

No. Businesses have to be legal, but they don’t have to be good.

What does this actually mean?

Take the Libor rate-fixing scandal recently. Libor is the London interbank offer rate and is the most widely used interest rate in the world. It is a benchmark from which many other rates, such as commercial loans and mortgages, are calculated from. It’s also used for valuing currencies. The controversy rested on banks artificially inflating or deflating their interest rates, according to their benefit. So, who do these rate fixings hurt? The average consumer taking out a loan or a mortgage would be affected and so would be paying more or less on the loan than they should have. Do banks have a responsibility to care for its customers and make sure they get value for money? Well, they certainly don’t have a legal responsibility, but many argue that they have a moral responsibility. If I was a board member of a large bank and became aware that rate-fixing was short-changing my customers I would like to think that I would accept my moral imperative to intervene on behalf of the consumers (the moral imperative being here to look out for the consumers). Unfortunately, as highlighted in the recent Barclays case, the order to lower the Libor submission to make the bank appear more credit-worthy than it really was, had come from board-level. Lord Turner, the chairman of the FSA, later described the CEO at the time, Mr Diamond, as displaying a pattern of behaviour which he summarised as “constantly trying it on, gaming the system”. The explanation for the illegal behaviour had been that the Bank of England had been pressurised by Whitehall about the financial health of Barclays at the time so they should get their rates down “to not appear outliers”. Indeed, the pressure must be extremely high in such a position. Also, it is not just the leader who is to blame, but the employees who blindly follow their leader out of unquestionable loyalty. It was reported that the employees of Barclays were saying “who is going to be doing Bob Diamond’s job now? Where are we going to get all our energy and vision from?”

Perhaps another reason why philosophy is not embraced so widely in the work place is because often the answers to some of the ethical dilemmas that come up can be addressed by plain old organisational theory.

The business author Jim Collins says that the problem with having a charismatic leader at the helm of large organisations like this is that often the leader becomes the reality for the employees more than reality itself. He suggests rather than having one leader, (often with an autocratic style – has a set view of how the organisation should be, talks more than he/she listens, is long on style but short on substance) the answer is *distributed leadership* where power is devolved to a number of people in charge instead of one.

However, we know that we need ethics because it’s not the business (or the making of the profit) that is of the issue, it’s because of the people handling the money itself.

If it were just about money we would vilify Steve Jobs, the creator of Apple Inc., who said “I’m the only person I know that’s lost a quarter of a billion dollars in one year…it’s very character building”.

Three former Olympus executives face up to ten years in jail for pleading guilty to covering up massive trading losses of $2.687 billion by shuffling them around to the books of subsidiary companies to prevent them appearing on balance sheets. The British boss and CEO at the time, Michael Woodford, blew the whistle. Thankfully, he's been thoroughly vindicated.

The point I’m trying to make is it’s not the money it’s the people who handle it and the motives that go on behind, the imbalance of power and status as rewards.

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**UK Laws concerning human rights**

The UK doesn’t have one constitutional document like the United States, who do, which sets out the rules that govern the political system and rights of citizens and the governments. Rather the constitution is taken from several sources, some documented and some not, which are the accumulation of Acts of Parliament, the common law, conventions, works of authority and EU Law among those.

When it comes to individual’s rights a citizen of the UK is duly dependent on ad hoc statutory protection or on judicial protection under common law[[1]](#footnote-1), but it is the Human Rights Act passed in 1998 which is the closest thing we have here in the UK to a bill of rights. The previous government under Gordon Brown did look into adopting a written constitution, but the coalition has stated that they have no plans currently to go forward with these proposals.

The rights protect human beings from interference from the government and ipso facto they protect the employee from interference from their employer. For example, The Act covers the right of an individual to a private and family life and so the employer is not allowed to discriminate for this reason, for example, sacking someone because they intend to start a family. The same goes for race, creed, disabilities and age discriminations. So the law does demand that businesses should treat employees with a certain amount of respect.

But Orgs no longer have just legal and economic agendas, but now there is talk of “Moral” Agendas – a plan of things to be done – approaching business decisions with a view to their ethical implications, using words such as free from harm, fairness, rights, duties, integrity, and trust. It is important that these do not just become a paper exercise, or talking the talk, which is where the role of philosophical consultants comes in – teaching and training ethics, is a way of building these behavioural characteristics into the workplace.

**Is there a business case for ethics and being “good”?**

There is no business case for ethics. They do not pay

Numerous studies have been conducted on whether business ethics pay[[2]](#footnote-2) – meaning if having an ethical code enhances the company’s market value and improves return on capital – and the results have shown that in general:

* Social performance wanes as financial performance improves
* That older companies do better on social performance than younger ones
* Larger companies have better social performance than smaller ones

(These studies were done on retailing and supermarket sectors)

Social projects can force companies to take their eyes off their main objective and cause their financial performance to worsen, particularly if after a sudden flush of financial success they spend their money on social projects, which is what ethically-minded entrepreneurs like Richard Branson advocate. So there is no business case for business ethics, other than there is a case for managing the financial risks associated with unethical or improper organisational behaviour.

It is also true that the more a company becomes financially successful, the more they are required to report their views on ethics and give an explanation of how decisions have been taken – on what principles they rest. This is especially true as a result of the scandals that contributed to the 2007/2008 credit crisis which resulted in stringent legislation governing the fairness and accuracy of corporate financial statements and “Triple bottom line” reporting involving financial, social and environmental disclosures. Other ethical reporting mechanisms include CSR (Corporate Social Responsibility) initiatives and social audits, which compare how different firms are operating.

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**Summary: on a practical level..some suggestions for the future**

**The Business Community**

Many businesses see themselves as distinct from the community. One way to bridge that gap is to tie in their purpose with the context of the moral life as a whole.

**Making ethics more visible**

One company I worked for in the Middle East had a “thinking room” – a place where one would go to think and not be disturbed. For them, thinking was critical to the running of the organisation. What there is not enough of in working practices at the moment is “critical dialogue” or the means for people to rigorously challenge ideas and practices, to question “why we do what we do”, question the beliefs, statements and even the principles that organisations are built upon.

Reflective practices built into the day-to-day framework are missing to some extent.

**Questions:**

What does it mean to care for your customers? What does such care involve in practice?

What does it mean to care for employees? What does such care involve in practice and could this form a basis for business ethics?

Have you taken an ethical decision in the last 24 hours? If so, what did it involve and did you realise you were taking an ethical decision?

Are we less ethical than we used to be? If so, where is the evidence?

1. <http://www.politics.co.uk/reference/written-constitution> [↑](#footnote-ref-1)
2. Fisher, C, Lovell, A. Business Ethics and Values (2006). Pearson Education, 2nd Ed, UK. [↑](#footnote-ref-2)