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The purpose of this paper was to determine through literary research the actual influence of religion or a religious background on the existing ethical standards in American business. The research delved into the backgrounds of the Protestant, Catholic and Jewish religions to determine specific beliefs that related to business ethics. The research also explored recent studies that revealed possible relationships between religion and business ethics.

It was found that the religious influence on business ethics has apparently faded from a primary position to a role secondary to an Aristotilian concept of ethics. However, religion was still seen to play a significant part in determining the ethical standards of business. The organizations headed by religiously affiliated individuals were seen to be more effective than those headed by a non-religious manager.

Also discovered were preconceived categorizations of members of religions by businessmen. The Protestants appeared to benefit more from these biases than did the Catholics or Jews.

BUSINESS ETHICS: THE INFLUENCE OF RELIGION

This thesis has been approved by the following
committee of the Faculty of the Graduate School at The
University of North Carolina at Greensboro:

by

Michael DeWayne English

Thesis Advisor

A Thesis Submitted to
the Faculty of the Graduate School at
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of the Requirements for the Degree
Master of Science in Business Administration

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Approved by

3/4/75
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CHAPTER I

INTRODUCTION

In recent years there has been an apparent increase in the interest shown in business ethics and the morals of businessmen. This interest has manifested itself in magazines and newspaper articles, books, professional publications, and television specials. In these expositions a large variety of aspects of ethics and values has been explored.

The interest in business ethics and personal values of businessmen is not to be considered as a phenomenon unique to modern society. John W. Clark has said "it is a basic characteristic of every society to seek some rules of conduct which will translate its ideals into concrete expressions in the order of every day living."¹ Defining society as a "group of persons regarded as forming a single community"² or "an organized group of people with some interest in common"³, businessmen are seen to fit into Mr. Clark's concepts of a society seeking order.

¹John W. Clark, S.J., Religion and the Moral Standards of American Businessmen (Cincinnati: South-Western Publishing Company, 1966), p. vii.

²David B. Guralnik (ed.), Webster's New World Dictionary of the American Language (Nashville: The Southwestern Company, 1964), p. 705.

³Ibid.

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³Ibid.

Another prominent writer and philosopher, Julian Huxley, has elaborated on this idea by saying:

Every society, in every age, needs some system of beliefs, including a basic attitude of life, an organized set of ideas round which emotion and purpose may gather, and a conception of human destiny. It needs a philosophy and a faith to achieve a guide to orderly living--in other words, a morality.⁴

This morality, if it is to be viable, must apply to and be adopted by the individuals constituting the most influential segment of American society--the businessmen.

"Ours is a business-centered society," states Raymond Baumhart, "no group in America is more influential than businessmen."⁵ This reflects the fact that businessmen's values and morals carry a heavy weight in biasing or determining the values of society in general. Not only do American businessmen influence the morals of Americans, the impact is felt world-wide. As Henry Ford II has stated, "around the world we are often described as a corporate society. If that is so, and if it is judged that the corporations are corrupt, then it will be assumed that the society itself is corrupt."⁶

⁴Julian Sorell Huxley, New Bottles of Wine (London: Chatto and Winduo, 1957), p. 245.

⁵Raymond Baumhart, S.J., An Honest Profit (New York: Holt, Rinehart and Winston, 1968), p. xiii.

⁶New York Times, 21 April, 1961, p. 16.

Although Mr. Ford's comment approaches the questions of influence from the negative side, the point remains valid. With America assuming the role of world leader in industry, the other nations observe not only the technical aspects of our production processes but the moral and ethical standards as well. Unethical conduct by Americans can and does have world-wide consequences. Ethical conduct can also have a far-reaching effect in the positive direction.

The interest that is being taken in business ethics is not surprising. Nor is it any great revelation to state that the actions of American businessmen can have world-wide effects. However, the author found that with all the publications and discussions on this subject, it was surprising that very few have examined business ethics to determine what shape they actually take in daily business activities.

Raymond Baumhart recognized the same lack of empirical data on business ethics when he said, "Virtually no one has bothered to ask businessmen what they think of ethics in business."⁷ Experiencing this same void, John W. Clark said:

But while much of the literature about business ethics now being published is of great value, there exists a certain dearth of theoretical material relating to this field. Many of the popular books and articles now available draw heavily on the experience of their authors and embody their own personal convictions and attitudes towards the various dimensions of the subject. Few attempts have been made to trace the sources of American business values or to determine what the actual standards of businessmen are.⁸

⁷Baumhart, p. xiv.

⁸Clark, p. viii.

The purpose of this paper and the research behind it is to determine the actual effect of religion or a religious background on the ethics of businessmen. This requires ferreting through the "dearth of theoretical material" and the limited study data to filter out information that ties religion to the moral standards and conduct of American businessmen.

There are several reasons why the topic of business ethics was chosen for this paper. The most predominant of these is that in the author's daily business activities, questions of ethics and what constitutes ethical conduct are a common occurrence. These questions are not always of the magnitude that arouse general company interest or even the interest of the work group. More often they are on the order of padding small amounts on expense vouchers, leaving work early when the boss is away, or claiming full credit for a group effort when the other members of the group are not around. Although not uncommon activities and, in most cases, not considered particularly important by the company's management, they can involve some compromise of moral principles. These daily ethical decisions are a part of the author's life as well as a part of every businessman's life. For this reason, the author felt that a need was identified to examine at least one of the factors, if not the major factor, affecting these daily decisions.

Another prevalent reason for exploring business ethics as affected by religion in this paper is the author's involvement in local church activities. This involvement has given the author many opportunities to discuss business conduct and ethics with church officials. From a great deal of these conversations and observations on the job the author has felt, as does Father Baumhart, that religion may be "more hopeful than helpful". Examining this observation was a basic reason for selecting the topic of this paper.

Another reason for interest in the area of business ethics is that at this time there is a large amount of publicity being devoted to ethics in the government and politics. Many individuals are now being publically criticized for "unethical" conduct in the operations of government. The author feels that even though the publicity and loud public proclamations on immoral and unethical conduct are recent occurrences, the actual "unethical" activities have been in practice for many years. It was only a particular set of circumstances that exposed these activities to the public. There is a fear that this high interest in ethics will wane in the future and the operations of government will settle back (as did industry in the 1960's after the GE price fixing scandal) into a business-as-usual mode. Although political ethics are not the subject of this paper, the recent events have added to the author's interest in ethics in general. The purpose of this paper is to describe the

"business-as-usual" posture of ethics in industry as they are influenced by religion.

This paper is written for anyone who is interested in the effect religion has on business ethics. It is not written as a religious treatise but as an objective evaluation of the ethical practices of business. The author has drawn conclusions from the research and has stated these in the text of the paper. Where more than one conclusion can be drawn from the data, all known by the author are presented. However, the statement of unsubstantiated personal convictions and biases has been avoided.

The approach used to provide substance to this paper was to perform literary research on subjects relating to religion and business ethics. The sources of information were books and periodicals from the libraries at (1) Georgia State University, (2) Emory University, (3) Georgia Institute of Technology, and (4) The Atlanta Public Library. Personal contact was made with individuals at various universities, colleges, churches and seminaries to obtain references to material relating to this subject. Not all of the information used was written solely on the relationship between religion and business ethics. Literature that the author considered to have some bearing on the subject, even though not written specifically on this topic, was also reviewed.

A final point that should be made before proceeding with the paper is that every effort has been made to keep the statements and research reports of this paper completely objective. However, without exception, everyone personally interviewed by the author on the subject of the religious influence on business ethics had an opinion to offer. Generally, these opinions were founded more in generalizations from specific instances than in objective analysis of the business world. This is stated only to point out that objectivity in a controversial and sensitive area is a major goal and is not always attainable. In any area where the author's conclusions differ from those generally accepted, it will be so noted. The reader is not only free but encouraged to peruse the data presented and to accept or reject any stated conclusions.

Development of the Protestant Ethic in America

In 1906 and 1905 Max Weber wrote what have become two of the most popular essays on the relationship between business and Protestantism. These essays were revised and published in 1930 in a book entitled: The Protestant Ethic

CHAPTER II

BACKGROUND OF BUSINESS ETHICS

The United States possesses one of the most motley arrays of cultural mixes in recorded history. Not only did these various cultures bring to this land the traditions and customs of their native countries, but they also brought many new ideas which were popular in their day. Add to this mixture of ideas, the diverse religious commitments of the early settlers and the heterogenic composition of modern America is born.

To determine the individual contribution of these influences on contemporary business morals would be a complex, if not impossible task. However, some background on the evolution of ethics seems basic in understanding the present position of the American businessman. Accordingly, this chapter broadly examines the developments in business ethics and perhaps the most significant factor in shaping these ethics, religion.

Development of the Protestant Ethic in America

In 1904 and 1905 Max Weber wrote what have become two of the most popular essays on the relationship between business and Protestantism. These essays were combined and published in 1930 in a book entitled, The Protestant Ethic

and the Spirit of Capitalism. Although this publication does not by any means mark the beginning of the Protestant thought, it does provide a partial summary of the development of today's ethical standards.

According to Mr. Weber, capitalism is a new type of approach to acquisitiveness that involves the pursuit of profit "by means of continuous, rational organization of formally free labor."⁹ In this philosophy, the same qualities that are urged by the church are the qualities that will lead to success in business, i.e., frugality, sobriety, thrift, and self-control. Therefore, the most religious individuals were the best businessmen and, as a result, the wealthiest.

This approach apparently contrasts with the attitude of the Christians of the early Catholic Church (i.e. the Universal Church before the Reformation). The emphasis of these early Christians was on the virtues of poverty and unworldly asceticism.¹⁰ Those rich in worldly goods were frowned upon by the church.

To resolve this conflict in attitudes, Mr. Weber delves into the philosophies that actually mark the beginning of Protestantism in the 16th century. In particular the

⁹Max Weber, The Protestant Ethic and the Spirit of Capitalism (New York: Charles Scribner's Sons, 1952), p. 16.

¹⁰Clark, p. 5.

doctrine of the "calling" developed and expounded by the prime mover in the Protestant Reformation, Martin Luther was delineated. Luther originally recommended that the faithful remain in their worldly occupations and not become overly involved in external works. His philosophy revolved around a belief that the important element of life was faith, not accomplishments.¹¹

Luther's doctrine underwent a change as time passed. It evolved into the idea of "complete abandonment to the divine will in the absolute acceptance of things as they were."¹² According to this line of thinking, "each Christian's duty was to accept his involvement in worldly affairs as his calling."¹³ Acceptance of his calling rather than seeking the more noble occupations was the Christian's ideal of perfection.

Luther's doctrine of the "calling" was accepted by John Calvin as was Luther's philosophy of salvation by faith. However, Calvin probed deeply into the concept of predestination. In his way of thinking, certain individuals were predestined to salvation and all others were predestined to damnation. Of great concern to each individual was how to tell which group one was a member of, the saved or the damned.¹⁴

¹¹Weber, p. 84.

¹²Ibid., p. 85.

¹³Clark, p. 6.

¹⁴Ibid.

Under the Calvinist philosophy there were several ways to determine whether or not one was saved. Two of these methods are instructive in understanding the influence of this faith on business ethics. The first way was through deep personal conviction. The Christian should have no doubt, since doubt or lack of self-confidence would suggest insufficient faith to be a part of the saved group. This confidence in one's own salvation was to be used in carrying out one's duties in the "calling".¹⁵

The second means of determining one's status was by the fruits of one's life and labor. "Good works, austerity, frugality and industry became indispensable, not as a means of winning salvation, but as the signs of election."¹⁶

Thus, a man's work or his business became not only a means of life support but also a means of fulfilling the individual's divine "calling". This perfect abandonment of oneself to the divine Providence was the ultimate judge of a man's worth.

Although Calvinism to this point has reconciled business success with religion, there still exists a problem with the possession of the riches generated by business acumen. Until Calvin's doctrine of stewardship was developed this gap between wealth and the church persisted. This new doctrine, in essence, stated that "the Wealthy man possesses

¹⁵Ibid.

