

# Christians *in the* Workplace

## **Evil in the Workplace**

by Peter McKenzie QC

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Despite the title to this chapter there is nothing particularly dramatic or sinister about its subject matter. The workplace, like any other area of human endeavour, is not immune from human failings. Moral failure in the context of work does not differ essentially from moral failure anywhere such as in public life, or in the home, or in the streets. It is simply given expression in a different set of relationships.

Broadly, there are three different sets of relationships affecting the workplace, each giving a different shape to moral failure –

- the relationship between one employee and another

unequal treatment in the workplace, but these imperatives are already embraced within the Pauline injunction for mutual respect, each being equal in the service of and before the eyes of a greater Master.

There is, however, a different ethical environment in many 21st century workplaces from those of the first century and which I believe makes determining the ethical character of certain decisions and conduct more difficult. The modern working environment has created an ethical fog which has made it more difficult for the individual to clearly recognise the ethical implications of certain actions and label them as being right or wrong. This chapter endeavours to draw attention to some of the factors which have made the present day working environment a place where integrity can be sapped and the ethical consequences of conduct less clearly recognised. The matters which will be particularly addressed in this chapter are –

- the corporatisation of business
- improved communications technology
- the use of a team approach to making business and professional decisions
- the development of the market and global economy

### **Corporatisation**

A point of difference between the working environment in which Paul provided his ethical injunctions to the Church at Colossae and the present day environment is the use today of the corporation for conducting business. In Paul's day most working relationships were conducted in the home by way of domestic service (very often by slaves) and in small family businesses and farms. The master/servant relationship would usually have been a personal one where the consequences of a harsh action by the master or dishonest behaviour on the part of the employee had a direct impact on the other party. In this close personal relationship it would not have been easy to avoid personal moral responsibility for one's actions. The use of the company, and more importantly the development of large corporate structures for the carrying on of business provides a much more complex

*CEO: “Charlie, I am shocked to hear you say that I have 25% too many managers but you have to understand that we are a very paternalistic company.”*

*Rourke: “You may get angry at me for saying this, but that’s nonsense!”*

*CEO: “What do you mean?”*

*Rourke: “You just closed a plant in Ohio and 2,000 people are out of work. Don’t tell me you are paternalistic. You are paternalistic to the people you have to face on the elevator every day, not the people you don’t see.”*

John De Lorean may not be the most credible exponent of business ethics but his frank expose of the unconscious moral weakness in decision making in a large corporation has seldom been better expressed than in his chapter “How Moral Men Make Immoral Decisions – a Look Inside GM”<sup>1</sup> De Lorean puts his finger on the pulse with these words:

*Morality has to do with people. If an action is viewed primarily from the perspective of its effect on people, it is put into the moral realm. Business in America, however, is impersonal. This is particularly true of large American multi-national corporations. They are viewed by their employees and publics as faceless. The ultimate measure of success and failure of these businesses is not their effect on people, but their earnings per share of stock. The first question to greet any business proposal is, how will it affect profits? People do not enter the equation of a business decision except to the extent that their reaction will hurt or enhance earnings per share.*

*In such a completely impersonal context, business decisions of questionable personal morality are easily justified. A person who shoots and kills another is sentenced to life in prison. A businessman who makes a defective product which kills people may get a nominal fine or a slap on the hand, if he is ever brought to trial at all.*

Green and Berry in describing what they call “corpocracy” (management through corporate structure) put forward a number of what they called traits of corporate bureaucracy which they claim to be characteristic of large business organisations. These include the following:

1. Corpocracy is insensitive to employees. There is often an elitist and aloof hierarchy which separates top managers from those below. *“It is a natural state of affairs which the best managers struggle to overcome”*.
2. Corpocracy encourages politics instead of productivity. Office politics are a constant threat to a large company.
3. Corpocracy fosters secrecy and stifles communication. Bureaucratic secrecy often serves to hide a sloppy job. It is not only government which hides its sins under a “confidential” stamp. Management’s need to cover up errors is one reason why employees are not asked for their opinions, but even if corporate bureaucrats don’t want to be secretive, the nature of corpocracy frustrates information flow. The authors quote from Colombia law professor John Coffey in the *Virginia Law Review* relating how “the serial relay of information” can result in significant information loss. *“Information theorists have formulated the rule that each additional relay of the communication system halves the message while doubling noise.”*<sup>1</sup>
4. Corpocracy diffuses responsibility. Projects are scrutinised endlessly by committees, study groups, outside experts and consultants, ostensibly to limit the chance of error, but which in fact serve to diffuse responsibility. A favourite method of avoiding responsibility is to hire consultants.

These features of the working environment in many places of business today indicate why it is more difficult in the modern business environment to be sharply attuned to the morality of the decisions and conduct which are generated in that environment. These characteristics are not limited to business but are increasingly features of the way in which government and professional practice is conducted. The last two decades have seen the development in New Zealand of the corporate model as the paradigm for management in the state and public health sector and has seen the rise of professional practices. Five large (internationally related) accounting firms now dominate the accounting profession and the

pressure to reach decisions very quickly called for by demanding clients anxious not to impede the process of negotiation.

