

Work as Key to the Social Question

The Great Social and Economic Transformations and the Subjective Dimension of Work



From Personalist Philosophy to Positive Science:

A Conceptual Approach to Bridging
the Gap Between Moral Theory and
Management Practice

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The personalist insight that man himself is the primary basis of the value of work presents a challenge and an imperative for positive scientists who model human activity. If the person changes through his operations, then this fact must be posited in any suitable anthropology. Extant models such as “economic man” or “administrative man” are static insofar as they do not posit personal change occurring through personal operations and the decisions that precede them—a fact that dooms management practices predicated upon these models. Juan Antonio Pérez-López’ anthropological model of human action in organizations is dynamic insofar as it incorporates the essential personalist insight concerning the value of personal operations and their antecedent decision-making, *viz.* that people change meaningfully through their deliberate action in ways consonant with, or contrary to, true values. Pérez-López’ theory operationalizes personalist philosophy by translating it into a language legible to positive social science; it consequently bridges the gap between moral theory and management practice. This paper sketches relevant aspects of Pérez-López’ theory along with certain aspects of Catholic social doctrine and of organizational behavior, from which Pérez-López’ variables are drawn. Finally, it presents a positive model of decision-making that incorporates the personalist insight.

Introduction

Great social and economic transformations are brought about by human subjects who are themselves transformed through their own work. Hence, human activity is the fulcrum upon which social and economic transformations rest: not only, or even primarily, for its material output but rather for its role in effecting personal transformation.

This is the great insight embodied in *Laborem Exercens*' famous distinction between the objective and subjective dimensions of work. It is the subjective rather than the objective, or artifact-producing, dimension of human activity and social arrangements that constitutes the true measure of their value.

This crucial distinction between the subjective and objective dimensions of human activity corresponds to a broader axial distinction in Catholic social doctrine between the orders of being and of having. The order of being, to which the person properly belongs, situates the acting person in a metaphysical and cosmological context. The order of having, to which things, but not people, properly pertain, is the realm of consumerism, which rises no higher than the brute level of sensual appetite. Properly understood, human persons want things—for instance, those things we pursue through work—in order to be more rather than to have more. This inherently realist outlook enriches our understanding of human activity as the prime matter of personal development.

If not incorporated into positive social science, however, this philosophical insight concerning the nature of the person and his operations cannot inform economic research, management consulting and, ultimately, business and professional activity. As a practical matter, even were a manager or policy maker to accept the objective/subjective distinction in theory, his professional activity would continue to be governed by control systems, policies, strategies and structures derived from positive models (generally positivistic, i.e., “value-blind”) based on static conceptions of a being, such as economic man, who does not flourish or deteriorate through his activity and who is more a consumer than a person.

Consequently, the challenge for management theorists and other social scientists is to posit the insight that people change through their own activity—to posit a dynamic, personalist anthropology—in order to operationalize it. This can be done by positing the constructs and variables through which personal activity causes personal change, i.e., through which the subjective dimension of work is realized.

Personal change through human acts occurs primarily at the moral level through the development of character, virtue and vice. Persons flourish or deteriorate through moral habits, which are formed through the voluntary choices, or decisions, that attend human activity. Hence, the level of freely made decisions—voluntary choices—is the one at which positive science might work to integrate personalist insights into management theory.

Personal decision-making and its base premises are identified by Nobel laureate Herbert Simon and others as the quantum particle of organizational analysis. Moreover, the relation of personal decision-making in organizations to personal constructs such as motivation,

satisfaction, human needs and competencies (virtues)—i.e., to elements capable of linking personal activity with personal change—is a well-studied area in the field of organizational behavior. Consequently, this field provides fertile terrain for bridging the gap between personalist philosophy and positive science.

Juan Antonio Pérez-López (1934-1996), a professor of control systems, organizational behavior and business ethics at IESE Business School in Barcelona, Spain for nearly four decades, is one who fruitfully toiled in that field. His anthropological model of human action in organizations renders the personalist insight concerning the subjective value of work accessible to positive social science. Consequently, it provides a means for bridging the aforementioned gap.

This paper will explore the relations inhering between *Laborem Exercens*, Catholic social doctrine, and the world of work by elaborating a positive, non-positivistic, [1] model of decision-making capable of reflecting personal enrichment, or impoverishment, through human activity. It will accomplish this by sketching relevant aspects of *Laborem Exercens* and Catholic social doctrine, the management field of organizational behavior and Pérez-López' anthropological model of human action in organizations. It will conclude with a positive model that unites these various streams to address the social question from a personalist outlook concerning human operations.

This approach to the “social question” is aimed at operationalizing insights concerning the subjective dimension of work, rendering personalist philosophy accessible to positive social science and effectuating the social and economic transformations called for by Catholic social doctrine. It is, I believe, a management approach relevant for all economies—new or old; for all organizational forms—flexible or structured; for all professional occupations—blue- or white-collar; and for all social arrangements. This is so because the person is always what he has been and will be: a human decision-maker who is both the subject and object of his acts.

***Laborem Exercens* and Catholic Social Doctrine**

Through its social doctrine, the Church places herself at the service of the person. This service is guided by a correct vision of the human person whose primary value derives from his constitutive relation to God the Creator. [2] She seeks to help the person attain full satisfaction, or plenitude, the search for which must be informed by a global vision of man. [3] Her expertise leads her to counsel men as to how happiness in accordance with human dignity might be attained. [4]

In addition to the dignity bestowed on man by virtue of creation, there is a dignity attendant to man's own acts. “For man has in his heart a law written by God; to obey it is the very dignity of man; according to it he will be judged” (*GS*, 16).

The person in his full dignity is the measure of human activity, and not vice-versa. "Human

activity, to be sure, takes its significance from its relationship to man. Just as it proceeds from man, so it is ordered toward man" (*GS*, 35). [5] The person is ordered to plenitude; thus human activity is ordered to the same end. Since the person has a vocation to fruition, which is to be sought in freedom, man is called to be the principal agent of his growth in humanity. [6]

Moreover, the person is the measure of the social order. [7] In addition to other aspects of social existence, this fact informs and binds business activity and economic production, which must serve the person in his entirety. [8] "For man is the source, the center, and the purpose of all economic and social life" (*GS*, 63).

It would be an anthropological error to subordinate man to the orders of production or mere possession. For, "[a] man is more precious for what he is than for what he has" (*GS*, 35). To be is a higher value than to have, and to have for the sake of being is a higher value than to have for the sake of having. [9] This is the sense in which economic freedom, which is meant to serve human dignity, should be understood; a disordered conception robs man of dignity by reducing him to a mere producer or consumer of goods. [10]

This right ordering of social phenomena also obliges a man-based understanding of human work. [11] In work, the person uses his intelligence and freedom to attain to the fruition to which he is ordered. [12] In so doing, he responds to his own deep yearnings: "...to seek to do more, know more and have more in order to be more: that is what men aspire to now..." (*PP*, 6).

For man to become more human through his work, it is essential for him to use his freedom to serve others: to make his work a means of gift and service. [13] "[I]t is through the free gift of self that one truly finds oneself" (*CA*, 41). [14] As with the various gospel paradoxes, one must transcend oneself in a gift of self to others through one's work in order to discover oneself through one's work.