¹⁶Weber, p. 114.

his riches not for his own benefit, but for society."¹⁷ Therefore, in this doctrine a rich man was simply managing his wealth for the betterment of society as a part of God's plan. Under no circumstances was the Calvinist to yield to the temptations of wealth and consider it as his own for personal pleasure. Pride, sensuality and luxury were to be avoided. Austerity, frugality, industry and thrift were to be practiced.

Calvinism, in summary, is seen to be a rigorous theological system of Protestantism based on the assumption that God's reign over the earth and all therein is complete and that God is the source of all good. According to this faith, obedience to God's will must be absolute. God, in Calvin's eyes, "elects" to save whom He will without regard to works and each person is predestined for election or damnation. Calvin insisted that character was an outward sign of election and character was based on conformity to the standards set forth in the Bible, as interpreted by John Calvin.¹⁸

Through this background the morality known as the Protestant Ethic was born. Many of the immigrants to the young United States brought with them faiths and standards that were based on this ethical thought. This contributed

¹⁷Clark, p. 7.

¹⁸Ibid.

to the moral base of ethics in America for all people including businessmen.

One of the largest influences on the formation of the Protestant Ethic in the United States was from the Puritans of New England.¹⁹ The attributes that were encouraged by this group paralleled those prescribed to by the Calvinists. Puritanism began as Calvinism transplanted to the New Land. Although some differences evolved between these groups, the basic themes remained the same.

The Puritans retained the basic Calvinistic concepts of the total depravity of man, the unconditional election of "saints", the atonement of Christ, irresistible grace, and the eternal salvation and preservation of saints. However, the Puritans believed in "covenants" God made with men. These covenants manifest themselves in the family, state and the church and could be discovered and interpreted through close attention to the Bible by the church officials or clergy.²⁰

Civil government emerged from the church as a covenant. Through edicts of the clergy, church membership was a prerequisite for citizenship.²¹

¹⁹"Puritanism", The Columbia-Viking Desk Encyclopedia, 1968, II, p. 893.

²⁰Jack C. Estrin, World History (New York: Greystone Press, 1958), p. 80.

²¹Ibid., p. 81.

The covenants apparently elevated the position of lowly man in the eyes of the Puritans. This raising of man's dignity led to questioning of the Bible's meanings and eventually to the downfall of the dogmatic Puritan church.

As time passed and Puritan control of church and state abated, many prominent citizens of the new world retained the doctrines of their Puritan upbringing and exerted a sizeable influence on the shape of moral attitudes. Among this group were clergymen Cotton Mather, Thomas Hooker, Jonathan Edwards, and the statesman/inventor, Benjamin Franklin. Although Franklin is probably the most noted of the group, Cotton Mather was respected in the late 17th century and early 18th century as one of the most influential theologians of his time.²² His works were very diverse in subject but he had very firm thoughts that he documented for posterity. In regards to business and religion he said:

Would a man rise in business? I say, then let him rise in business. It was foretold, "Seest thou a man diligent in his business? He shall stand before kings(Proverbs 22:29)." He shall come to preferment. . . I told you, with diligence a man may do marvelous things. . . . Let your business engross most of your time.²³

Along these same lines he advised men to be active in their work and learn it well by saying:

²²Clark, p. 8.

²³Cotton Mather, quoted by Clark, p. 9.

Let every man have the discretion to be well instructed in, and well acquainted with, all the mysteries of his occupation. Be master of your trade; count it a disgrace to be no workman.²⁴

In essence, Mather was saying that it was very Christian to pursue avidly a career. He implies that business activity not only coexists with religious activity but to a great extent coincides with it. Religion and business were not necessarily separable in Mather's eyes.

It is obvious that Mather's attitude differs from that of basic Calvinism by the fact that he advocates that the mere acceptance of one's role in life as his calling is not necessarily enough. But one must actively and diligently seek to master his trade to fulfill his mission on earth. This mastery had to be accomplished within the philosophical and theological confines of the Puritan faith.

Cotton Mather believed that God rewarded Christian virtues with material success.²⁵ However, it was the objective of the true Christian to seek to do the will of God in his "calling" for spiritual reasons; not in hope of receiving the worldly goods. Mather voiced objection to anyone seeking worldly possessions for the sake of personal material successes alone. A.W. Griswold has said ". . . Cotton Mather deserves recognition as one of the first to teach American business men to serve God by making money."²⁶

²⁴Ibid., p. 10.

²⁵Ibid.

²⁶Clark, p. 11.

Historically succeeding Mather was the well-known figure of Benjamin Franklin. Franklin was deeply influenced by the teachings of Cotton Mather and even though his formal religion relaxed and then faded as he grew older, he became the public champion of Puritan moral philosophy. Although his thoughts as documented in his autobiography as well as his other works were oriented toward the practical as opposed to the theological aspects of life, his overall philosophy paralleled that of the staunchest Puritans.

In his autobiography he has provided the reader with some insight into his thinking by discourses on the virtues he considered paramount. Thirteen in number, they reflect the Puritanism of Cotton Mather as well as the other followers of the time. Some of the thoughts that relate specifically to his attitude about business enterprise are:

Let all your things have their places; let each part of your business have its time.²⁷

Resolve to perform what you ought; perform without fail what you resolve.²⁸

Make no expense but to do good to others or yourself; i.e., waste nothing.²⁹

Lose no time; be always employed in something useful; cut off all unnecessary actions.³⁰

²⁷The Autobiography of Benjamin Franklin (New York: Collier Books, 1962), p. 82.

²⁸Ibid, p. 83.

²⁹Ibid.

³⁰Ibid.

Use no hurtful deceit; think innocently and justly, and, if you speak, speak accordingly.³¹

Wrong none by doing injuries, or omitting the benefits that are your duty.³²

Be not disturbed at trifles, or at accidents common or unavoidable.³³

Imitate Jesus and Socrates.³⁴

A further illustration of Franklin's attitude about the relationship of business and religion is provided in a letter he wrote to a friend in 1748 in which he stated:

. . .without industry and frugality nothing will do, and with them everything. He that gets all he can honestly, and saves all he gets (necessary expenses excepted), will certainly become rich, if that Being who governs the world . . . does not . . . otherwise determine.³⁵

Franklin, through the publication of Poor Richard's Almanac spread his philosophy and to a large extent that of the Puritans to the people of the day. Even though in his later years he strayed seriously from formal association with the Puritan creed, his attitude and philosophy continued to reflect the Protestant Ethic as developed in his youth.

There were many others in this time that furthered much of the basic Lutheran and Calvinistic doctrines through

³¹Ibid.

³²Ibid.

³³Ibid.

³⁴Ibid.

³⁵John Bigelow (ed.), The Works of Benjamin Franklin (New York: G. Putnam's Sons, 1904), pp. 236-237.

Puritanism. These men and women helped create the base from which American Protestant ethics grew. For the next one hundred years Protestantism and the capitalist's spirit flourished and prospered. Beginning in the late 1800's and continuing until the beginning of the first World War in 1914, capitalism as a philosophy reached its peak insofar as its acceptance by American businessmen.³⁶

In this peak period of capitalism, the overall philosophy of the time was expressed in the lives and works of John D. Rockefeller and Bishop William Lawrence. Rockefeller today is probably the best known of the two, but as a successful American industrialist not as a devoted Protestant. A probable reason for this is that people even today have difficulty in relating great wealth and religion. A brief summary of Rockefeller's life will point out the influence of Protestantism on his adult thinking.

Born into a strict Baptist family in 1839, John D. Rockefeller was indoctrinated into the Calvinist doctrines early in his life. He was taught the virtues of honesty, industry and altruism in accordance with Protestantism of that time. These virtues remained with him as he entered into the business world as a young man. He is reported to have been extremely adept in his business functions and meticulous in accounting for expenses and revenues of the

³⁶Clark, p. 13.

operations. With a good grasp of mathematics combined with some basic knowledge of the then booming oil industry, he and Samuel Andrews formed a partnership in the middle of the Civil War to begin refining oil. By 1870 their business controlled approximately one-tenth of the industry's output. And through some shrewd business maneuvers the Standard Oil Company of Ohio by 1880 had captured nine-tenths of the total American Market.³⁷

In working his way to the top in terms of financial achievement, Rockefeller maintained his Protestant attitude concerning the basic virtues he had learned at home. He was honest to a penny but extremely clever and observant. He emphasized frugality and reduced wastes in business as well as home life. An illustration of these virtues is provided by Allan Nevins in his book, Study in Power: John D. Rockefeller, Industrialist and Philanthropist.³⁸

As the story goes, Rockefeller one day was watching a machine fill and seal tin cans in a factory. After listening to a supposed expert explain the labor saving device, Rockefeller asked him if he had ever tried sealing the cans with less solder. After a negative response and some further experimenting, the expert found that the cans could be

³⁷The Columbia-Viking Desk Encyclopedia, p. 928.

³⁸Allan Nevins, Study in Power: John D. Rockefeller, Industrialist and Philanthropist (New York: Charles Scribner Sons, 1953), I, p. 15.

sealed with one less drop of solder per can. Although seemingly small when compared to the vast expense of the new machine, the suggestion reputedly saved the operation \$2,500 the first year and as their export business increased, "the savings accumulated to hundreds of thousands of dollars."³⁹

The formation of a trust for his diverse operations is an example of his creativeness and sharp business sense. This trust amounted to a central body of nine men chaired by Rockefeller that provided general guidance to all the operations of Standard Oil. While the trust ran the businesses it had no legal existence--thus avoiding conflict with state legislation for a time.⁴⁰

The trust was quickly and widely imitated by other big businesses. In Standard Oil's case, at least, it was not a device to create a monopoly, for that was already assured by control of refining, pipelines, shipping, warehousing and marketing. Rather, it made the whole operation efficient--production was stabilized, products were improved, and retail prices went down.⁴¹

Though successful and known over the world, Rockefeller never forgot charity. In 1892, he founded the University of Chicago and aided its future with other contributions. He later founded the Rockefeller Foundation to promote public health and further science. Overall his philanthropies have been estimated well in excess of \$500,000,000. In his book, Nevins has said:

³⁹Ibid., p. 428.

⁴⁰Estrin, p. 90.

⁴¹Ibid., p. 91.

Rockefeller always regarded himself as a trustee rather than an owner. His statement at the University of Chicago that "God gave me money", sometimes quoted as a piece of sanctimonious arrogance, was actually uttered in a spirit of complete humility. He devoutly believed that Providence had made him a trustee for these hundreds of millions, not to be kept but to be widely dispersed. He meant to see that the gold was used to do the utmost possible good.⁴²

John D. Rockefeller is seen to typify the attitude of Protestantism in the period when capitalism flourished.

Around the same time as Rockefeller but in another field was Bishop William Lawrence. Lawrence was an American Episcopal Bishop of Massachusetts in 1893 and the founder of the church's pension system. Over his thirty-two years in the pulpit at the Episcopal Cathedral of Boston, he stood up for his belief that in the long run material prosperity in America would strengthen the morality of the people. He firmly supported efforts to honestly increase wealth and saw no conflict between wealth and religion. In fact, he believed that the virtues of Protestantism properly practiced would lead to wealth in the long run.⁴³

Bishop Lawrence was quoted as saying that "Godliness is in league with riches."⁴⁴ His basic belief was that for a man to maintain his wealth for a long period of time the Christian morality or virtues must be present. Although the wicked and immoral prosper occasionally the possession

⁴²Nevins, II, p. 83.

⁴³Clark, p. 14.