Lawyers and accountants are particularly vulnerable in this respect. Business is increasingly using their professional judgment as a form of protection against later criticism, not only on legal and structural grounds but also, if a high profile firm is used, as a hallmark of integrity. Although called to carry those heavier burdens the professional may often not be provided with the time for calm and more objective judgement and is pressed for an instant decision. Unless the professional's ethical instincts and judgment are sound and well-developed, she or he can quickly be drawn into "swampy" ethical territory and express a judgment from which it becomes too late to retreat.

### **The Team Approach**

Many business transactions are now of such complexity and size as to require the use of a sizable corporate team involving advisors and consultants from a number of sources, legal, accounting, technical and financial. When decisions are made on a team basis and responsibilities are shared, the moral sharp points can be blunted. The larger the team, the easier to shelter behind the presumed moral responsibility of others. It is not without good reason that the Securities Act requires each individual director to sign a prospectus – a salutary reminder of the responsibility which has served to make the preparation of the prospectus a more serious exercise for boards of directors, than would otherwise be the case. Is it, maybe, to avoid a personal dilemma of that kind that large firms of accountants now prefer to issue certificates and audit reports in the name of the firm and not the individual partner who was involved in the preparation of the report?

Decision making by management teams in the larger corporation works in the same way. In the article referred to earlier John De Lorean describes the battle which went on within General Motors to withdraw the innovative *Corvair* from production because its safety had been questioned. He comments:

*There wasn't a man in top GM management who had anything to do with*

*Avoid any decisions if at all possible and if a decision has to be made, involve as many people as you can so that, if things go south you are able to point in as many directions as possible.<sup>1</sup>*

Lawyers are especially exposed in this respect because of the practice which has spread from North America of requiring the law firm which is instructed in a commercial transaction to provide a detailed certificate on the effectiveness and validity of the transaction into which the commercial client is to enter. Some of these certificates are in fearsome detail and require a very detailed level of scrutiny and verification on the part of the lawyer. The dilemma in which this places the law firm is that to a substantial degree the client is seeking to transfer to the lawyer not only responsibility for exercising due care in carrying out the client's instructions in the preparation of the supporting documents (an obligation which in any event the lawyer would carry under the general duty of care) but also to transfer to the lawyer the moral responsibility for the transaction. The corporate client if called to account in later entering into a transaction of dubious propriety wishes to be able to point to a certificate which will absolve the client from moral responsibility. Was not the transaction entered into after careful scrutiny by the client's lawyers who provided the certificate which assured the client that everything was in order and this was a proper transaction for the directors to enter into? In the past, and perhaps for lawyers an ethically happier age, the lawyer's role was to advise the corporate client of its responsibilities, pointing out the strengths and weaknesses of the client's position and leaving it to the client to make its own judgement on whether or not to enter into the transaction. To an increasing extent corporate clients now require the lawyer to evaluate the client's objectives and make a recommendation on the course of action to be followed by the client. This carries with it an involvement in the moral responsibility for entering into the transaction.<sup>2</sup>

A further dilemma which faces the lawyer and accountant in being required to express ethical judgments of this kind is the increasing mobility of the corporate client. Clients of law firms have, of course, always been free to move to another firm. What has changed in recent years has been the weakening of traditional loyalties on the part of clients and the

view.<sup>3</sup> I suspect that auditors and other consultants can be placed in similar positions.

### **The Development of the Market and the Global Economy**

Since at least 1984, New Zealand has embraced the market philosophy in its business and public sectors, at first with enthusiasm but latterly with more reluctance. As the present government has seen, however, there is no going back. Much of the rest of the world has moved in a similar direction, and with the dismantling of trade barriers and the increasing mobility of capital the New Zealand economy is firmly linked, whether welcome or not, to a wider global economy. The process has only begun of witnessing senior management of company after company in New Zealand moving across the Tasman or further afield. Decisions affecting the welfare of an increasing number of New Zealand employees (and consumers) are made outside this country. It is not a trend that can readily be reversed.