This gift of self corresponds to the satisfaction of man's highest needs, and must figure prominently in any meaning assigned by a person to his work. In a disordered use of freedom lies the danger that personality-destroying, lesser needs will crowd out higher ones. [15] "[P]ersonal and communal development would be threatened if the true scale of values were undermined" (*PP*, 18). [16] The most evident threat to human fulfillment in the economic sphere is greed. [17]

Man's failure to regulate his satisfaction of lower-order, secondary needs in a manner consonant with the prior satisfaction of his higher-order, authentic needs leads to the instrumentalization of others in lieu of a sincere gift of self, and results in personal alienation. [18] Work becomes alienating when the person—the end and measure of economically productive activity, as well as of all human and social activity—is instrumentalized for the attainment of maximized returns or some other measure of business activity, which is merely and inherently a means to human plenitude and individual men's fruition. [19] Personal and social alienation ensues from the person's incapacity to

transcend self and live in solidarity with others. [20]

Ultimately, a given human environment is formed by human decisions, a sufficient number of which are capable of erecting structures of sin: modes of sociability contrary to human flourishing. [21] Nevertheless, the good of the individual can only be achieved through his own freely made decisions. [22] Unity in a social body can only be attained under the very conditions in which men can flourish: when human decision-making is informed by charity primarily, and justice, minimally. [23]

Given the foregoing, the true value of work cannot be derived from its purely productive dimension. That is merely one dimension of work, and not its most important. “[M]an’s dominion over the earth is achieved in and by means of work. There thus emerges the meaning of work in an objective sense” (*LE*, 16). In this sense, man creates technology to be an ally of work—an ally that can sometimes become an enemy. [24]

But, “the primary basis of the value of work is man himself, who is its subject” (*LE*, 27). [25] The man who performs work is himself the primary purpose of his work; the work’s productive purpose is secondary. Consequently, the subjective dimension of work is more important than its objective dimension; it is the source of work’s dignity and value. [26]

In sum, Catholic social doctrine, including *Laborem Exercens*, promulgates the decisive role played by human decision-making in the right ordering of both personal satisfaction and social unity. Work provides personal subjects with the means through which they might freely make a gift of self—a gift without which neither personal fruition nor social harmony can result.

Organizational Behavior and Pérez-López’ Theory of Human Action in Organizations

Pérez-López’ theory, also known as the anthropological theory of motivation (1991; 1993:52-75), is notable for its formal inclusion of the human heart, which it posits through variables relating to needs, motives, satisfactions and the objects of choice (i.e., the “results” of action). “Motivation theory attempts to explain and clarify the relations among *needs*, *motivations* and the objects that satisfy them, analyzing the processes human beings follow for the *satisfaction* of their needs” (Pérez-López, 1993:33).

Briefly, Pérez-López explained human, and therefore ethical, decision-making by linking what he considered to be three separate and distinct levels of potential motive (three avenues through which a person could be influenced to act) to three distinct human needs (i.e., colloquially put, those of belly, head and heart), which require three distinct personal satisfactions. The sum of these tri-level satisfactions serves the purpose in Pérez-López’ system that happiness does in Aristotle’s: it provides decision-making and acting with their final terminus. This interconnection of needs, motives, satisfactions and the outcomes of action—along with their role in shaping capacities for future satisfaction, i.e., virtues—

occupies central place in his anthropological theory.

Pérez-López' research into the influence of control systems on organizational behavior was fundamentally marked by an appreciation for the limitations of formal, external control systems in controlling human behavior in organizations. This led him to explore freedom and the determinative role played by human motivation in decision-making, especially self, or intrinsic motivation (Herzberg, 1966), and ultimately to model organizational behavior on personal decision-making processes paying special attention to human motivation.

His theory of human action in organizations incorporates an understanding of the decision-maker as a "freely-adaptive system" (i.e., one whose decision-making competency can improve or degenerate) capable of augmenting or diminishing self-control through his own personal motivation and action.

Central to Pérez-López' conception of human decision-making is the decisive role played by moral virtue and vice, the habituation to which he viewed as a form of learning. This accords with Williams & Murphy's observation that "[i]t takes virtuous people to make right decisions, and virtue is learned by doing" (Williams & Murphy, (1990:24). Pérez-López considered his anthropological model to be merely "an expression of the *properties that, as a minimum, a decision-maker must be endowed with to be able make decisions and learn while he makes them, accounting for the possibility that his learning might be negative*" (1991:22), i.e., that he might develop vices.

This is why Pérez-López' anthropological model of human motivation in decision-making constitutes an vital addition to positive decision-making science, (i.e., explanatory, descriptive science): it posits the decision-maker's dynamism as it actually is in order to explain the process by which decision-makers learn, i.e., acquire and lose virtue. Thus, his theory attempts to supplant alternative organizational anthropologies, such as economic or administrative man, with a more realistic model.

Chief among the "minimum properties" alluded to, and modeled, are moral virtues acquired through positive learning (which he termed "evaluative knowledge", or "-capacity"), and vices acquired through negative learning. In terms of the four cardinal virtues, prudence corresponds to "rationality" in Pérez-López' anthropological model, while the other three cardinal virtues correspond to a unified variable denominated "virtuality." For Pérez-López, as for Aquinas, "the moral virtues are connected with one another" (Pegis, 1945:497), and, indeed, form a unity (MacIntyre, 1984:179).

Pérez-López' work aimed at supplying management science with a basic anthropology through which to address the problems of managing human action in organizations. In addition to the usual topics of organizational theory and behavior including normative issues of value, Pérez-López' anthropology speaks to questions of self-control, freedom and the human "heart"—the seat of freedom and, consequently, of self-control.

The management function minimally entails the (1) *a priori* formulation of action plans (making decisions) aimed at achieving results, which will have an affect on others, and (2)

implementation of those plans in order to achieve results *a posteriori* through the operation of other decision-makers who number among those affected. The Hawthorne experiments of the 1920's (See Roethlisberger & Dixon, 1942) had long established that people throughout an organization work in accordance with their own motivations in addition to the organization's objectives (Roethlisberger & Dixon, 1942). [27]

Critical managerial questions, then, are to what extent a given manager's action plans embody motivations considerate of those "others" affected by these plans, and to what extent the organization shapes these motivations. Furthermore, depending upon these motivations, what is their effect on the decision-maker in formulating and implementing action plans? This personal effect, to the extent that it affects behavior, is relevant to the organization insofar as its own "behavior" is some aggregate of its member's behavior. Consequently, as Pérez-López saw it, modeling the decision-making process necessitates formalizing motivational assumptions in a relational, i.e., *interpersonal*, scheme and, one, moreover, that accommodates extrinsic and intrinsic motivations including motivations of the "heart."

As Barnard had pointed out in *The Functions of the Executive* (1968), the very practice and activity of management presupposes anthropological beliefs such as whether or not the person was free. [28] Whether explicitly or implicitly—and more often the latter—to manage already presumes beliefs about what a person is, e.g., the people one manages and oneself, as well as about the effect (or non-effect) upon oneself of managing others.

The social-science project of verifying reasonable and useful hypotheses for management through the testing of beliefs about what a person is, and thus shed light on what he does, is as old as *homo economicus* (Ridley & Simon, 1943:Chapt. 1) and as new as REMM (Jensen & Meckling, 1994). In Pérez-López estimation, the most significant of these efforts for management science was Herbert Simon's *administrative man*: a rationally bounded, "satisficing" decision-maker concerned with "efficiency" viewed as "the shortest path, the cheapest means, toward the attainment of the desired goals" (Simon, 1976:14).

Simon considered decision premises to be the quantum particle of organizational analysis, and decisional "efficiency" to be "a principle that is implied in all rational behavior." However, Simon maintained an absolute separation between facts and values, and thus viewed "rational" and "efficient" decision-making methodology in terms that excluded value considerations. This vitiates his project because decision-makers learn based on their choice of values (i.e., goods), and, as we have seen, this learning is relevant for organizational analysis. Despite the deepest admiration and regard for Simon's work, Pérez-López believed that Simon's deliberate and explicit adoption of logical-positivist assumptions was fatal to his administrative-man project, and rendered Simon's effort barren for the fruitful investigation of rational choice and human decision-making. [29]

Pérez-López engaged Barnard's question about human *freedom* in order to explicate the largely implicit anthropological assumptions underlying managerial decision-making. In this he was certainly not the first. For instance, McGregor's Theory Y (1985) had already raised issues of self-direction, self-control and commitment, none of which would have

made sense, let alone become bedrock assumptions in management science, were internal-regulation, or freedom, not possible (1985:45-57).

Pérez-López' theory of human action in organizations was his effort to overcome the fact-value distinction and to scientifically address the content of values: i.e., to establish their factuality, and posit the consequences of their choice for a decision-maker. His anthropological decision-making theory informs the model of motivation that will be developed in the following section of this paper.