⁴⁴Clark, p. 15.

of Protestant virtues was the only guarantee of long term success.⁴⁵

He believed and preached that in accordance with Calvin's doctrine of stewardship every man is simply a trustee of his riches. Bishop Lawrence, however, added a further dimension to this belief in stewardship by developing the thought that a rich man is only a trustee for a small portion of his total wealth. The largest portion must be plowed back into industry. This larger portion provides employment for others and furthers the true spirit of capitalism and Protestantism. The smaller portion, that which does not have to be reinvested, is in the trusteeship of the businessman. Bishop Lawrence believed that even if the businessman was not particularly charitable with this portion of the wealth, the fact that the business was maintained and provided jobs for many people would work out for the betterment of society in the long run.

Bishop Lawrence gave the people of this time through his sermons and the people today through his writings, testimony to the existence of the Protestant Ethic in the business enterprise of the late 19th century and early 20th century. His teachings demonstrate that there was concern for the relationship between religion and business at that time. Much effort was spent from both a religious point of view and a business point of view reconciling the two.

⁴⁵Ibid.

Since the time of Rockefeller and Bishop Lawrence and almost unrestricted capitalistic activity, America has proceeded through two World Wars and a number of warlike "conflicts." Each of these has affected the economic climate of this nation. However, the basic belief in the harmony between Protestantism and business has retained many proponents through these changes. Among these is Kenneth Boulding, who has stated that "the Protestant Ethic has contributed to the success of capitalistic institutions in regard to their fostering a high rate of economic progress."⁴⁶ Along these lines he has also philosophized that the overall improvement of society (and business) is dependant on the improvement of the individuals comprising that society.

Consistant with these thoughts of better business through betterment of individuals, he also supports the doctrine of stewardship. Boulding feels that "those whose virtue, energy or plain good fortune have brought them material success are expected to regard their riches as in some sense a trust, to be used for the benefit of the less fortunate."⁴⁷ As the final word of proof on the viability of his Calvinist philosophy, he cites the fact that in

⁴⁶Kenneth E. Boulding, "Religious Foundations of Economic Progress," Harvard Business Review, III (May-June, 1952), 35.

⁴⁷Ibid., p. 37.

America "it has created a society in which there is a smaller amount of serious poverty than any other society has ever known."⁴⁸

Another recent proponent of the Protestant Ethic in a free enterprise society is H.B. Acton. Mr. Acton is an Englishman who praises the American system of capitalism and has written a book to refute the arguments against it. His book basically expressed the feelings that a business should support its own people and to succeed must offer a needed service to the consumer, thereby helping the general public both by employment and the services rendered.⁴⁹

Mr. Acton supports the philosophy that charity is the responsibility of individuals not of businesses. This same thought has many proponents in America, the most popular of whom is the economist from the University of Chicago, Milton Freedman. Their belief is that individuals have responsibilities to other individuals but businesses in and of themselves do not. The responsibility of business is to remain solvent thereby providing continuous employment and service to the public.⁵⁰

Mr. Acton also states that competition and conflict between businesses is healthy. He differs with the group he

⁴⁸Clark, p. 23.

⁴⁹H.B. Acton, The Morals of Markets (London: Longman Group Limited, 1971), p. 61.

⁵⁰Ibid., p. 90.

labels the "Egalitarian Collectivists" or those that believe in equality (in prosperity) for all and think that conflict is morally wrong.⁵¹

Although Mr. Acton is not a member of the American Protestant group, his philosophies and observations as a third party prove valuable in evaluating the American capitalistic system.

An American who lived a life that exemplified the Protestant Ethic in action in the business world was James C. Penney, the founder of the nation-wide chain of department stores. As did many of the other adherents to the Protestant Ethic, Mr. Penney's religious training began at home. There are many examples of his precocity as a young man in and out of business but his basic training in Protestant thinking remained with him throughout his life. He professed to believe that a Christian could create a fortune in business and remain a Christian.⁵² And he worked all his life to prove this was true. His basic attitude in business is best summed up by the following quotes from an autobiography published in 1950:

Respect yourself; respect others; work hard and continuously at some worthwhile thing.⁵³

⁵¹Ibid., p. 111.

⁵²James C. Penney, Fifty Years With the Golden Rule: A Spiritual Autobiography (New York: Harper and Brothers, 1950), p. 12.

⁵³Ibid., p. 74.

It seems to me a mistake to draw an arbitrary line between the sacred and the secular, and that the measure of a man's whole duty is the same for business, and for service to God.⁵⁴

. . . success must be preceded by sacrifice.⁵⁵

Diligence in business results in advancement. Unselfishness invites good will, which, in turn, opens opportunities for material progress.⁵⁶

. . . love God, and to love your neighbor as yourselves. Working these two great laws into the balance of everyday life there is assurance of a life of spiritual satisfaction and, I firmly believe, one of material prosperity and peace of mind.⁵⁷

Mr. Penney felt very strongly that the words of the Bible applied to his whole life and that a person who obeyed the will of God could become wealthy. To support this belief he cited from the first chapter of the Book of Joshua when God was speaking to Joshua:

This book of the law shall not depart out of thy mouth; but thou shall meditate therein day and night, that thou mayest observe to do according to all that is written therein: for then thou shall make thy way prosperous, and then thou shalt have good success.⁵⁸

With an attitude similar to Rockefeller's, Mr. Penney attributed his success to God and felt that he was only a manager of God's possessions. Mr. Penney devoted his life to what he believed was the will of God through support of the Protestant Ethic in business.

⁵⁴Ibid., p. 171.

⁵⁵Ibid., p. 177.

⁵⁶Ibid.

⁵⁷Ibid., pp. 180-181.

⁵⁸Joshua 1:8.

Before concluding the overview of Protestant evolution in America, a brief summary of the American-born Mormon sect seems necessary. Formally called the Church of Jesus Christ of Latter-Day Saints, this religion was founded by Joseph Smith in Palmyra, New York, in 1830. Many of the beliefs of this sect of Protestants are based in a set of golden tablets revealed to Mr. Smith by an angel of the Lord called Moroni.⁵⁹

Even though this faith was unpopular to the point of the mob murder of Mr. Smith in Nauvoo, Illinois, in 1846, the followers of the Mormon religion found a home in the valley of the Great Salt Lake in Utah. After the endurance of many hardships, they created a self-sustaining economy under the guidance of Brigham Young. This independence and some brilliant leadership eventually provided for the firm establishment of the Mormons as a viable religion in the United States.⁶⁰

Of particular interest in the relationship of the Mormon faith to business and social ethics is their firm and fundamental belief in the Bible verse that states ". . . ye are the temple of the living God . . ."⁶¹ This belief

⁵⁹The Book of Mormon, vi-viii.

⁶⁰"Mormons," The Columbia-Viking Desk Encyclopedia, 1968, II, 722.

⁶¹IICorinthians 6:16.

encompasses the commonly accepted Protestant warning about over indulgence and also extends to a complete abstinence in regards to certain items. The items that are strictly forbidden by "The Word of Wisdom" or the health rules of the Mormons are substances that "defile" the body such as alcohol, caffeine and tobacco. The rigorous adherence to this belief has contributed to the general reputation of the Mormons as a strict religious sect operating independently of the remaining Protestant groups that populate the United States.

Although there are many more sects that could be discussed and examples that could be given, these seem to summarize the development of the Protestant Ethic in this country. From its beginnings with Martin Luther and John Calvin (with later support from Max Weber) through John D. Rockefeller and James C. Penney, Protestantism has manifested itself in business as a viable philosophy that can lead to wealth. And this wealth is in concert with the Protestant Ethic if it is treated as God's possession merely being managed by the individuals to whom it has been allocated.

The Catholic Influence

In the early days of the newly settled America the Catholic influence was not nearly as great as that of the Protestants. In fact, "there is little evidence of a strictly Catholic tradition predominant in the English

colonies."⁶² Since the majority of the colonist leaders were Protestant and the Catholics were in the small minority the "Catholic immigrants frequently found their place in the lower strata of American society and were often not given full political rights."⁶³ The later Catholic settlers entered into a society already dominated by Protestant thought. Since new settlers were not normally elevated immediately to the social status of the previous immigrants, their views were not necessarily welcomed on all issues. Therefore, the Catholics found themselves principally among the working class in the new land and spent a considerable amount of time evolving into a portion of the "intellectual, political and business elite of the new world."⁶⁴

Although their historical influence on American ethical standards is substantially less than that of Protestantism, a brief summary of Catholic doctrine as it applies to capitalism is appropriate as a background to an examination of contemporary influence.

An event of major significance in terms of the relationship of Catholicism and capitalism was the issuance of an encyclical letter on "The Condition of Labor" by

⁶²John Tracy Ellis, American Catholicism (Chicago: University of Chicago Press, 1956), p. 27.

⁶³Clark, p. 56.

⁶⁴Ibid., p. 57.

Pope Leo XIII in 1891.⁶⁵ Prior to that date the papacy had remained somewhat aloof with respect to the social and economic issues of the day. Through this letter entitled Rerum Novarum, the Pope expressed his beliefs on capitalism (as opposing socialism) to the church hierarchy and eventually through them to the people. In this encyclical there was not a blanket endorsement of capitalism, but the essence of the writing favored free enterprise and minimum state control of business and individuals over the current issue of socialism.

Not only did Pope Leo's encyclical delve into the question of socialism and capitalism, it restated the Catholic Church's basic beliefs in the right to private ownership, man's supremacy over the earth, man's right to have and provide for a family, man's social responsibility, man's eternal nature, man's right to state protection and the station of religion in each man's life.⁶⁶ Although many of these beliefs are shared by other religions, they do summarize the fundamentals of the Catholic faith as it applies to man's actions in society. To more clearly define these principles, the following paragraphs amplify the concepts of each in accordance with the encyclical letter.

⁶⁵Pope Leo XIII, "Rerum Novarum (The Condition of Labor)," Seven Great Encyclicals (New Jersey: Paulist Press, 1963), pp. 1-36.

⁶⁶Ibid.

According to Pope Leo XIII, ". . . the very reason and motive of his (man's) work is to obtain property, and to hold it as his own private possession."⁶⁷ This right to private ownership is fundamental in the beliefs of the Catholic Church. "The law should favor ownership, and its policy should be to induce as many people as possible to become owners"⁶⁸ and, as a result, "property will certainly become more equitably divided"⁶⁹ and "men will . . . work harder . . . (because) they work on that which is their own."⁷⁰ Although supporting this right of ownership, the caution was issued repeatedly to avoid the extreme of "individualism".

Closely associated with this right to ownership is an obligation of the Catholic to use his possessions for the betterment of society. Saint Gregory is quoted by Pope Leo as saying, "Man should not consider his outward possessions as his own, but as common to all, so as to share them without difficulty when others are in need."⁷¹ In addition Leo XIII said:

No one is commanded to distribute to others that which is required for his own necessities and those of his household; not even to give away what is reasonably required to keep up becomingly his condition in life.⁷²

⁶⁷Ibid., p. 2.

⁶⁸Ibid., p. 22.

⁶⁹Ibid.

⁷⁰Ibid.

⁷¹Ibid., p. 11.

⁷²Ibid.

Again a caveat was stated to avoid the extreme of "collectivism."

Tied in with this use of possessions is the responsibility for a man to support his family first and foremost. The family is the primary social unit to which a man is responsible. The family is "a true 'society', anterior to every kind of State or nation, with rights and duties of its own, totally independent of the commonwealth."⁷³

The first purpose of the State or the law is to protect the individuals and families. The Pope said "the State must not absorb the individual or the family; both should be allowed free and untrammelled action as far as is consistent with the common good and the interest of others."⁷⁴ It is not the State's function to dictate the lives of individuals or provide support for able men's families. The State's function is to assure that the individual's rights are upheld and the individual is allowed to provide for his own family. "The law must not undertake more, nor go further, than is required for the remedy of the evil or the removal of the danger."⁷⁵

Underlying each of the rights supported by the Catholic Church is the philosophy of the dignity of an individual and his obligations to society. This concept is based on the teachings of Jesus Christ and the fact that

⁷³Ibid., p. 5.

⁷⁴Ibid., p. 17.