The move in New Zealand, since 1984, towards a more open market economy has affected the ethical environment of the workplace in two significant respects. First, this development, along with an increasingly global economy, has accentuated the features discussed earlier as characteristics of the corporatisation of business. The centres of decision making have moved even further from those affected by the decisions and in many case are now not amenable to national control. Second, the open market economy has brought an environment where there is less intrusive government, freer trade and fewer legislative controls on working practices and output. There has been a reduction of the collectivist restraint on business to a more open individualistic environment.<sup>4</sup>

These changes have produced debate within the New Zealand business community on whether the reputation which New Zealand had for integrity and honesty in business, fair dealing, trust and compassion had been compromised and surrendered to a market ethic where efficiency and the drive for the bottom line becomes the paramount virtue against which all other values are assessed.<sup>5</sup> On the one hand New Zealand businessman Dick Hubbard has championed the need for business to look outside the market and recognise obligations towards the community in public welfare advocating that businesses should donate 10% of their profits to worthy causes. The opposing cause has found a ready

*business community advances its own interests when it observes certain rules, which it does normally. This not only serves to ward off undesirable and profit-reducing government regulation, it also helps business to run more smoothly. Specifically, when business agents develop trust it cuts down on transaction costs. Business personnel rely on partners to keep their word and to honour agreements voluntarily, and these co-operative actions reduce the reliance by business personnel on lawyers...Much of the criticism [directed against the market] has been exaggerated and communitarian capitalism has disadvantages of its own, yet it is still true that business does better when it develops habits of self-restraint.*<sup>6</sup>

May I venture to suggest that it is this self-restraint called for on behalf of business which has not always been evident in the pronouncements of the NZ Business Roundtable. It is in this very area of needed self-restraint that the Christian ethic speaks.

### **The Christian ethic and “needed self restraint”**

How then does the Christian ethic speak into the area of “needed self restraint” in workplace conduct and decision-making?

- (a) **Honesty.** Even the most ardent advocates of allowing the free play of the market to determine standards, accept that if the market is to operate effectively it must rest on a legal structure which requires bargains to be kept, demands basic honesty in market place dealings and penalises fraud. The absence of this legal sub-structure is at the heart of many of the problems faced by the former Soviet Union in moving to a market economy. The Christian ethic at this point is not content to rest on adherence to the letter of the law. Real integrity demands keeping one’s word even in the absence of a binding contract – the ethic of “my word is my bond” should in Christian terms characterise all commercial conduct and operate outside Lloyds insurance market (where it serves the interests of an efficient reciprocity). And what about the advertising industry? When regard is had to the Christian ethic the need for truth in advertising calls for particular restraint. Can a medical product be pushed on doctors when the advertiser knows there is a more effective drug available, which doctors should be prescribing in preference to the advertised product?<sup>7</sup>
- (b) **Respect for the human dignity of each individual.** One of the central features of the Christian position is the recognition that every person is made in the image of

- (c) **Recognition that our shared humanity requires development of the common good.** This feature of the Christian position is the obverse of the preceding factor. Being made in the image of God is an attribute shared in common by all humanity. This insight requires the impact of corporate decision making on the community to be continually evaluated. Difficult but far-reaching assessments may be called for in the case of an international company whose conduct may affect employees or consumers and may have environmental effects in a number of countries. No part of humanity can properly be considered any less deserving or worthy of respect as any other. A true concern for the common good will require the dictates of the market and the pursuit of profit to be tempered by other and wider considerations.

Professor G R Searle in his authoritative work on morality and the market in Victorian England has some highly significant comments on the importance in Victorian Britain of the checks and restraints on business practices. It was these ethical restraints derived from an Evangelical Christian heritage, which kept mid-Victorian acquisitive individualism in check. His comments on the impact of modern market liberalism deserve to be pondered:

*Only in recent years has market liberalism broken free from all these restrictions and claimed its right to rule the world. This is largely because the various sources of 'authority' described above now lack the power which they had in mid-Victorian Britain to hold acquisitive individualism in check. Employer 'paternalism', which once had a basis in practice as well as in theory, could only operate within smaller-sized firms, many family-owned, which were deeply rooted in a particular locality. The boards of contemporary multinational corporations, by contrast, shift capital around the world in search for profit, with scant concern for the welfare of employees or suppliers; provincial pride and social conscience play little part in the calculations of those who direct them, just as they are largely absent from the strategies of investors, whether individual or corporate.*

*This move towards a global market has coincided with declining memberships and the loss of self-confidence on the part of the churches and with a dwindling of the authority of Christianity. Few clergymen now take it upon themselves to provide direct spiritual guidance to the business community, and the churches' periodical warnings about the corroding effect of greed and cupidity seem to emanate from the margins of society, not as in*

*advocated by Mrs Thatcher and her followers has given priority to consumer choice over almost all other social goods. Unfortunately, modern conservatives, it has been justly observed, 'have no coherent view of the functions and limits of market institutions'. In the absence of such a theory, governments have, largely unwittingly, spent the last decade and a half undermining or marginalising the institutions and belief systems which once kept rampant individualism under some sort of control.*

*Intelligent middle-class Victorians, slowly, haltingly, acquired an appreciation of the complexity of the social and ethical codes upon which a market-driven economy ultimately relies for its success. Capitalism, they learned, requires a particular balance between acquisitiveness and probity: tilt the balance too much in one direction, and social (even economic) disaster threatens. Thus, whatever their personal motivation, those working in nineteenth-century Britain before the 'moralisation' of the market probably contributed to the long-term stability of the capitalist order. These are insights which, admittedly in a radically new context, may have to be rediscovered.<sup>8</sup>*