The Freedom-Centric Model of Decision-Making—Constructs and Relations

This freedom-centric model postulates that decision-making, in the final analysis, is a function of human freedom, and that freedom is reciprocally dependent upon decision-making. The reality of human freedom is captured by Victor Frankl's observation that "everything can be taken from a man but one thing: the last of the human freedoms—to choose one's own way" (Frankl, 1959:65). [30] The irony of free choice is that a person is free to decide until he decides not to be free, until he decides in a way that robs him of his freedom.

Freedom implies having a purpose, which motivates the decision-maker to act. Citing Nietzsche, Frankl notes that "He who has a *why* to live for can bear with almost any *how*" (1959:76). Frankl's "logo-therapeutic" efforts to help fellow inmates centered on leading a man to discover a reason for living, a purpose to his life; in short, a meaning. [31]

The free "why" of a decision, its purpose, molds the decision-maker's external action from within. It preserves and expresses that decision-maker's inner freedom, and dignity. In this model, decision-making is contingent upon freedom via the always-mixed "why(s)," or purposes, that underlie a decision. These "why(s)" provide decision-making with its terminus, which consequently influence the decision-maker.

The decision-maker's actual embrace of a motive, or mix of motives, in any concrete choice is his motivation, which underlies and shapes that decision (Pérez-López, 1993:Chapt. 3, 52-62). Motivation—the embrace of a motive, or motives, in a contextual setting—can either be spontaneous and impulsive, or rational and deliberate (Pérez-López, 1993:162-168). [32]

The scientific necessity of addressing the role of freedom in decision-making was also signaled by Chester Barnard in his classic management text. [33] Since personal decision-making exhibits traces of both freedom and constraint, it is essential that organizational theorists know in what ways each holds true for organizational decision-makers. [34] The ensuing model addresses the ways in which determinism and freedom both accurately describe aspects of social and personal phenomena related to decision-making.

The Basic Decision-making Process

The basic decision-making process in the freedom-centric model consists of the Problem (**P**), Freedom (**F**), Decision (**D**) and Action (**A**). A problem arises and is identified, the resolution of which generates conflict between alternative solutions. The choice of one alternative over another entails the exercise of freedom from which a decision emanates. Once a judgment is made regarding which alternative best solves the problem posed, a decision is made to put into action.

Pérez-López situates this process in an action context, and designates it an “action problem” (1991:25-38). Briefly, his notion of an action problem is a disagreeable situation whose satisfactory resolution requires the application of an action to a human environment in order to secure a problem-solving reaction.

In many cases, as with many “dilemmas” referred to in the business ethics literature, this interactive context—action-reaction dyad—is readily apparent, e.g., bribery, bid rigging, price collusion. In other cases, such as the task one chooses to perform upon booting up a computer in the morning, the interactive context is not immediately evident.

Nevertheless, even in the case of a man-machine interaction, this interaction is a human exchange. For instance, when you “surf the web” rather than write an overdue report, a superior might be held up, fellow employees whose operations may not commence until yours is finished waste time and clients wait to receive the service they have contracted for. Upon closer inspection, this man-machine interaction turns out to be a superior-subordinate interaction, etc.

Overlooking this social, interpersonal context of individual action when describing the man-machine interaction merely signifies that an “incomplete abstraction” has been made of the actual situation.

Pérez-López lists five “formal conditions” of an action problem:

1. an active agent desires to achieve satisfaction, which depends upon producing a certain interaction with a reactive agent
2. their possible interactions are specified by action-reaction dyads of the descriptive proposition type (If Ax then By) where Ax represents a concrete action and By specifies a concrete reaction
3. each interaction implies a perception, the perceptual satisfaction of which equals the satisfaction it produces in the active agent, and where many perceptions will provide equal perceptual satisfaction with respect to the resolution of a specific action problem
4. the active agent’s action problem is resolved by executing whichever action that, once joined to the reactive agent’s provoked reaction, gives rise to a situation

that produces the satisfaction the active agent desires, and

5. the active agent attempts to resolve his problem by making a decision, which is then the choice of an action plan to execute the action by which he hopes to achieve a certain reaction, with the resulting interaction producing the desired satisfaction (Pérez-López, 1991:31).

The essential point is that the onset of a problem triggers a decision-making sequence aimed, in the first instance, at achieving perceptual satisfactions in which evaluations are made regarding the likely outcomes to follow application of an action plan to a reactive, human environment.

Problem

Organizational participants are daily confronted with problems and, consequently, the need to make decisions. [35] Where there is no problem, there is no decision to make. Whereas in most models of ethical decision-making [36] only an ethical dilemma triggers the mechanisms of the respective model, in this freedom-centric model, a business problem as trivial as whether or not to delegate a task is an ethically relevant problem. This is so because even this problem poses a choice, and therefore an evaluation, between alternative end states, which thereby obliges the use of a decision-maker's freedom to choose values.

The term "problem" indicates the presence of a conflict because alternatives for action exist that cannot be simultaneously realized. Where there is only one alternative, there is no problem, as when one's task is to push a button in order to boot a computer in the morning. Once the computer is booted and alternative tasks present themselves for choice (e.g., read e-mail, browse the web or finish the report one is working on), an ethically relevant problem arises. This is because a decision reflects a choice of values, by which it expresses and shapes the interior moral definition of a decision-maker. An agent deliberates about which option to choose in order to solve his problem. Nevertheless, resolution occurs through decision, not deliberation.

Initiating the decision-making process with a problem rather than a dilemma indicates that the import, including ethical import, of a decision occurs inside as well as outside of the decision-maker. This problem focus is intended to orient the scope of decision-making models towards ethically relevant interior processes and anthropological components such as satisfaction and motivation already signaled by McGregor, Herzberg and others in the broader organizational and management literature. In essence, this subtle shift aims to convert decision-making models into instruments of self-control rather than merely devices for external-control purposes by the management of an organization.

Decision

In this model, any decision, or choice, between incommensurable, alternative solutions to a problem (such as whether to delegate a task or perform it oneself) constitutes ethical decision-making. This is so because any such decision is self-defining, as incisively articulated by John Paul II (1993). “[F]reedom is not only the choice for one or another particular action; it is also, within that choice, a *decision about oneself* and a setting of one’s own life for or against the Good...” (1993:98, no. 65). [37]

In Pérez-López’ theory, and in accordance with contemporary moral philosophy, the term “value” replaces the term “good.” In brief, through decision a subject not only chooses what he values and what he will do, but through these values and actions he chooses what he is and will be.

Peter Drucker has formulated a mirror test to express a substantially similar idea. [38] Drucker’s “mirror test” refers to actual reality—what, or who, one sees when one looks in the mirror—and not to mere appearances. In the article’s risqué example, a highly respected German ambassador abruptly resigned rather than preside over a dinner that catered to the tastes of a notorious womanizer, Edward VII of England, because, as he put it: “I refuse to see a pimp in the mirror in the morning when I shave” (Drucker, 1999:69).

This is not simply hyperbole. Had the ambassador procured women for the king, he would in effect have been what he did not want to be and, consequently, see. Drucker’s mirror test is an examination of reality, or being, meant to express that what you see in the mirror is what you are, or what *is* actually there to see. Moreover, this actual self is intimately related to what you decide to do (or not to do), and actually do.

The relationship between a decision and the decision-maker’s inner self has also been scientifically verified under the most extreme of conditions once again by Victor Frankl. [39]

Freedom

The inseparability of freedom in decision-making from ethics is underscored in the encyclical letter, *Veritatis Splendor*: “The question of morality ... cannot prescind from the issue of freedom. Indeed, it considers that issue central, for there can be no morality without freedom” (John Paul II, 1993:54-55, no.34).

Quoting the Second Vatican Council’s (1963-1965) landmark Pastoral Constitution of the Church in the Modern World, *Gaudium et Spes* (1965:16, no.17), John Paul continues: “‘It is only in freedom that man can turn to what is good.’” In the positive freedom-centric model, it is only in freedom that the person turns to value.