⁷⁵Ibid., p. 18.

according to the Bible, God created man in His own image. The dignity of the individual is provided through this spiritual association with God. Supplementing this individual nature of man, Christ taught that each person must function as a part of society. This does not mean to the Catholic that the individual is to be totally dependent on society, but that each person must operate in a relationship with his fellow man within the guidelines of his religion.⁷⁶

Another area related to capitalism discussed by Pope Leo in Rerum Novarum is the concept of a just wage. A just wage is freely determined between the employer and the employee. However, there is a minimum and a maximum set by fairness to the worker and the community. The minimum is the wage at which the worker can provide only for his necessities. If the laborer is forced to work for less than will meet his needs he cannot survive nor can the community if the situation is allowed to exist. If the wage is set too high, the business cannot survive and as a result, the community again, suffers.⁷⁷

The basic thrust of this concept is that the means for survival must be attainable through one's labor. If the individuals or society for any reason allows earnings to fall below that needed for necessities, free society cannot exist. As a logical follow-on to this thought, Pope

⁷⁶Clark, p. 58.

⁷⁷Pope Leo XIII, p. 21.

Leo supported the formation of unions to protect the workers against unfair and inequitable management practices and to charitably provide for the welfare of the community.

In 1931, Pope Pius supported the views of Pope Leo XIII in his encyclical, Quadragesimo Anno (Reconstructing the Social Order).⁷⁸ The first half of the text of this letter reiterates and expands the philosophy of Rerum Novarum. Basically Pope Pius said that the concepts in their ideal state had not changed and the encyclical itself should stand as a "right solution" to social questions. However, the economics and social conditions had changed. This change and the adaptation of Pope Leo's doctrine (i.e. the Catholic Church's doctrine) to the new environment was the subject of the remainder of the encyclical letter.

Pius' views, in essence, were that capital and labor could not survive without each other. The community could not survive without the survival of the laborers, therefore, labor and management should band together in professional groups for the common good rather than forming opposing factions. Social legislation should be enacted to protect these professional groups. And wages should be determined through the combined efforts of employers and employees

⁷⁸Pope Pius XI, "Quadragesimo Anno (Reconstructing the Social Order)," Seven Great Encyclicals (New Jersey: Paulist Press, 1963), pp. 125-176.

rather than by free competition to insure the survival of society.⁷⁹

Fully supporting Pope Leo's position on the right to private ownership as a natural law and the obligation of the owner to contribute to the welfare of the community, Pope Pius stated that "economic life must be inspired by Christian principles" and ". . . charity 'which is the bond of perfection', must play a leading part."⁸⁰

Charity must be an individual responsibility; not a responsibility of the State. Socialism and Communism were firmly renounced for this removal of individual responsibility and for the elimination of the doctrine of private ownership. Pope Pius felt strongly enough against the "collectivist" attitude of socialism to say: "No one can be at the same time a sincere Catholic and a true socialist."⁸¹

These doctrines as originally documented by Pope Leo XIII and tempered to the changing times by Pope Pius XI form the foundation of contemporary Catholic attitude toward free enterprise and capitalism. Even though this discussion has not been a complete statement of Catholic doctrine, the portions presented should prove beneficial in understanding the data presented later in this paper.

⁷⁹Ibid., p. 146.

⁸⁰Ibid., pp. 163-164.

⁸¹Ibid., p. 158.

The Jewish Background

Traditionally, the United States has been described as a country founded in and operated under the Protestant, if not Christian ethical standards. However, there are prevalent philosophies and value systems that exist within the confines of this nation that run counter to that general statement. Perhaps the most obvious of these exceptions is the acceptance of material prosperity as a personal and national goal. Wealth has become a standard of success for individuals, businesses and even the nation as a whole. The fervor and emotion with which this standard has been accepted in America has led many to believe that self-interest and individualism are not the only motivational factors. Also contributing is a more deeply rooted intellectual and moral conviction concerning the value of leading the "the good life".⁸²

Many businessmen and businesses do not accept wealth and prosperity with the spirit of stewardship as expressed in the Protestant Ethic. Rather, material wealth is sought as a value itself. The religion that has probably received more general recognition as professing this value in the material world is that of Judaism.

Although the Jewish people compose only a small minority in the United States (approximately six million),

⁸²Clark, pp. 44-45.

their culture and values have been such as to allow them a significant role in contributing to the business morals in America. Unlike the Catholics, the Jews not only participated in, but contributed to, the formation of capitalism. In fact, one historian has said that capitalism was formed primarily by Jewish businessmen.⁸³

Throughout the long history of the Jewish people beginning in Old Testament times and continuing to the present, they have been scattered over many lands in relatively small groups. In recent times as they have been persecuted and expelled from areas and lands they proceeded to take refuge in one country after another. This forced migration of the people contributed a great deal to the spread of the Jewish ideals and customs. Not only did these persecutions distribute the people and their philosophy, it played a significant part in creating and maintaining a cohesion of the Jewish community.⁸⁴

A complete analysis of the Jewish religious contributions to American business ethics is complex because of the great diversity in Jewish values. There is really "no single set of universally accepted Jewish values."⁸⁵ With the existence of Orthodox and Reformed Judaism and many

⁸³Werner Sombart, The Jews and Modern Capitalism (Glencoe: The Free Press, 1951), pp. 60-75.

⁸⁴Clark, p. 30.

⁸⁵Ibid.

varied sects, a detailed discussion of all portions of the faith becomes lengthy. Rather than proceed into the nuances of all the beliefs, the remainder of this section will present several general Jewish values that relate to contemporary business ethics.

A fundamental value in the Jewish faith is the appreciation and love of life. Strictly opposed to the Christian ideal of disassociation from the material world, the Jew is "fundamentally and religiously involved in it."⁸⁶ Although most of the sections of the Jewish faith believe in a future spiritual life, there is a basic difference from Christianity in their concept of the present world. In the Jewish faith, "There is a basic and absolute value in living, not just a relative or utilitarian value."⁸⁷ The Jewish preoccupation is with life, not death or life after death.

The Old Testament is the basis for this love of life attitude. There are many verses that praise life and request of the Lord long life. In Psalms the author says, "He asked life of thee, and thou gavest it him, even length of days for ever and ever."⁸⁸ In another Psalm, the author requests length of life so he can praise and work for the Lord. And in Proverbs, it is said that, "The way of life

⁸⁶Ibid., p. 32.

⁸⁷Ibid.

⁸⁸Psalms 21:4.

is above to the wise, that he may depart from hell beneath."⁸⁹ The Jew regards life as God's primary blessing and, as such, is valued in and of itself.

As an extension of this philosophy is the belief of the Jews that a most fundamental responsibility in life is caring for the weak, elderly, destitute and underprivileged. The relationship of the individual to the group is of primary importance. The dignity of the individual concept as professed in the Catholic faith is not a value (or at least not a major value) in the Jewish faith.⁹⁰

The Jewish faith places paramount importance in group membership. This is thought to stem from the basic belief that the Jews are God's chosen people and in order to best preserve the race (and religion) group allegiance is required. In fact, Salo Baron has stated that the basic value of the Jews is the preservation of the Jewish people.⁹¹ Even though this particular statement has been debated by Jewish theologians, the basic social consciousness of the Jews is apparent.

Another value in the Jewish faith is the desire for and acceptance of wealth as a standard of success.

⁸⁹Proverbs 15:24.

⁹⁰Alfred Kutzik, Social Work and Jewish Values (Washington, D.C.: Public Affair Press, 1959), p. 13.

⁹¹Salo W. Baron, The Social and Political History of the Jews (New York: Columbia University Press, 1936), I, 40.

Especially in the American version of the Jewish faith, the appreciation of life's pleasures and the accumulation of wealth have evolved into very worthy objects for which the Jew should strive. However, this accumulation of material goods is not disassociated with social and charitable responsibility. Essentially, the belief is that the one who has more should contribute more.⁹²

These few values are basic in most forms of Judaism but the concepts concerning wealth are probably emphasized more in the American sects. The recognition of these underlying ideals, tempered with the knowledge that individual beliefs and applications contribute to much diversity, will aid in unraveling the research data that follow.

⁹²Clark, pp. 35-38.

CHAPTER III

EMPIRICAL DATA RELATING RELIGION TO BUSINESS ETHICS

This chapter presents research information that provides some aid in determining the actual relationship between religion and business ethics. These data have been gathered from varied sources in an attempt to answer the following questions:

What part does religion play in businessmen's definitions of business ethics?

What effect does religion have in determining who gets to make business decisions?

How does religion influence business decisions?

What is the future trend for business ethics?

Before beginning the actual study data, some general views on ethics are instructive. Mr. C.I. Lewis had the following comments on the subject:

Ethics is a most complex subject, and any attempt to reduce it to simple terms would be ill-judged and doomed to failure. Good or bad identifies with the consequences or results, whereas right or wrong identify with the means or the act itself and with the intention. A pertinent distinction is between expected and actual consequences. Objective rightness of an act is judged on the basis of whether the consequences are right to bring about. This is contrasted with subjective rightness of an act, which is one which the doer thinks will result in consequences which are right to bring about. These distinctions are not confined to moral judgment of acts, but extend to those which may be prudentially or technically right as

well as to their character as just or unjust to others.⁹³

As early as the fourth century B.C., Aristotle stated the philosophy that ethics are based subjectively in common sense, moderation and orthodoxy. He felt that happiness, which is the good of life and results of ethical actions, is founded in reason. The object of Aristotilian ethics "is not only to know but to act in the light of knowledge."⁹⁴

Supporting this basic concept of subjective ethics and adding the dimension of religion, Father Thomas Garrett, in a contemporary textbook on business ethics, says:

Ethics is not even identical with religious morality or moral theology. The great religions derive their moral precepts not only from human experience but from divine revelation. Ethics must rely on the unaided human reason. Because of this, the conclusions of ethics often fall far short of the ethical imperatives found in both Judaism and Christianity. Yet, there should be no conflict between ethics and moral theology, for ethics admits its incompleteness and sends the religious man to his faith for the completion of his moral equipment.⁹⁵

Father Garrett has stated a position that lies somewhere between Aristotilian ethics and the school of thought that ethics are founded solely in religious morality as expressed by Dietrich Bonhoeffer.

⁹³Charles I. Lewis, The Ground and Nature of the Right (New York: Columbia University Press, 1958), p. 281.

⁹⁴H.G. Wells, The Outline of History (New York: Doubleday and Company, Inc., 1971), I, 281.

⁹⁵Thomas M. Garrett, S.J., Business Ethics (New York: Appleton-Century-Crofts, 1966), p. 33.

Only he who knows God knows what love is; it is not the other way around; it is not that we first of all by nature know what love is and therefore know what God is . . . Love has its origin not in us but in God . . . it is as whole men, who think and who act, that we love God and our brothers.⁹⁶

It is this love of "God and our brothers" that forms the foundation of all ethical decisions according to Bonhoeffer. Supporting this concept, William Smith has said:

The Christian does not come into the circumstance with a number of principles to apply--he comes with a process for discerning Christ. Christian ethics become a living response and relation to Christ who is present in each situation.⁹⁷

Relating this concept of a religious based set of ethical standards to an apparent objective determination of moral precepts, C.I. Lewis has said:

The primary concern of ethics is with the moral integrity of the doer and his final responsibility; this can be termed right-mindedness. Solution of the central problem of ethics requires determining what character of the consequences of action it is by reference to which one act will be right and another wrong . . . The rightness of an action is determined by a rule or directive or right doing and a judgment of goodness to be found in the consequences of the act in question. Imperatives included seeing oneself in others, objectivity, compassion, moral equality, equality before the moral law. (emphasis added)⁹⁸

⁹⁶Dietrich Bonhoeffer, Ethics (New York: The Macmillan Company, 1965), pp. 50-54.

⁹⁷William O. Smith, "Christ and Ethics in Dietrich Bonhoeffer," Diss. Pacific School of Religion, 1968, p. 15.

⁹⁸Lewis, p. 27.

Offering another concept of ethics based on values, Paul Roubiczek states:

There are three absolute values: truth, goodness, and beauty, which are ends in themselves and require embodiment to become real Ethics demands essential knowledge which springs from the absolute, is immediately applied in action and leads back to our own world. . . .⁹⁹

Paul Tillich, the philosopher-theologian, related ethics to the decision process in the following:

Every decision is necessarily a cutting through something and a cutting off of other possibilities, but this means that a decision can be willful, made arbitrarily without a guiding norm. Therefore we ask: Are there guiding principles by which we can distinguish genuine decisions from the compulsions of willfulness? If there are, they must be absolute on the one side, relative on the other. An absolute principle for moral decisions has to be both . . . absolute, to save us from drowning in the chaos of relativism . . . relative to enter into our relative situation, the ethical contents. Our search for such principles can start with absolute . . . the unconditional imperative to acknowledge every person as a person.¹⁰⁰

Finally, and more directly addressing business ethics per se, Father Garrett has said:

Ethics is the science of judging specifically human ends and the relationship of means to those ends. In some way it is also the art of controlling means so that they will serve specifically human ends Ethics involves the use of any human knowledge whatsoever which has something to tell us about the suitability of the available instruments . . . it involves techniques of judging and decision-making as well as the tools of social control and personal development.

⁹⁹Paul Roubiczek, Ethical Values in the Age of Science (London: Cambridge University Press, 1969), pp. 5-6.

¹⁰⁰Paul Tillich, My Search for Absolutes (New York: Simon and Schuster, 1969), p. 105.

Business ethics is concerned primarily with the relationship of business goals and techniques to specifically human ends. It studies the impact of acts on the good of the individual, the firm, the business community and the society as a whole.¹⁰¹

As can be seen from this variety of thoughts, there is no one definition of ethics. Nor is there a single concept among philosophers and theologians as to the origins of ethical standards. It appears that the two extremes in concepts of ethical determinants are religion and personal reasoning. Between these lie many philosophies on the foundation of ethics that offer varying degrees of mixture of the extreme elements.

What Part Does Religion Play in the Businessmen's Definition of Business Ethics?

One of the most informative steps that can be taken in determining the relationship between religion and business ethics is to explore the concepts that businessmen have on the subject. Do the businessmen that actually form the business society subscribe to the same philosophies as the theologians and philosophers? Analysis of several research efforts will aid in answering this question.

In a well-known survey in the late 1960's by Raymond Baumhart, S.J., businessmen were asked to provide their definition of business ethics in a two-step process. The first step was to answer the direct question, "What does

¹⁰¹Garrett, p. 31.

ethical mean to you?" After this question was answered the subject was asked to choose the best definition from a list of nine choices. This list contained definitions of "ethical" taken from concepts propounded by philosophers, theologians and other businessmen.¹⁰²

In the first portion of this survey, seven businessmen out of one hundred did not give a definition of "ethical". The remaining ninety-three responses were divided into three categories: objective; subjective; objective and subjective. Objective was defined to mean that the answer referred to something extra-personal or external to the subject as controlling the determination of ethical actions. Subjective meant that the definition provided by the businessman depended solely on internal or personal determinants for ethical decisions (the Aristotilian concept). The final category of objective and subjective was applied to responses that combined elements of both intra-personal and extra-personal determinants.¹⁰³

The following is a list of the number of answers falling within each category.

¹⁰²Baumhart, pp. 10-17.

¹⁰³Ibid., p. 12.

Table 1

Categorization of Businessmen's
Definitions of "Ethical"¹⁰⁴

<u>Category</u>	<u>Number of Answers</u>
Subjective	33
Objective	27
Objective and subjective	13
No answer	7
Could not be categorized	20
(N=100)	

In itself this set of responses is far from providing any conclusive information on the businessmen's definition of ethics. However, there is an indication that religion is not the sole or, even necessarily, the major determining factor. A majority of the answers did not refer to any religious basis for ethics. And a large portion responded that personal judgment and feelings were the key to ethical actions.

The second step of this survey forced the businessmen to select a definition from a previously developed list. The list following provides a summarization of the response.

¹⁰⁴Ibid.

Table 2
What "Ethical" Means¹⁰⁵

<u>Definition</u>	<u>First Choice</u>	<u>Second Choice (Not Requested)</u>
What my feelings tell me is right.	50	8
In accord with my religious beliefs.	25	14
Conforms to "the golden rule".	18	15
What does the most good for the most people.	3	7
Customary behavior in our society.	3	6
Corresponds to my self-interest.	1	1
About the same as what is legal.	0	2
Contributes most to personal liberty.	0	1
What I want in a particular situation.	0	1

(N=100)

This section of the study provided more definitive information on the thoughts of the businessmen. Fifty percent of the respondents stated that ethical action was based in their personal feelings or intra-personal, subjective reasoning. However, this response did not necessarily eliminate the possibility (and even probability) that prior

¹⁰⁵Ibid., p. 13.

religious training influences their personal feelings on what is "right". Father Baumhart's study does not provide insight into this possibility.

The second and third-ranking definitions in the list illustrate a positive relationship between religion and ethics. The second-ranked definition states specifically that religion is the foundation of ethics. Of the respondents, 25% selected this as the primary factor. The third-ranked definition also relates religion to business ethics. The "golden rule" is derived from the teachings of Jesus in "The Sermon on the Mount" when He said, "therefore all things whatsoever ye would that men should do to you, do ye even so to them . . ."¹⁰⁶ Although the 18% that selected this definition did not necessarily relate the religious factor, religion did provide this precept. Combining these responses shows that at least 43% of the businessmen surveyed positively associated religion or religious concepts with ethics in business.

An interesting further result of Father Baumhart's survey was the unsolicited second choice answers supplied by 55 of the businessmen. Combining the two definitions as above, 29 out of the 55 businessmen (53% of those volunteering information) volunteered that religion was either a primary or secondary determinant of ethical actions. Even

¹⁰⁶Matthew 7:12.

though there is the possibility of overlapping answers in the first and second choices, there remains the distinct indication in this study that businessmen do feel that religion has a significant affect on the determination of ethics.

In another study conducted in the mid-1960's by John W. Clark, S.J., businessmen were asked questions which required the ranking of qualities which they would like to find in their associates. One of the questions directly asked the respondents to rank six factors that influenced ethical conduct in business. The results of this survey are shown in the chart below.

Table 3

The Ranking of Qualities Relating to
Business Success (Part 1)¹⁰⁷

<u>Factors Influencing Business Ethics</u>	<u>Mean Rank</u>	<u>% of Respondents Ranking</u>					
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Family training	1.97	58	16	6	11	8	1
Conduct of superiors	2.82	22	19	28	18	12	1
Religious training	3.71	9	25	17	9	16	24
Conduct of peers	4.00	1	17	22	19	22	19
Practices in industry	4.04	10	11	16	22	12	29
School and university training	4.51	0	11	11	21	30	27

¹⁰⁷Clark, p. 118.

From these data it can be seen that roughly one-third (34%) of the respondents directly stated that religion was one of the two major influences (from the list) in determining ethical actions. Nearly three-quarter (74%) of the businessmen in this survey felt that family training was one of the two top influences on business ethics. The amount of this family training that had its source in religious teachings is not determined.

In three other questions the list of qualities to be ranked were designed to determine the businessmen's views on the virtues of the Protestant Ethic as described in Chapter I vis-a-vis socially oriented qualities (the organizational man concept). The responses to these questions are summarized in the following table: (the Protestant Ethic quality is underlined).

Religious	3.33
Dedication to the organization	3.28
Integrity of character	3.22
Business standards	3.17
Family and social commitments	3.11
Ability to get along with others	3.06
Efficiency	3.01
Dedication to the organization	2.96
Family and social commitments	2.91

Table 4

The Ranking of Qualities Relating to
Business Success (Part 2)¹⁰⁸

<u>Quality</u>	<u>Mean Rank</u> (Out of 6 choices)
Qualities you would like to find in your associates:	
Leadership	2.32
Ability to get along with others	2.50
Technical know-how	2.71
<u>Hard work</u>	2.81
<u>Thrift</u>	4.67
Qualities you would like to find in your associates:	
<u>Honesty</u>	1.94
Judgment	2.16
Sensitivity to others	3.16
Dedication to the organization	3.28
Breadth of interest	4.49
Qualities important for business success:	
<u>Hard work</u>	2.35
Ability to get along with others	2.41
<u>Honesty</u>	2.68
Dedication to the organization	3.05
Family and social connections	4.54

¹⁰⁸Ibid.

In the first question the two values of the Protestant Ethic were ranked last by the respondents. In the second question, which had more significant ranking spread, the Protestant Ethic quality was ranked as the most desirable. In the final question, the Protestant Ethic values ranked first and third out of the six choices.

The point to be made by these data is that the Protestant Ethic which is founded firmly in religious training is still a significant influence in the attitudes of businessmen. The data on the qualities in the first question of the three was not significant except in the low ranking of thrift. However, the other two sets of data clearly indicate that the businessmen responding to this survey felt that the virtues of hard work and honesty were important factors in the business world.¹⁰⁹

In three other studies related to businessmen's thoughts on religion and ethics, opinions on values were measured. The first two studies were conducted by Andrew F. Sikula in 1972. In these studies, values of executives from governmental occupations and personnel managers from various industries were measured by the Rokeach Value Survey. This survey consisted of two sets of 18 different values. One of these sets was called "terminal" values and represented end objectives; the other set represented the methods or means

¹⁰⁹Ibid., p. 117.

and was called "instrumental" values. The subject was asked to rank order these values as he saw them as values in his life.¹¹⁰

According to Mr. Sikula, "values consist of opinions about what is right, fair, just, or desirable."¹¹¹ Since values are opinions, they offer some insight into the manager's thoughts on influences in their daily activities. The point of interest in these two studies is the relatively low priority that the businessmen consciously gave to the obvious religious terminal value, salvation. In both cases, this value ranked in the bottom third of the lists. However, in both cases the deviation of responses on the terminal value of salvation was the largest. Of the governmental executives, 24% rated it as the highest value while 37% rated it the lowest; the personnel managers spread their ratings from 14% thinking salvation to be the highest value to 20% thinking it the lowest.¹¹² These facts indicate that even though on the average the managers rated the religious goal low, there seems to be a large variation in opinions as to how significant it really is.

In a similar study conducted by William Guth and Renato Tagiuru in 1965, the data led to basically the same

¹¹⁰Andrew F. Sikula, "The Values and Value Systems of Industrial Personnel Managers," Public Personnel Management, 2, 1973, 17.

¹¹¹Ibid.

¹¹²Ibid., p. 18.

conclusion as Mr. Sikula's survey. In this study executives were asked to fill out a questionnaire that was designed to measure how they ranked six value orientations in their own fields as well as in other related fields. The six value orientations in the order of their ranking by the businessmen surveyed are listed below.

Table 5

Ranking of Businessmen's Values by Businessmen¹¹³

1. Economic
2. Theoretical
3. Political
4. Religious
5. Aesthetic
6. Social

It was emphasized by Messrs. Guth and Tagiuri that these rankings are averages for a large group and by no means represent any standard for one individual. To emphasize this point they selected four different executives' answers and showed that each had a distinctly different value orientation (religious, theoretical, aesthetic and economic). Again, it was demonstrated that consciously the executives

¹¹³Willaim D. Guth and Renato Tagiuri, "Personal Values and Corporate Strategies," Harvard Business Review, 43, No. 5 (1965), 123-132.

on the average selected the religious influence as low in priority but there was also a wide variation of answers.¹¹⁴

These studies demonstrate the degree of emphasis businessmen give to religion and religious training as influences on business actions and ethics. In most cases, the data indicated that businessmen do not rank the religious factor as the most important influence. However, the data did indicate that religion was at least a factor that businessmen consciously selected as having some effect on the formation of ethics.