The centrality of freedom to ethical decision-making was definitively articulated more than

two millennia ago in Aristotle's seminal text on moral action, the *Nicomachean Ethics*, where he observes that praise and blame are bestowed only on those passions and actions that are *voluntary*, i.e., proceeding from a free will (McKeon, 1973:385). Volition indicates movement by an interior principle (i.e., an intrinsic motivation). [40] Conversely, involuntary acts are marked by compulsion or ignorance. [41]

The essential moral requirement is that a decision-maker orient himself to that which is good (i.e., inherently valuable), freely without external compulsion. Minimally, praise and blame are to be reserved to that decision-maker whose action derives from an "interior principle."

Aquinas, following Aristotle, notes that knowledge of an end, a purpose, is the essential precondition, the earmark, of an "interior principle's" moving a human act, i.e., of an intrinsic motive. [42]

Insofar as the act of the will is *elicited*, i.e., pertains to what it *wishes*, it is free because "the act of the will is nothing else than an inclination proceeding from the interior principle of knowledge" (Kreeft, 1990:402). This elicited act of the will is immediate and proper to the will itself.

Insofar as the act of the will is *commanded*, i.e., pertains to the will's *execution* of a command, it is not necessarily free because "violence [i.e., compulsion from an exterior principle] can prevent the exterior members [i.e., legs, mouth] from executing the will's command" (*ibid.*).

With respect to choice, freedom is a property of intellectual substances such as a person. [43] Freedom of choice is "the free judgment of reason" (1975:146). Intellectual beings are capable of judging the suitability to themselves of one good, or value, from among the many available for selection in any and every choice of action. [44] In this sense men are free.

In sum, the touchstone of freedom with respect to choice is *self-direction*, or *control*, which gives rise to *personal responsibility* as confirmed by Frankl's observation concerning "the state of the prisoner's inner self" (1959:69). As Barnard noted, organizations and managers presuppose freedom in organizational actors by the very facts of issuing commands, providing for training and the like.

Action

Action is the initial step of an interaction (i.e., an action-reaction dyad) applied to an environment to garner satisfaction from the resolution of some problematic situation. It is the execution, or implementation, of a plan formulated in order to solve problems.

Naturally, the action may fail to produce satisfaction and, consequently, fail to solve the problem for any number of reasons: for instance, because it does not provoke the anticipated

reaction; or because the situation created by the interaction differs from the one anticipated; or because the resulting situation, though correctly anticipated, fails to satisfy.

A given action, or series of actions, might solve an immediate problem while creating other, larger ones. This might be due to secondary effects, which themselves would be the proper subject of evaluation and decision. [45]

Action is the result of a decision, i.e., the implementation of an action plan already formulated, freely chosen and *commanded*. As such, it is not merely an occurrence in the physical world, but also an outward expression of the person's moral identity. Regardless of whichever action is freely and deliberately performed, it reflects and consummates a prior action on the part of the will: the free embrace of an object [46] proposed to it by reason, which is its end, or purpose.

Consequently, it is useful to distinguish between the exterior action, which produces the measurable phenomenon we usually refer to as a consequence, and the interior one. "Now, in a voluntary action, there is a twofold action, viz., the interior action of the will, and the external action..." (Kreeft, 1990:418). The outward, external action flows from the interior one. [47] Thus, outward phenomena are not *action* without some relation to the interior of an acting agent, an acting person.

Action is referred to as "behavior" in some models of ethical decision-making, which invariably refers to outwardly manifested movement, e.g., calling a broker to trade on inside information or making fraudulent entries in the accounts. This is only half true in light of the fact that, "[t]here is no such thing as 'behavior' to be identified prior to and independently of intentions, beliefs and settings" (MacIntyre, 1984:208). Outward action, or behavior, is always attended by a cluster of interior acts that define it. [48]

Basic Constructs and Linkages

Necessary constructs in the freedom-centric model are Results, Needs, Capacities and Motives. They are linked by Satisfaction, Motivation, Value and Learning. These general constructs and linkages between them will be subdivided into specific variables in a later part in this paper. [49]

Results

Recall that it was the desire to achieve results that initiated the decision-making process to begin with. Hence, Results reflect the motives and choice that drive action.

Results follow action, and are its outcomes or consequences. Various types of consequentialism consider the "extrinsic," or outward, results of action to be its morally

significant aspect, which, we have seen, is not the case. One shortfall of this view is that it ignores all but the empirical consequences of action.

“Outcomes are neither ethical nor unethical. It is the actions that lead to those outcomes that have ethical ramifications” (Chonko, 1995:87). For instance, inside trader Dennis Levine of Wall Street fame intended to enrich himself in the financial markets. The actions he employed in order to do so were to trade on inside information. The result in every case was either a gain or a loss. The fact that he might have incurred a loss on a given trade does not ethically sanitize it. Gain or loss notwithstanding, it remains a trade based on inside information, and consequently unethical.

“How outcomes affect *subsequent* ethical decision making is not the focus of much research” (Wotruba, 1990:38; emphasis added). In order to supply this deficiency, it is necessary to distinguish between the various outcomes of action. Subsequent ethical decision-making is affected by its internal, non-empirical, consequences. This is so due to the interactive context of human action.

Needs

Underlying human action, and driving it at its deepest level, lie human Needs. Decision and action are aimed at the satisfaction of those Needs through the Results of action. Thus, for example, Levine’s ill-gotten gains satisfied his needs for more money and prestige, or perhaps for accomplishment. People eat food to satisfy the need for nutrition, and read books to satisfy the need for knowledge. When needs conflict, then they must be ordered, as not all can be simultaneously satisfied. [50]

Abraham Maslow’s is the name most associated with a needs-based, positive theory of motivation. His “basic need hierarchy” [51]—a fixture in the contemporary mindset—consists of “physiological” needs, “safety” needs, “belongingness” and “love” needs, “esteem” needs and, highest of all, the “self-actualization” need, which are related to one another in an ascending pyramid. Higher order needs, in his theory, are addressed only after the lower order ones are satisfied. His work along with that of subsequent researchers served to establish the essential connection of Needs to motivation and action.

While Maslow’s descriptive theory postulated a mechanism whereby higher-order needs emerged (only) after lower-order needs were satisfied, he failed to posit the dynamic whereby this process materialized in an acting subject. While utilizing a distinct theory of needs from that of Maslow, this freedom-centric model employing Pérez-López’ theory of human motivation attempts to supply that want.

Capacities

In order to connect the Results of action to an individual's Needs, a decision-maker must be capacitated to process, decipher and convert those Results. Thus, for example, the external sense of taste capacitates an agent to relate the Results of eating to the physiological Need for nutrition; the internal sense of imagination capacitates the agent to relate the Results of reading to the cognitive Need for knowledge. [52]

It is necessary to posit the construct, "Capacities," in order to postulate the dynamism by which a decision-maker acts, and through which outcomes of his actions affect his future decision-making. Consider, for instance, that it would be futile to postulate that the Results of eating relate to a being lacking either physiological Needs or a mouth.

Just as a palate can be educated to appreciate fine wine and cigars, Capacities generally can be educated to better convert the Results of action into a form that relates to Needs. The converse is also true; the palate accustomed to cheap wine cannot always appreciate an expensive Bordeaux. Ethics in the freedom-centric model precisely relates to changes in specific Capacities. In the aforementioned example, the training of a palate is only a special instance of the general case in which Capacities improve or degenerate with experience.

Motives

The construct "Motive" expresses the attraction of Results to a decision-maker possessing Needs. Any Need provides a Motive for decision-making and action, which is undertaken in order to achieve Results thought capable of addressing that Need. Motives express the potential purposes of action. [53]

"[W]e cannot perform a really human act without a knowledge of the goal of the action or without having a motive for it" (Varga, 1978:19). Motives are an *a priori* (to decision) anticipation of targeted Results that will only be achieved *a posteriori* to decision-making and action. Hence, motives are the mirror image of Results; they find their perfected expression in Results.