What Effect Does Religion Have in Determining Who Gets to Make Business Decisions?

The next step in the presentation of the research is to examine studies on the influence of religion in placing businessmen in the positions that allow them to make business decisions. The basic question to be answered is: Does religion or religious affiliation have any effect on business promotions?

In a study conducted by Mr. Reed M. Powell in 1969, a large variety of businesses and businessmen were surveyed to determine the relationship between different religions and promotions. In this study, Mr. Powell not only surveyed individuals but placed observers in the different businesses

¹¹⁴Ibid.

to uncover data that could not be found in a survey.¹¹⁵

In one of the general surveys in this study, businessmen were asked to state whether they felt that religious affiliation had an influence in the business world. The answers from 239 respondents are summarized in the following chart.

Table 6

Religious Affiliation as an Influence¹¹⁶

<u>Religious Group</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u> (Or <u>Don't Know</u>)
Baptist	3.3%	1.3%	95.4%
Episcopal	3.8	.4	95.8
Congregational	3.3	.4	96.3
Methodist	3.3	.4	96.3
Lutheran	3.8	.4	95.8
Presbyterian	4.2	.4	95.4
Roman Catholic	5.4	2.5	92.1
Mormon	6.7	2.1	91.2
Jewish	.4	23.4	76.2

Significantly, a large majority of the businessmen saw religious affiliation as having no bearing on business

¹¹⁵Reed M. Powell, Race Religion and the Promotion of the American Executive (Columbus: The Ohio State University, 1969), pp. 8-26.

¹¹⁶Ibid., p. 67.

operations. This majority was reduced greatly in the case of the Jews. A sizeable minority (23.4%) of the businessmen felt that being Jewish provided a distinct disadvantage insofar as influence in the business community was concerned. This may be explained by the relatively small portion of American businessmen that the Jews represent. Since the majority of businessmen in the United States are of Christian descent or at least non-Jew, Jewish affiliation in some cases actually works against the individual.

This does not necessarily mean that all Jews in American business are discriminated against because of their race. It is simply saying that because of the predominance of non-Jewish individuals with non-Jewish ideals in the business world, the Jew is not accepted into the management of the average business as readily as someone with a similar background and similar thoughts to that of the business's owners or previous managers. There are, of course, exceptions but this offers a possible cause for the high negative factor found in the data for the Jewish influence.

Another portion of the data worth noting was the values associated with the Catholic and Mormon influences. Although not as significant as the data on the Jewish influence, these data indicate that there is a substantial positive influence exerted by affiliation with either group. In the case of the data on the Catholic influence, it is felt that this may be related to the representation of Catholics

in high level management positions. However, the Mormons do not have a significant representation in business management; therefore, it is postulated that this ranking is based more on reputation than any actual experiences.¹¹⁷

In another of Mr. Powell's surveys, the businessmen rated the influence that affiliation with different religions has on promotability. The businessmen not only categorized the data by religious groups but also by different characteristics attributed to management potential. The characteristics separated out were managerial capability, intellectual curiosity, ethics, value of what is important in life, ambition, and social interaction. The chart that follows summarizes data relating the businessmen's opinions on the influence of religious groups upon promotability relative to managerial capability.

¹¹⁷Ibid., p. 121.

Table 7

Influence of Religious Groups Upon
Executive Promotability Relative
to Managerial Capability¹¹⁸

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	33.6%	0.0%	60.0%	6.4%
Methodist	23.9	.9	65.1	9.2
Congregational	24.8	.9	66.7	9.2
Baptist	23.1	0.0	66.7	9.3
Presbyterian	23.9	0.0	67.0	9.2
Lutheran	26.6	0.0	64.2	9.2
Roman Catholic	21.1	5.5	63.3	10.1
Jewish	31.2	11.0	47.7	10.1
Mormon	33.0	2.8	53.2	11.0
Agnostic	16.5	12.8	59.6	11.0

From these data it can be seen that the Episcopal, Mormon, and Jewish religions lead the list as far as businessmen characterize religions in management expertise and capability. At the bottom of the list fall the agnostics. Between these extremes lie the other religions.

Basically, this chart says that businessmen view Episcopalians, Mormons, and Jews as possessing more business acumen than those in other religions. Surprisingly, though, the Episcopalians and Mormons were rated higher than the Jews

¹¹⁸Ibid.

who hold the general reputation of acute business awareness. Again, this may be attributable to the philosophically different environment in which the Jew must work if he is not self-employed.

In the next portion of the survey, the businessmen rated religions as to intellectual curiosity. These data are summarized in the following chart.

Table 8

Influence of Religious Groups Upon
Executive Promotability Relative
to Intellectual Curiosity¹¹⁹

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	11.0%	6.4%	72.5%	10.1%
Methodist	10.1	6.4	73.4	10.1
Congregational	13.8	4.6	71.6	10.1
Baptist	9.2	11.9	68.8	10.1
Presbyterian	11.0	4.6	74.3	10.1
Lutheran	10.1	8.3	71.6	10.1
Roman Catholic	5.5	29.4	56.0	9.2
Jewish	32.4	3.7	55.0	8.3
Mormon	14.7	10.1	63.3	11.9
Agnostic	29.4	13.8	45.9	11.0

These data indicate that in terms of intellectual curiosity, Jews far exceed any other religion in the eyes of

¹¹⁹Ibid., p. 123.

the businessmen surveyed. A reasonably close second place was held by the agnostics, even though they also ranked second in their religious affiliation being a hinderance.

The lowest ranking in intellectual curiosity was held by the Catholics. The businessmen felt that not only was the Catholic's intellectual curiosity not a help in business promotions, it was a distinct hinderance. Although no definite reason for this ranking can be extracted from the data, one possible contributing factor could be the non-Catholic's view of a Catholic's submissiveness to the will of the church heirarchy in religious matters.

In the next portion of the survey, the attitude of businessmen toward ethics and moral standards as related to religion was measured. The data gathered by Mr. Powell show some interesting results. These data are shown in the following chart.

Table 9

Influence of Religious Groups Upon
Executive Promotability Relative
to Ethics and Moral Scruples¹²⁰

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	46.8%	1.8%	44.0%	7.3%
Methodist	43.1	1.8	47.7	7.3
Congregational	40.4	1.8	50.5	7.3
Baptist	39.4	4.6	48.6	7.3
Presbyterian	43.1	2.8	46.8	7.3
Lutheran	42.2	1.8	50.5	5.5
Roman Catholic	40.4	6.4	46.8	6.4
Jewish	31.2	22.0	39.4	7.3
Mormon	45.9	10.1	35.8	8.3
Agnostic	9.2	32.1	48.6	10.1

In regards to ethics and moral scruples, the businessmen saw Episcopalians and Mormons as the highest ranking religious affiliations for promotions. Again, the explanations provided for this particular rating were based on the high representation in management for the Episcopalians and the reputation of the Mormon religion.¹²¹

The Jewish religion was seen to be second only to agnostics as a hinderance to promotions where ethical standards are concerned. Although there is no solid explanation

¹²⁰Ibid., p. 124.

¹²¹Ibid.

provided for this ranking, a possible contributing factor may be personal prejudices of individuals rather than specific instances experienced by the businessmen in the survey.

The next part of the survey was concerned with the sense of values of the important things in life. In this part of the study, the data did not vary on the positive side as much as did the data in the previous portions of the study. However, the negative effect of religious affiliation provided some interesting results. The data are summarized in the following chart.

Table 10

Influence of Religious Groups Upon Executive
Promotability Relative to Sense of Value
as to What is Important in Life¹²²

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	34.9%	5.5%	49.5%	10.1%
Methodist	34.9	5.5	49.5	10.1
Congregational	34.9	5.5	49.5	10.1
Baptist	33.9	9.2	46.8	10.1
Presbyterian	35.8	5.5	48.6	10.1
Lutheran	34.9	6.4	49.5	9.2
Roman Catholic	35.8	13.8	39.4	11.0
Jewish	34.9	23.9	32.1	9.2
Mormon	40.4	15.6	33.0	11.9
Agnostic	14.7	27.5	46.8	11.0

¹²²Ibid., p. 128.

As an aid to promotion when the sense of values is concerned the only significant variation other than the low rating of agnostics was for the Mormons. Along with this high positive rating, the Mormons also received a moderately high negative rating. Other than the previous reason given for the Mormon's ratings, there is no explanation given for the outcome of this survey.

In this portion of the survey the businessmen said the agnostics and Jews were significantly low in their priority of values. The data showed it to be a distinct hinderance in promotions to be affiliated with either group when values are the determining factor.

Somewhat less significant but still an existing negative factor was given to the Catholics. The businessmen expressed through the data the feeling that Catholic's values are a hinderance to promotion in some areas. Since the specific values referred to by businessmen were not researched in this study, there is no firm explanation given for the results.

In the next part of the survey, Mr. Powell related aggressiveness and ambition to religion. The data are provided in the following table.

Table 11

Influence of Religious Groups Upon Executive
Promotability Relative to Ambition,
Aggressiveness and Drive¹²³

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	22.7%	0.0%	60.5%	16.8%
Methodist	22.9	0.0	67.9	9.2
Congregational	22.0	0.0	68.8	9.2
Baptist	22.9	.9	67.0	9.2
Presbyterian	23.9	0.0	67.0	9.2
Lutheran	25.7	.9	65.1	8.3
Roman Catholic	30.3	5.5	53.1	11.0
Jewish	47.7	11.0	32.1	9.2
Mormon	38.5	.9	50.5	10.1
Agnostic	24.8	3.7	60.5	11.0

The primary areas of interest in these data are the ratings of the top three religions; Jews, Mormons, and Catholics, respectively. Rated far above the other religions, Jews are seen by businessmen to possess a great deal of aggression, ambition and drive in business. Along with this high positive rating, the businessmen also gave the Jews the highest negative (or hinderance) rating. This may be attributable to some feeling of over ambitiousness rather than to any general view of the Jews lacking aggression in business.

¹²³Ibid., p. 129.

The Mormons and Catholics ranked second and third, respectively in this survey. The remainder of the religions and the agnostics were grouped together as having the least influence either positive or negative. The only exception to this was the tendency for agnosticism to be a hinderance slightly more significant than religion.

The final portion of the survey related the social aspects of the business world to religion. The data are summarized in the following table.

Table 12

Influence of Religious Groups Upon Executive
Promotability Relative to Patterns of
Friendship and Social Interaction
Both Inside and Outside
the Firm¹²⁴

<u>Religious Groups</u>	<u>Helps</u>	<u>Hinders</u>	<u>Neither</u>	<u>Did Not Answer</u>
Episcopal	45.0%	.9%	45.0%	9.2%
Methodist	39.0	1.8	49.5	9.2
Congregational	40.4	1.8	48.6	9.2
Baptist	33.9	4.6	52.3	9.2
Presbyterian	42.2	1.8	46.8	9.2
Lutheran	40.4	1.8	48.6	8.3
Roman Catholic	32.1	13.8	45.0	9.2
Jewish	15.6	48.6	26.6	9.2
Mormon	32.1	22.0	34.9	11.0
Agnostic	6.4	34.9	47.7	11.0

¹²⁴Ibid., p. 137.

The grouping of the data on this chart shows that the Episcopalians, Methodists, Congregationalists, Presbyterians, and Lutherans all have a high social quality as seen by businessmen. The agnostics are shown to have the lowest rating as far as their affiliations being an aid to promotion but the Jews have an extremely high negative value for the same quality. This, again, may be attributable to their minority position in the business world associated with their strong belief in association with people of their own faith.

This chart also shows the social life of the Mormons as being seen by the businessman as a negative influence on promotions. This may be caused more by businessmen's perception of the Mormon's strict social rules than by actual restrictions in the Mormon's beliefs.

How Does Religion Influence Business Decisions?

In a further probe into the influence religion has on business ethics, the direct effect of religion on business decisions seems paramount. The extent to which business decisions are biased by the businessman's personal religious convictions provides an accurate indicator of the actual relationship between "normal" business operations and religion. This will also determine the relationship between business ethics and religion, since business ethics and "normal" operations are related by definition. The problem, of course, is to measure the religious influence.

To this end, Raymond Shuster performed a study in 1971 to measure the influence of religion and other non-technical variables on management decisions. Two of the conclusions that were supported by the study data were:

The individual manager will tend to view himself as more ethical than other managers.¹²⁵

The more religious manager will be more concerned about the interests of others and less concerned with self-interest than the less religious managers.¹²⁶

In Shuster's study the first conclusion was supported by analysis of answers to case problems. The data indicated that within each of the functional groups (e.g., Personal and Administration, Engineering, etc.) the response was in the same direction; individuals view their actions as more ethical than those of their peers.

The first conclusion was also supported by Father Raymond Baumhart's study in 1968. In Father Baumhart's survey, analysis of the answers to four case problems revealed that, without exception in the summarized data, the businessmen viewed their actions more ethical than that of their associates, and the actions of their business more ethical than that of other businesses.¹²⁷

¹²⁵Raymond James Shuster, "An Exploratory Study of the Ethical Perceptions of Middle and Lower Level Managers and the Influence of Non-Technical Variables on Their Decisions," Diss. Michigan State University, 1971, p. 220.

¹²⁶Ibid., p. 225.

¹²⁷Baumhart, pp. 17-25.

The second conclusion of Dr. Shuster's study says, in effect that self-interest and religion are inversely related; the more religious the manager, the less self-interest exists. However, of significance here is the fact that with this lack of self-interest in the more religious manager there is an increased amount, not of interest for the business or business's concerns, but of interest for other individuals. This is a very significant factor when considering the influence in effect on an individual-versus-company type decision.

In Father Baumhart's study another survey was aimed at the direct influences on ethical and unethical decisions. This forced-choice survey listed five possible influences on making ethical and unethical decisions. The respondents ranked the influences on a scale of 1 to 5, with 1 being the most influential and 5 being the least. The results are shown in the following table.

Table 13

Influences on Business Behavior¹²⁸

A. What influences a businessman to make ethical decisions?

<u>Possible Influence</u>	<u>Average Rank (Weighted)</u>
A man's personal code of behavior	1.5
Formal company policy	2.8
The behavior of a man's superiors in the company	2.8
Ethical climate of the industry	3.8
The behavior of a man's equals in the company	4.0

B. What influences a businessman to make unethical decisions?

<u>Possible Influence</u>	<u>Average Rank (Weighted)</u>
The behavior of a man's superiors in the company	1.8
Ethical climate of the industry	2.6
The behavior of a man's equals in the company	3.2
Lack of company policy	3.3
Personal financial needs	4.1

The results of the first question--influences on ethical decisions, indicated that the most significant influence was the personal convictions of the individual.

¹²⁸Ibid., p. 47.

According to Father Baumhart, these convictions are based on inner factors which include conscience, religious affiliations and beliefs.¹²⁹

A surprising (to this author) second choice was the formal company policy influence. From the data, it appears that documented company policies have a positive effect on ethics and ethical decisions. This possibly supports a need for thorough documentation of company policies.

In the second question the respondents indicated that the prime influence on unethical decisions was the behavior of an individual's superior in the company. This indicates a very strong tendency for a businessman to compromise personal ethical standards for those of his boss.

If a businessman will lower his ethical standards to coincide with the example set by his superior as the data indicate, the question remains as to just how much of his personal convictions will he compromise upon direct instruction from his boss. This question was dealt with in a very interesting study by Stanley Milgram at Yale University.

In Mr. Milgram's study, two people were brought into a psychology laboratory to participate in a study of memory and learning. One of them was designated as the "teacher" and the other was the "learner". The experimenter explained that the learner would be strapped to an electrically wired

¹²⁹Ibid., p. 48.

chair. For each mistake made in remembering word pairs the teacher would pull one of a series of electrical switches to shock the learner in hopes of increasing his retention. The series of switches was convincingly labeled with voltages ranging from 15 to 450 volts. Also above each voltage was a warning progressing from a mild warning of "Slight Shock" to the more serious warning of "Danger: Severe Shock" (two switches past this last warning were labeled simply "XXX"). To further strengthen the subject's belief in the authenticity of the machine, each was given a 45 volt shock from the generator.¹³⁰

The subject of the study was the teacher; the learner was an actor who received no shocks from the generator but reacted to the switches being pulled as if the shock were real.

Through analysis of groups ranging from college students to businessmen to the unemployed, Mr. Milgram found that between 60 and 85 per cent of the subjects would "shock" the learner at the highest level at the command of the experimenter--even with the learner screaming in protest and, in several cases, pretending to have fainted from the extreme pain.¹³¹

¹³⁰Stanley Milgram, "The Perils of Obedience," Harper's Magazine, December, 1973, pp. 62-63.

¹³¹Ibid., p. 63.

Mr. Milgram's conclusion from these data was:

The essence of obedience is that a person comes to view himself as the instrument for carrying out another person's wishes, and he therefore no longer regards himself as responsible for his actions. Once this critical shift of viewpoint has occurred, all of the essential features of obedience follow. The most far-reaching consequence is that the person feels responsible to the authority directing him but feels no responsibility for the content of the actions that the authority prescribes. Morality does not disappear--it acquires a radically different focus: the subordinate person feels shame or pride depending on how adequately he has performed the actions called for by authority.¹³²

Through the action of direct authority, Mr. Milgram found that a significant majority of individuals have a tendency to subordinate and even completely sacrifice their moral and ethical principles for those of their superiors. This can have a direct affect on the ethical decisions made by businessmen.

In a study of New York businesses conducted by George Oliver of Rensselaer Polytechnic Institute, the relationship between the personal values of managers and organizational climate was explored. Dr. Oliver found that there was a direct correlation between the possession of social and religious values by managers and organizational climates characterized by high team spirit, organizational clarity, rewards and responsibility.¹³³

¹³²Ibid., p. 76.

¹³³George Michael Oliver, "Organizational Climate and the Personal Values of Managers: An Exploratory Field Study," Diss. Rensselaer Polytechnic Institute, 1970, pp. 120-163.

The direct effect of religion on business operations and organizational climate was evidenced by the positive correlation of religion to group involvement in decisions. To discover this relationship, Dr. Oliver performed a survey that was based in ideas set forth by Dr. Rensis Likert and Edward Spranger. The idea borrowed from Dr. Likert was one of categorizing organizational characteristics on a continuum between the extremes called "Exploitive Authoritative" and "Participative Group". The definition and basic discussion of the qualities of a "religious" man are Spranger's.¹³⁴

In Dr. Oliver's survey, the religious man (by Spranger's definition) showed a strong tendency toward the Participative Group characteristic (by Likert's definition). Comparing this result to Dr. Shuster's second conclusion--religious managers are more concerned with the interests of others, it is noted that there is a strong indication that the religious manager relates better to his subordinates than the non-religious manager. According to Dr. Oliver these better working relationships are associated with highly effective organizations. This conclusion was also arrived at by Dr. Likert in a study in 1955. As a result of his research, Dr. Likert stated that ". . . those managers who have a favorable attitude-toward-man score achieve significantly

¹³⁴Ibid., p. 134.

higher performance than those managers who have an unfavorable score."¹³⁵

In another study performed in Lansing, Michigan by Mojtaba Kashefi-Zihagh, the relationship between organizational effectiveness and personal values was examined. Although this study was inconclusive in relating religion to effectiveness in business the Rokeach Value Survey used in this effort revealed some interesting results. The data from this survey are shown in the following chart.

Individualism	7.43	8	6.73	8	6.28
Power	18.67	9	16.4	9	13.50
Internal locus of control	14.27	11	13.01	10	11.00
Quality	8.08	8	8.87	8	8.28
Family security	2.77	1	3.81	2	3.00
Success	6.71	6	6.70	6	6.17
Equality	8.28	7	7.77	6	6.01
Law and order	12.21	8	12.13	10	11.00
Self-reliance	11.21	10	11.17	11	10.00
Religious tolerance	11.28	10	10.40	10	9.00
Health	15.37	10	14.57	10	13.50
Motivation	10.67	10	11.38	12	11.50
Self-respect	7.02	5	6.19	5	5.00
Social recognition	14.01	10	13.72	10	14.01
Free enterprise	10.25	11	10.33	11	10.33

¹³⁵Rensis Likert, New Patterns of Management (New York: McGraw-Hill Book Co., 1961), pp. 4-5.

Mojtaba Kashefi-Zihagh, "An Empirical Investigation of the Relationship Between Value Systems and Organizational Effectiveness," Diss. Michigan State University, 1979, p. 105.

Table 14

Terminal Value Medians and Composite Rank-Orders
for the Effective Organizations
Based on Religion¹³⁶

(Total N=117)	<u>Catholic</u>		<u>Protestant</u>		<u>No Religious Affiliation</u>	
	25		84		8	
	<u>Median</u>	<u>Rank</u>	<u>Median</u>	<u>Rank</u>	<u>Median</u>	<u>Rank</u>
A comfortable life	9.00	10	8.25	7	5.00	5
An exciting life	13.00	15	13.00	14	8.00	8
A sense of accomplishment	7.13	6	5.25	3	8.00	9
A world at peace	8.67	9	6.81	5	3.50	2
A world of beauty	14.25	17	13.91	16	11.00	13
Equality	7.00	4	8.67	8	4.00	3
Family security	2.75	1	2.61	1	3.00	1
Freedom	6.33	2	6.80	4	4.17	4
Happiness	6.33	3	7.78	6	9.83	10
Inner harmony	8.25	8	10.17	10	11.50	14
Mature love	11.25	13	11.17	13	10.00	11
National security	13.00	14	10.40	12	13.50	15
Pleasure	15.63	18	14.57	17	15.50	18
Salvation	10.67	12	13.38	15	14.50	16
Self-respect	7.00	5	5.19	2	5.00	6
Social recognition	14.00	16	14.72	18	14.83	17
True friendship	10.25	11	10.33	11	10.50	12
Wisdom	7.75	7	9.10	9	5.50	7

¹³⁶Mojtaba Kashefi-Zihagh, "An Empirical Investigation of the Relationship Between Value Systems and Organizational Effectiveness," Diss. Michigan State University, 1970, p. 108.

Of interest in this chart is the low ranking by all three groups of the obvious religious terminal value, salvation. The Catholic group rated this value in the middle third of the total eighteen values while the Protestants and the non-religious rated it in the bottom third. For the religious groups this low ranking may be explained by the idea of the Christian religions that if an individual lives a proper life, then salvation is the logical end reward. Therefore, the appropriate goals of life deal with achievement of perfection in daily living, not in attaining God's reward. This is simply saying that to the Christian, actions are not properly justified by the hope of reward but rather by obedience to what is believed to be God's will.

The explanation for the low ranking of salvation as a value by the non-religious group is apparent by the fact that they have not seen enough value in the hope of salvation to even associate themselves with a religion, organized or not.

Dr. Kashefi-Zihagh also summarized the chart in the following words:

Those who believed in no religion differed from the religious groups by assigning less importance to . . . (a Sense of Accomplishment, Happiness, Inner Harmony, and Salvation) . . . and more importance to A Comfortable Life, An Exciting Life, A World at Peace, and Equality. These values seem to have a very low association with hard working and higher achievements.¹³⁷

¹³⁷Ibid., pp. 108-110.

If it can be agreed upon that one of the primary measures of an effective organization is the quality of its decisions (as evidenced by actions), then the data show a tendency for religion to have a positive effect on business decisions.

What is the Future Trend for Business Ethics?

After having reviewed the data on existing ethics, the next question that seems appropriate is one concerning the future of business ethics. Will the ethical standards of the future improve? This is the basic question approached by two recent studies and speculated upon by different authors in recent articles.