Besides Maslow's pyramidal hierarchy of needs, perhaps the most famous theories of motivation are Herzberg's "hygiene-motivation" theory (1966) and McGregor's "Theories X and Y" (1985). Herzberg's theory, which is intended specifically for business use, distinguishes between "hygienic factors" (e.g., salary and working conditions) that satisfy lower-order needs, and "motivating factors" (e.g., responsibility and advancement opportunities) that satisfy higher-order needs.

Unlike Maslow, Herzberg theorized that only motivating factors positively motivate a person to work. Thus, a worker might be motivated to higher achievement even while experiencing deprivation at the level of hygiene (i.e., lower-level) needs. Note that Herzberg doesn't distinguish between motives and motivation. He rather presumes that movement from a motivating factor to action is fairly automatic.

McGregor formulated a useful distinction between “extrinsic factors,” which generally correspond to Maslow’s lower-order needs and Herzberg’s hygiene factors, and “intrinsic factors,” which more closely relate to higher order needs and motivating factors. While extrinsic factors such as compensation and sanctions can be controlled from outside of the decision-maker by an external person or the organization, intrinsic factors such as learning and a sense of achievement are controlled from within and follow as a direct result of personal activity. Intrinsic factors are a unique property of human systems, and give rise to the possibility of self-motivation. [54]

Satisfaction

Satisfaction links Results to Needs, through Capacities, and expresses the relation existing between Results and Needs: Results satisfy needs. Results also satisfy Motives, with which they are interchangeable except for the temporal condition of being antecedent or consequent to decision and action. Yet, for the sake of specificity, Satisfaction links to Needs.

Satisfaction is derived from the decision-maker’s implementation of an action plan, or decision, which is formulated in order to solve a problem. Recall that one selects an action plan that is expected, upon execution, to achieve a certain reaction such that an interactive Result is attained. This Result is targeted for the purpose of producing a desired Satisfaction.

If a decision-maker did not think that his formulation and implementation of an action plan would result in the satisfactory resolution of his problem, he would not act in that way. Rather, he would do nothing, or choose another action plan. Thus, Satisfaction is a necessary condition to any decision-maker contemplating action in given circumstances. [55]

Satisfaction performs the function in Pérez-López’ anthropological theory of motivation that Happiness serves in the moral philosophy of Aristotle and Thomas Aquinas. It is the subjective end, which serves as the rule of whatever is ordained to it (Kreeft, 1990:349).

This should not be interpreted to suggest that a decision-maker attains fulfillment, or plenitude, through satisfying, tactile sensations of pleasure alone. As Aristotle and many since have noted, pleasure alone could never exhaust the desires of a human heart. Satisfaction is a composite of different inputs rather than merely the psychological response to pleasing tactile sensations. [56]

Like happiness, Satisfaction occurs after results are attained, though they are intended before an action plan is formulated. “Although the end be last in the order of execution, yet it is first in the order of the agent’s intention” (Kreeft:350). Happiness, or flourishing, is the subjective end of purposive action and a human life. Satisfaction, for Pérez-López, is the subjective purpose for which any problem is addressed by the formulation and

implementation of an action plan. The end of a human life is achieved through a lifelong succession of purposive actions.

Finally, just as happiness consists of an “operation according to perfect virtue” (Kreeft:376), so would be Satisfaction. However, at any given moment, Satisfaction is the operation of virtue as it stands at that time.

Motivations

Motivation links Needs to Results, through Motives. Insofar as Results satisfy Needs, they attract, or motivate, action. Nevertheless, it is a decision-maker’s Need that provides the source of Motivation towards the achievement of Results. This is so because Results would provide no Satisfaction to a decision-maker lacking a corresponding Need.

Motivation consists of mental acts through which a person is stimulated to act. The relation “Motivation” differs from the construct “Motives” in the following ways. While Motives are potential reasons, or purposes, for action, Motivations express the actual forces driving the execution of a concrete action plan, through a Motive, towards the achievement of a particular Result. Motives underlie action and are the attraction exerted on a decision-maker by Results. “Insofar as these results are relevant for the achievement of the decision-maker’s present or future satisfactions we call them motives” (Pérez-López, 1993:59). Motivation, on the other hand, is the impulse that moves a decision-maker to act. It reflects the extent to which various Motives weigh on him and influence his decision-making. Motivation “is the internal drive to achieve Motives” (Pérez-López, 1993:56), which, in turn, drives action. Motives express the reasons for which one “might want to” act, whereas Motivation governs the actual “wanting to” in a concrete decision. Motivation is the cause that determines a specific, contextual human action. Finally, Motives are innate—they are anthropology fixed—whereas Motivation is learned.

Value

Value links Capacities to Motives, through Needs, and expresses the relation existing between Capacities and Motives. The Capacity to discern Value is a value in itself insofar as this Capacity informs a decision-maker as to which Motive(s) conduce(s) to the greater Satisfaction of Needs.

Any reality that produces Satisfaction in a decision-maker is a Value to that decision-maker, precisely because it produces Satisfaction. Yet, not every *satisfying* reality selected increases the decision-maker’s Capacity for recognizing, and consequently, for being motivated by Satisfaction-producing values.

The more capacitated a person is to satisfy Needs through the achievement of Results, the

more Value he will experience from any given reality and the more realities there will be that produce Satisfaction. The more these realities satisfy his Needs, the more they will *motivate* his decision-making and actions.

The decisions a manager makes reflect his beliefs about reality, the Values inhering in it and the Motives governing his decisions. [57] Without Values, it would be impossible to choose from among various alternatives. Thus, Value refers to the premises underlying Motives, which are expressed in the choice of a Result. The Motives that inform a decision-maker's decisions express his animating values.

For example, insider trading tends to disgust people not so much for the harm it causes, which is debatable, [58] nor because it is illegal, [59] but because it reveals a disordered set of values in the person who engages in it. "Any decision necessarily implies a series of values that have conditioned it" (Pérez-López, 1993:114). The classical name of this ethical disorder is "greed." Ergo, the sharp reactions and denunciations of "Wall Street greed" and the "decade of greed," which, in reality, is the personal defect, the capital vice, of people working on Wall Street (Magnet, 1988). This revulsion at a decision-maker's manifest greed, i.e., at a decision-maker's disordered Values, would persist even were the decision-maker to loudly proclaim noble, high-sounding "values."

Learning

Learning links Motives to Capacities, through Results, and expresses the relation obtaining between Motives and Capacities. We stated earlier that Motivation led to the selection of one (or more) Motive(s) over another (others) in a concrete decision, and that it was learned. We also stated that more or less Capacity led to the greater or lesser identification of Value inhering in realities, which consequently led to greater or lesser Satisfaction attained through the selection of corresponding Results.

This Capacity to discern Value, and consequently to Motivate action towards the achievement of Satisfying Results in a concrete decision is learned. It can also be unlearned, which would be a case of "negative learning."

Generally, decision makers "*learn as a result of experiences had in the course of their interactions*" (Pérez-López, 1993:53). This experiential Learning constitutes a change in the decision-maker that will subsequently influence his future interactions, experiences and Learning. If we term the set of operations through which a decision-maker chooses his action (or reaction) "decision rule," then "*learning is the concept we use to express the changes in the respective decision rules occurring as a result of an interaction*" (Pérez-López, 1993:54).

It is crucial to recognize that, whether intended or not, Learning is a Result of action and can therefore be its Motive. Moreover, it can produce Satisfaction.

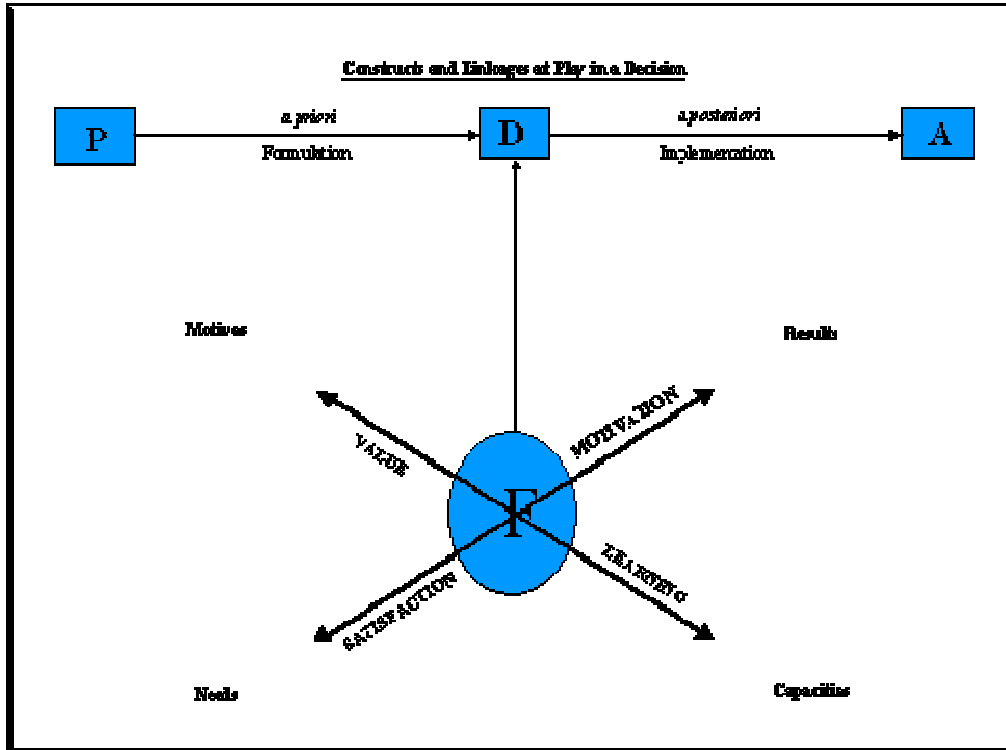
Preliminary Summary

In sum, we have posited that ethical decision-making ensues from the resolution of an action problem, which calls for the formulation and implementation of an action plan (i.e., a decision) in order to achieve Results. These Results satisfy Needs—given sufficient personal Capacity for processing the reality of Results—and are therefore capable of motivating choice and action. That is, Results are a Motive for action.

Capacities, like Motivations, are learned (or unlearned) and permit a decision-maker to discern Value in realities. The Value of a reality for any decision-maker is that reality's ability to produce Satisfactions in the decision-maker. On the other hand, a decision-maker's evaluation of the Value inhering in a given reality will depend upon his learned Capacity for discernment. The decision-maker's own Learning, then, is a Value to himself insofar as it affords him a greater range of Satisfactions.

Moreover, given the interactive context of decision-making, the interactive agent's Learning also affects the potential Satisfactions available to an initiating decision-maker from that interaction; that other person's interior is a reality, which potentially offers Satisfactions to the initiating decision-maker. Thus, a "reactive agent's" Learning is also a Value to the "active agent."

One might profitably consider that decision-making involves the interplay of Satisfaction, Motivation, Value and Learning, which occurs in the heart of Freedom as it (Freedom) seeks to adjust problem-inspired action to problem-solving Results, given the anthropological backdrop of human Needs, Motives and Capacities.



But, what kinds of Needs, Motives and Capacities do decision-makers possess? What types of Satisfaction, Motivation and Learning can a decision-maker experience? And, what is the value of human action? To these questions we now turn.

The Freedom-Centric Model of Decision-Making—Variables for a Determined Actor

Results – Extrinsic (ExR), Internal (IR) and External (EIR)

From McGregor we learned that action gives rise to extrinsic consequences, or externally supplied incentives, and intrinsic consequences, or internally supplied incentives. By acknowledging that action is situated in an interactive context, Pérez-López necessarily introduces a further consequence of action, *viz.*, factors intrinsic to an external decision-maker, or reactive agent. The Results of action are thus threefold.

First, there are its extrinsic results, or empirical outcomes. In an interactive context, this outcome takes the form of an action-reaction dyad. For example, the execution of a given Dennis Levine trade on inside information signaled the accomplishment of its exterior purpose. The buy-sell sequence constitutes the interaction, which is the empirical outcome of this trade; it is the action, the object of which is insider trading. The interaction can be empirically verified, or measured, by the profit or loss on the trade. The intention, or interior purpose, of the insider trade is whatever Satisfaction(s) Motivated that Result.

We also saw that a decision-maker learns with experience. He learns to better (or worse)

discern Value in realities, or Results, and consequently in the actions that produce Satisfaction. We also said that the decision-maker's decision rule changes with experience, i.e., that subsequent decision-making will be modified according to prior decision-making experience. This is merely another way of describing the increase, or decrease, in a decision-maker's Capacity for discerning the Value of a Result, and converting that Result's Value to the Satisfaction of Needs through action. These Capacities are themselves decision rules. Thus, the second Result of action is the active agent's Learning.

Finally, interaction with another decision-maker indicates a third result of action, which is the Learning produced in that other decision-maker. The interacting decision-maker's decision rule also changes. His Learning is external to the initiating decision-maker, yet it is relevant to the initiating decision-maker's future interactions with that same interacting decision-maker, and, consequently, to the initiating decision-maker's future Satisfactions. Thus, the external Learning of an interacting decision-maker is a Value to the initiating decision-maker, and the third Result of the active agent's action.

In sum, every action produces three Results: (1) the exterior, empirical one; (2) the initiating, or acting, decision-maker's Learning; and (3) the reactive decision-maker's Learning. For the purposes of this model, we will name these results extrinsic (**ExR**), intrinsic (**IR**) and external (**EIR**), respectively.

It must be emphasized that these three distinct results of action are implicated and achieved, *a posteriori*, in every decision whether chosen or not, *a priori*, in the decision or evaluation that preceded it.

Needs – Material (MN), Cognitive (CN) and Affective (AN)

The three distinct types of Result that ensue from action—extrinsic, internal and external—indicate, and correspond to, the Satisfaction of three distinct types of Need. In the first place, there are Needs that can be satisfied externally, from without, by an extrinsic Result, which we said was generally an empirical, observable outcome. Pérez-López considers the psychological response to this Need's Satisfaction to be pleasure, and the response to its (the Need's) dissatisfaction, *pain*.

Secondly, “there are Needs related to our ability to do things, to achieve what we want” (Pérez-López, 1993:59). These Needs are satisfied by the corresponding internal Result, which we said consisted of our own Learning. This Learning better enables a decision-maker to control his environment. (Recall, however, that a decision-maker can also be disabled in this regard.) Power and security are the psychological responses to the Satisfaction of this Need, while helplessness and incompetence are feelings that attend its dissatisfaction.

Finally, there are “needs linked to the achievement of suitable relationships with other people” (*ibid.*). [60] Satisfaction of this Need is achieved through, and corresponds to, the external results of action, which we said consisted of the reactive decision-maker's learning. The psychological response to the Satisfaction of this Need is sentiment, whereas the Need's

dissatisfaction produces misanthropy.

For the purposes of this model, these three Needs are respectively designated as material (MN), cognitive (CN) and affective (AN). The relationship between this tripartite classification and Maslow's "pyramid" are immediately evident: e.g., material Needs correspond to Maslow's "physiological" ones; cognitive Needs, to Maslow's "safety" ones.

Nevertheless, material, cognitive and affective Needs are not hierarchically related. All three are equally-, simultaneously- and ever-present in each and every decision-maker; all three are implicated in each and every action problem. Consequently, fully satisfactory action requires contact with reality at all three levels of Result, i.e., contact with the perceptual world, with the world of the mind insofar as it seeks greater operability and, finally, with the world of the mind insofar as it seeks greater affection.

Capacities – Senses (SC), Operative Knowledge (OK/C) and Evaluative Knowledge (EK/C)

Capacities are those personal abilities that put the decision-maker in contact with reality at all three levels of Result. Material Needs are satisfied from outside of the person "by means of the response of senses to the physical world" (Pérez-López, 1993:59). It is the possession of tangible realities, of things with which it is possible to establish a perceptual relationship, that satisfies material Needs. Sense Capacity (SC) is the name for that ability, which converts extrinsic Results into the Satisfaction of material Needs.