In a study conducted in 1967, R.M. Fulmer examined the attitudes and beliefs of 1,158 graduating MBA's in relation to business ethics. The ages of those participating in this study ranged from 20 to the mid-40's with 69% being between 20 and 26 years of age. Of the respondents, 53% were Protestants, 21% were Catholics, 8% were Jews, 10% were unaffiliated and 8% were of other denominations. From this group Dr. Fulmer found the following:

- (1) 89% disagreed with the idea that businessmen's purpose is to make profit
- (2) 76% felt that profit maximization is immoral
- (3) 15% agreed with the Carthaginian Creed that "nothing which results in profit is regarded as disgraceful"
- (4) 24% support the philosophy of caveat emptor

- (5) 40% felt that their principles would have to be compromised in business¹³⁸

Little idealism about business or ethics was observed by Dr. Fulmer in this survey. This led him to feel that the future is not bright for business ethics. Four of the conclusions drawn by Dr. Fulmer from the survey were:

- (1) The students' ethics were lower than those of senior businessmen.
- (2) There are few generally accepted standards of business behavior by future managers.
- (3) The students were aware of ethical shortcomings in business.
- (4) The students were less definitive on ethical situations than businessmen (i.e., the students saw more "gray areas").¹³⁹

In another study of both business and non-business students, it was found that education in business leads to a more tolerant attitude toward ethics. Business education was seen to increase the tolerance for questionable practices.¹⁴⁰

If the results of these studies apply generally, and there is no indication that they do not, the future for ethics in business does not appear to be particularly good.

¹³⁸R.M. Fulmer, "Business Ethics, Present and Future," Personnel Administration, Sept.-Oct., 1971, p. 48.

¹³⁹Ibid., p. 48.

¹⁴⁰D.I. Hawkins and A. Benton Cocanougher, "Student Evaluation of the Ethics of Marketing Practices: The Role of Marketing Education," Journal of Marketing, 36 (April, 1972), 61-64.

However, there are some less scientific but none the less valid observations that tend to be encouraging.

Dr. Shuster observed an extreme increase in the number of publications on the subject of ethics in each year since the mid-1950's to 1970.¹⁴¹ This trend, also observed by this author, has continued into 1974 with the articles and books on the subject growing into the thousands. This is a sign of growing concern for ethics in business by society.

There has also been a recent increase in the number of universities and colleges offering specific courses on ethics through the business schools. This has by no means extended to all learning institutions, but the trend is again favorable for business ethics.

Finally, it has been observed by both Nathan A. Baily and Father Raymond Baumhart that the idea that "good ethics is good business" is being passed along to many younger employees by older employees.¹⁴² Although there are varied explanations for the passing of this philosophy, the fact that it is happening provides an optimistic look at the future of business ethics.

¹⁴¹Shuster, p. 51.

¹⁴²Nathan A. Baily, "The Role of Business and Business Schools in Raising Ethical Standards in Business," Michigan State Business Topics, Spring 1968, pp. 29-32.

These last observations appear to this author to have more of a bearing on the future of ethics than do the previous studies of students. This is felt to be true because the business environment itself has a large influence in the formation of any individual's view of business ethics. This was verified in Stanley Milgram's study and can be observed by anyone leaving school and entering business or transferring between businesses. Therefore, if the businessmen, as a part of society in general are becoming more concerned with ethics and are passing this concern on to the new entrants into the business world, then the future for ethics in business is much brighter than can be measured through surveys of third party or non-participating observers (i.e., students) of business practices.

CHAPTER IV
SUMMARY AND CONCLUSIONS

This paper has undertaken an investigation of the studies and general literature available on the relationship between religion and business ethics. The first chapter provided a general introduction and gave the reasons why this writer selected business ethics and religion as the topic. The second chapter presented a short history of the three major religious influences on American ethics. The purpose of these histories was to generally educate the reader and this writer on those differences between the religions that have or might have a bearing on the degree of influence that each actually exerts on American business ethics.

The third chapter presented the results of pertinent research efforts in the area of business ethics and associated influences. These data were selected from recent studies to present a picture of the empirical interrelationship of religion and ethical practices in business. The purpose of this final chapter is to delineate the conclusions this writer has drawn from the previous chapters.

From the picture developed in the historical review of the religions, the commonly accepted view that much of American morality was founded in Protestant philosophies

was confirmed. The original formation of ethical standards was influenced by formal religious thought that was not only brought in by the settlers but was also amended and molded to fit this new land and environment. The changes that religious thinking underwent in the formation of America varied from philosophical fine tuning, as in the case of the Puritans, to a complete overhaul as in the case of the Mormons.

There were many contributions from other religions in the development of America, but the establishment of primarily Protestant philosophies in the original colonies contributed greatly to the overwhelming Protestant influence for many of the early years.

In exploring the present day posture of business ethics, it was found that businessmen do not consciously recognize religion, in general, as being as influential as did earlier generations in America. The reasons for this are as diversified for business society as they are for this same wane in the remainder of society.

The religious influence, although still significant, has apparently faded from a primary position into a role secondary to a more Aristotilian concept of ethics. Businessmen have indicated that they no longer go to their religion first for aid in moral decisions. Individual logic and personal reasoning have supplanted religion in ethical questions in the business world.

Even though businessmen consciously feel that it has abated somewhat from its earlier years of influence, religion still has a significant effect on the business enterprise. In many cases businessmen relate back to or rely on precepts ingrained from childhood that actually originated in religious teachings. This, plus the credit given directly to religion, makes the total religious influence a major determinant of ethical conduct in business.

This writer feels that it is important to understand the distinction between the conscious and subconscious selection of influences. The discriminations made in the forced-choice surveys reveal the influences to which the businessmen consciously admit. The broad categories that relate to personal feelings and opinions as direct influences do not delve into the basic formation of these subjective factors. Without this further breakdown, no exact determination can be made of the basic influences operating in the formulation of ethical standards in business. Specific research in this area is required.

The Protestant Ethic virtues of hard work and honesty are recognized as valuable business qualities by contemporary businessmen. Combined with leadership, judgment and ability to get along with others, businessmen view these qualities as definite assets to an individual in the business world.

Association with a religious group was seen to have a seemingly insignificant general influence in business with

the exception of the Jews. A large minority of businessmen see affiliation with the Jewish religion as a definite negative factor in business operations. This negative influence is presumably due to the reputation of the Jews possessing an almost unbridled desire for wealth, and their desire for social associations with their own faith rather than intermingling with other faiths.

Although the desire for wealth is probably greatly overestimated by the majority of American businessmen, reputation rather than reality plays a leading role in forming subjective opinions. If it were not for the strong social ties of the Jewish people, it is possible that many of the misconceptions could be dispelled through more varied associations and the negative factor given the Jews reduced. However, as the situation stands, the business world, in general, does not view affiliation with the Jewish religion as a desirable association.

Businessmen categorize members of specific religions as possessing certain qualities simply because of their religious affiliations. In general, this categorizing revealed that businessmen view association with a religion versus agnosticism (or association with no religion) as a significant factor in indicating an individual's managerial capability, ethics and moral scruples, values of what is important in life, and social interactions. With the exception of the Jews, affiliation with a religion was

insignificant in indicating an individual's intellectual curiosity, and ambition and aggressiveness. The Jews were seen to rank significantly higher than other religious and non-religious organizations in these qualities.

Businessmen thinking that association with a religion indicates an individual is more ethical, has a proper sense of values, and is more social-minded is not surprising since the majority of businessmen are themselves associated in some manner with a religion. This association in all probability provides some common ground on which individual and philosophical relationships between the businessmen can be established. The common tie between individuals who are each associated with a religion, whether the same or simply related in their belief in God, must be greater than the relationship if this ground does not exist. However, the businessmen also felt that religious affiliation was a help in determining an individual's managerial capability. There are significant numbers of businessmen who evidently believe that the thinking process that leads one to a religion will also aid in the business world.

In evaluating the individual religions, businessmen felt that the Protestants and Catholics ranked high in the qualities of ethics and moral scruples with Jews ranking substantially lower. All three were rated close in their sense of value of what is important in life.

The Jews were rated the highest in intellectual curiosity (except for the Mormons), managerial capability and aggressiveness. The Protestants were seen to rank at the top in social relationships.

Apparently, businessmen do attribute varied business qualities to members of different religious groups. Whether these categorizations are based in facts or in hearsay has no real bearing on the fact that the categorizations do exist in the minds of businessmen. And with these preconceived notions come biases and prejudices that affect the operations of daily business enterprise.

It appears that from these biases ingrained in business minds, the Protestant groups in general tend to benefit more than the other groups. This probably is due to the predominance of Protestants in American business. The Catholics are not aided as significantly as the Protestants, but the extreme bias against this group that was once a reality does not now appear as an important factor.

Probably the most outstanding case of negative influence was toward the Jewish people. Even though businessmen see the Jews as possessing much business acumen, they still feel that association with this group is a negative factor in the business world. This suggests that there is more to business activity than the objective evaluation of specific talents. Subjective, sometimes unfounded, opinions play a large part in business dealings.

In regards to views on ethics, businessmen are again seen to be somewhat biased in their view of ethical actions. Businessmen tend to believe that their personal actions are more ethical than others in the same industry. They feel that if there are unethical practices in business, someone else is the responsible party. Businessmen are more tolerant toward their own and their business's questionable actions than they are toward others.

This attitude within industry can inhibit corrective action for unethical practices. If the individual managers within a business enterprise blindly rationalize away the need for correction of these practices, eventual outside intervention is unavoidable. By the time any outside agent can effect a mandatory change in a business practice, the problem, if really a problem, will have multiplied greatly since its first recognition.

Early and accurate decisions are keys to success in American business. The quality of these decisions varies from manager to manager and from group to group for a variety of factors. One of these factors is the relationship between the superior and his subordinates. The tendency is for groups with better working relationships between these levels to be more effective. There is a strong indication that the more religious managers relate to their subordinates better than non-religious managers. Therefore, religion has a positive relationship with the effectiveness

of a group as measured by the quality of its decisions.

The complexity of the relationship between superior and subordinate is compounded by the fact that the subordinate's ethical standards in business are directly related to those of his superior. The subordinate's morality takes the form of justifying actions on the basis of the superior's desires rather than on inner personal convictions. If the superior's actions and desires are ethical, there appears to be a firm, positive influence. If the superior's desires are unethical, there is a strong tendency for the subordinate to subjugate his morality to that of his boss.

There seems to be a logical flow through the myriad studies and study data that begins with the statement that the more effective organizations have better working relationships between company levels. Those organizations with the best working relationships tend to be headed by religiously affiliated individuals. Since religious associations are seen by businessmen to have a positive effect on ethics and since the superior's ethical standards have a strong influence on those of the subordinate, the more ethical organizations are, therefore, the more effective. This line of reasoning agrees with the adage that good ethics is good business.

As would be expected, there is varied opinion on the future of ethics in business. The actual study data on college students who will form the management of businesses

in the future indicates that there is little cause for optimism about the future of business ethics. There is a picture of business in the minds of many of these students that shows the business world as the great compromiser of personal ethics.

It is the opinion of this writer based on the tremendous increase of interest in business ethics that the future does not look so glum. At this time, there are many business-sponsored conferences and seminars dealing either exclusively or primarily with the improvement of ethical standards in business enterprise. Coupled with this introspection is the increased attention of government and the news media to the activities of businesses. This increase in interest and the now close scrutiny given to industry by agents both within and without, seemingly must exert a force toward improvement in the quality of ethical standards.

This writer also holds the opinion that religion can play a large part in improving ethics in business. If as Kenneth Boulding suggests the improvement of society (or business) depends upon the improvement of the individuals comprising the society and if, religion is to aid in improving the business community's ethical standards, then religion must continue to direct its attention and efforts toward the individuals rather than the general society. With this properly focused attention and increased inter-relationship between religions, this writer feels justified

in optimism about the future of the American standards of ethics in the business world.

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