Cognitive Needs are satisfied from within by the attainment of knowledge with which "people find themselves able to control the reality surrounding them, able to do more things" (*ibid.*). This skill-based knowledge is learned, and is called operative knowledge, or operative Capacity (OK/C). Operative knowledge/Capacity is the name given to the Learning, or internal Result, which satisfies cognitive Needs.

Finally, affective Needs are satisfied "through the certainty that the other [interacting] person is affected by what affects us simply because it affects us" (*ibid.*). This capacity to interiorize the Learning of a reactive decision-maker (which governs the reactive agent's sentiments towards the active agent), i.e., the external Results of action, is also learned by the active decision-maker. The name of this Capacity is evaluative knowledge, or evaluative Capacity (EK/C). Evaluative knowledge/Capacity is the Learning that develops "the ability to interiorize what happens to other people" (Pérez-López, 1993:60), which is what we call "love". Ultimately, then, evaluative knowledge is a necessary condition to receive and give love, which satisfies affective Needs.

How operative knowledge and evaluative knowledge are learned and operate forms the crux of the freedom centric model of ethical decision-making. They are the Capacities that enable a decision-maker to determine the Value of an action, and, consequently, are the agents of self-control: that very Capacity whose lack was so evident in Dennis Levine and the other Wall Street felons.

Recall our saying that freedom (F) is not directly operational. It is precisely in this realm of evaluative and operative knowledge that freedom is operationalized to shape human decision-making. In fact, were Learning and the operation of operative and evaluative knowledge not possible, freedom would not be engaged in the decision-making process. Rather, it simply would be overwhelmed by extrinsic stimuli.

This realm of behavior devoid of Learning and the personal Capacities that operationalize freedom is precisely the area in which determinism is observed in personal and organizational action.

Motives – Extrinsic (EM), Intrinsic (IM) and Transcendent (TM)

We have said that interactions produce different types of Results or consequences, “each and every one of which may constitute a powerful source of motivation” (Pérez-López, 1993:52). To say that each of these Results may be directly sought by the person who acts is the same as to say that every Result may serve as Motive of action. [61]

We named these three types of Results that are inseparably linked to an action, extrinsic, internal and external. “Insofar as these results are relevant for the achievement of the decision-maker’s present or future satisfactions we call them *motives—extrinsic, intrinsic and transcendent*, respectively” (Pérez-López, 1993:58). “These three types of Motive, or three components of an action’s Value, indicate the *satisfaction of different types of needs* in people: *material, cognitive and affective needs*” (Pérez-López, 1993:59).

For example, the attainment of an extrinsic Result, such as a large bonus, in order to satisfy a material Need (through the operation of sense Capacity) undoubtedly served as an extrinsic Motive of Nick Leeson’s action, which was to fabricate a fraudulent account in which to book fictitious profits out of which to pay himself undeserved bonuses. The attainment of an internal Result, such as a greater professional understanding of back office procedures, in order to satisfy a cognitive Need (through the operation of operative knowledge/Capacity) might also have served Leeson as an intrinsic Motive of this same action. It is even possible that the attainment of an external Result, such as lavishing his wife Judy with comforts as a token of his love for her, in order to satisfy an affective Need (through the operation of evaluative knowledge/Capacity) served Leeson as a transcendent Motive of the very same action.

Satisfaction – Perceptual, Operative and Affective

Satisfaction links the Results of Action—extrinsic, internal or external—to human Needs through human Capacities. We have seen that Capacities—sense, operative knowledge and evaluative knowledge—maintain the decision-maker in contact with the realities that satisfy Needs. We have also seen that unless a reality is relevant to the Satisfaction of a decision-maker’s Needs—material, cognitive or affective—it will not serve as a Motive of action. Motives—extrinsic, intrinsic and transcendent—are also Satisfied by the Results of action.

Thus, we must posit the existence of three distinct Satisfactions that correspond to the

foregoing anthropological constructs. They are perceptual Satisfactions, which address material Needs and extrinsic Motives; operative Satisfactions, which address cognitive Needs and intrinsic Motives; and affective Satisfactions, which address affective Needs and transcendent Motives.

In each case, the experience of Satisfaction depends upon the decision-maker's possession of sufficient Capacity. Thus, the perceptual Satisfaction of material Needs requires that the decision-maker possess sufficiently cultivated sense Capacity. Similarly, the operative Satisfaction of a cognitive Need requires sufficiently developed operative knowledge. Finally, the affective Satisfaction of affective Needs requires sufficiently developed evaluative knowledge. Consider that a decision-maker inadequately possessed of the relevant Capacity might experience dissatisfaction from the deprivation of a corresponding Need, even though his action had achieved a reality, or Result, capable of Satisfying that Need, *coeterus paribus*. For instance, a misanthrope lacking evaluative Capacity might suffer a deprivation of affective Satisfactions even while in the presence of a child who loves him.

Note also that an active agent's achievement of an appropriate Result from an interaction depends partially on his correspondence with an equally constituted reactive agent. We have said that these reactive decision-makers also learn from their experiences, which constituted the external Results of action. Moreover, the types and variety of interactions in which a decision-maker is capable of engaging in—and thus the pool of interactive realities available for conversion to Satisfaction—is determined by his learning. The conclusion, given the interactive context of action, is that a decision-maker's Satisfactions depend upon the Learning of others (as well as his own). Specifically, it depends upon the Learning of the reactive decision-maker with whom he is interacting, or the external Results of action (as well as the internal).

A major consideration in the ethical analysis of decision-making will be its (decision-making's) contribution to (or detracting from) a decision-maker's Capacity to correctly Value these external Results, *a priori*.

Motivation – Spontaneous Motivation for Extrinsic Motives, or Extrinsic Motivation (SMEM—EM); Spontaneous Motivation for Intrinsic Motives, or Intrinsic Motivation (SMIM—IM); Spontaneous Motivation for Transcendent Motives, or Transcendent Motivation (SMTM—TM)

Human Motivation links Needs—material, cognitive or affective—to Results through human Motives. We have seen that realities are Motives—extrinsic, intrinsic or transcendent—insofar as they satisfy a decision-maker's Needs. We have also seen that Results—extrinsic, intrinsic and transcendent—are the *a posteriori* (to decision) achievement of realities capable of motivating action, *a priori*. Personal Capacities—sense, operative and evaluative—enable the Satisfaction of Needs, which renders Results capable of becoming Motives.

Thus, we must posit the existence of three distinct Motivations that correspond to the

foregoing anthropological constructs. They are extrinsic Motivation, which actuates extrinsic Motives towards the achievement of external Results; intrinsic Motivation, which actuates intrinsic Motives towards the achievement of internal Results; and transcendent Motivation, which actuates transcendent Motives towards the achievement of external Results.

Insofar as Results satisfy Needs, they (and Satisfactions) attract, or motivate, action. Nevertheless, it is a decision-maker's Need that provides the source of Motivation towards the achievement of Results. This is so because Results would provide no Satisfaction to a decision-maker lacking the corresponding Need, and consequently would never become a Motive for action. Consequently, there would be no action.

Motivation captures and expresses more than a tri-dimensionality in the drive to produce an action, one that necessarily implicates three components determined by extrinsic, internal and external Results, *viz.*, extrinsic, intrinsic and transcendent Motives. While all three Motives are normally present in human action, they are weighted differently across decision-makers, and across (temporal) decisions in a given decision-maker. This latter change in a person's weighting is not due to the moral intensity of a decision as implied by Jones (1991). Rather, it is due to a decision-maker's motivational structure (see *infra*). Motivation theory explains "*how each of these motives influences the formation of the decision-maker's motivational drive or impulse* (Pérez-López, 1993:56-57), and accounts for "*how each type of motive ... becomes operative in the case of a particular person* (1993:58).

Every decision is spontaneously motivated, to some undetermined extent, by all three Motivations. However, while these three relations are necessary for the construction of motivation theory, they are insufficient. Additional constructs and relations, and some further refinements of variables will be required.

Thus far, we have yet to posit the drive, or power, whereby Motives are weighted in a decision-maker's specific action or by which Motives generally influence a decision-maker's motivational impulses. For the present, we only know that in the case of extrinsic, intrinsic and transcendent Motivation, the drive from Needs to Results passes spontaneously through the implicated Motives. This spontaneous impulse comes from Memory, which we will now explore at greater length.

Memory (My)

Memory is the locus where experiential knowledge of prior interactions is stored. These experiences, along with the perceptions of Satisfactions they produced, are retained in memory (Pérez-López, 1991:82). When remembered, they (stored interactions and perceptual Satisfactions) spontaneously motivate action.

Spontaneous motivation is the stimulus toward action from experiential knowledge contained in memory. This motivation drives animals as well as human decision-makers. Whenever an interaction yields some new experience and something is perceived that had

not been perceived before, a new memory is acquired. Memory thus grows incrementally with experiences.

The contents of a non-free (stable) system's memory—and that of a human decision-maker's to the extent that he is not free—determine the action that the system will execute (i.e., which will be prodded by maximum current motivation). These contents become a spontaneous impulse toward the realization of an action, via an impulse toward the satisfaction that serves as a potential motivation (*ibid.*). Thus, whenever a stable system perceives a problem similar to one captured by its previous experience, it automatically anticipates on the basis of stored executions (of action) bound to their experienced satisfactions.

This memory driven process is automatic, and for this reason we call the stimulus spontaneous Motivation (*ibid.*). Every acting system, whether stable, ultrastable or freely adaptive (see *supra*) is automatically driven by spontaneous Motivation. It is evident that were Memory the only source of stimulus in a human decision-maker, however, he would be determined by prior experiences. What distinguishes human decision-makers from animals is precisely their possession of an ulterior source of Motivation.

Perceptual Satisfactions sought through interactions with familiar interactive agents are attained through “spontaneous Motivation to achieve extrinsic Motives” (i.e., “extrinsic Motivation”) since the drive to achieve perceptual Satisfactions is automatically converted by the Memory of previous experiences into Motivation to carry out an interaction with that familiar agent. This would explain, *inter alia*, a continuing confederacy between enriched inside traders whose prior activities had already made them exceedingly wealthy.

Similarly, cognitive Satisfactions sought through interactions with familiar interactive agents are attained through “spontaneous Motivation to achieve intrinsic Motives” (i.e., “intrinsic Motivation”) since the drive to achieve operative Satisfactions is automatically converted by the Memory of previous experiences into Motivation to carry out an interaction with that familiar agent. This would explain, *inter alia*, continued illegal activities for the sake of the “high” of exercising control over stock prices. For example, Dennis Levine waxed enthusiastically about the rush of adrenaline and power that accompanied his inside trading exploits (Sixty Minutes, 1991).

Finally, affective (sentimental) Satisfactions sought through interactions with a familiar interactive agent are attained through “spontaneous Motivation to achieve transcendent Motives” (i.e., “transcendent Motivation”) since the drive to achieve affective Satisfactions is automatically converted by the Memory of previous experiences in Motivation to carry out an interaction with that familiar agent. This would explain, *inter alia*, Levine's pain at exposing his wife and children to his obloquy (Sixty Minutes, 1991).

The Value of action driven by intrinsic and transcendent Motivation is trivial, at best, and harmful, at worst. Moreover, with respect to ethical decision-making, these Memory-based,

spontaneous impulses towards the achievement of Satisfactions can be self-defeating. Learned Satisfactions depend, in actuality, upon achieving immaterial, non-sensible realities that are not stored in memory (i.e., internal Results and external Results).

Value – Effectiveness, (Activism) and (Sentimentalism)

Value links Capacities—sense, operative knowledge or evaluative knowledge—to human Motives through human Needs. We have seen that human Needs—material, cognitive and affective—are always present in a decision-maker, underlying and driving the decision-making process and human action. We have also seen that human Motives—extrinsic, intrinsic and transcendent—express the desire to attain Results thought capable of producing Satisfaction in the decision-maker. These Results—extrinsic, internal and external—are the realities in which the Value of action for a decision-maker inheres, and is realized. Thus, we must posit the existence of three distinct Values that correspond to the foregoing anthropological constructs.

The first is effectiveness, which is the “*value of the extrinsic results obtained by the plan for the active agent*” (Pérez-López, 1993:54). We have said that a reality’s (Result’s) Value for a decision-maker is its ability to achieve Satisfaction; that a decision-maker implements an action plan (decision) in order to solve an action problem through the achievement of Satisfaction-producing Results. We further said that the extrinsic Result of an action was the interaction itself, in which inheres the Value inherently capable (given adequate sense Capacity) of perceptually satisfying the decision-maker’s material Needs. Hence, the “*degree of effectiveness of an action plan is equivalent to the degree of satisfaction achieved by the person as a result of performing it....*” (*ibid.*).

Note that, given sense capacity, a decision-maker’s feelings of satisfaction are a direct participation in, and the immediate confirmation of, an empirical action-reaction phenomenon.

We have yet to posit a necessary anthropological construct that will enable us to explain the operation of freedom, *viz.*, abstract knowledge. Notice that freedom has not yet been implicated by the constructs, relations and variables that we have posited. Thus far, we have only posited the operation of *spontaneous* Motivation from Needs passing through Motives by the automatic operation of Memory.

With respect to the active and reactive decision-makers’ Learning (i.e., the internal and external Results), however, decision-maker’s do not learn via rote application of automatic impulses. It takes the engagement of knowledge and thinking to generate Learning.

Consequently, the spontaneous impulse of Memory towards intrinsic and transcendent Motives is not a push towards the achievement of Results (internal and external, respectively) that will produce Satisfactions given adequate learned Capacity. Rather, it is an automatic movement towards the simulcra of Satisfactions without actually achieving the realities that will produce the actual Satisfactions. It is an impulse towards the phantom of remembered Satisfactions without a corresponding movement towards Learning, which is

stored in knowledge rather than Memory.

In sum, we are not yet able to name the Value of the *internal* and *external* Results and action towards them, which, being non-empirical phenomena, and thus not storable in Memory along with their corresponding Satisfactions, are achieved through the operation of an alternative source of stimulus to action, *viz.*, freedom.

Without knowing how these Results and their attendant Satisfactions are “recorded” and “stored” by a decision-maker and later converted into future Motivation, we cannot yet explain the Value of the active decision-maker’s Learning, the reactive decision-maker’s Learning and, consequently, of action towards them. Thus far, we have simply indicated that these two realities (Results) are indeed Values to the decision-maker, which partially denote the Value of any action given that they will affect the future Satisfactions available to him.

Despite the fact that the spontaneous operation of Motivation towards the attainment of operative and affective Satisfactions without the necessary achievement of internal and external Results is not a Value for a decision-maker, it (spontaneous Motivation in the direction of intrinsic and transcendent Motives) does, nevertheless, denote a relation existing between the anthropological variables that we have posited. Moreover, these measures of action do correspond to identifiable manifestations in the observable world.

In the case of a spontaneous impulse towards an intrinsic Motive of action in order to attain operative Satisfactions (without achieving the internal Results that produce them), the readily apparent manifestation is the pseudo-value of “Workaholism,” or “Activism.”

In the case of a spontaneous impulse towards a transcendent Motive of action in order to attain affective (or sentimental) Satisfactions (without achieving the external Results that produce them) the readily apparent manifestation is the pseudo-value of “Sentimentalism.”

With respect to the attainment of affective Satisfactions, when external Results are aimed at but not achieved, the evaluative Knowledge/Capacity for converting external Results into affective Satisfactions grows even though, in that particular case, Satisfactions are not actually enjoyed because the reality that produces them, *viz.*, external Results, is not present.

A familiar commonplace of professional life is the blind impulse to “work,” or operate, seemingly for the sake of work itself rather than for the sake of anything it achieves or that can be attained by it. It is not uncommon for action based on this pseudo-value of Workaholism, or Activism, to lead to “burnout,” disenchantment or some other expression of dissatisfaction with one’s work. Ironically, then, this orientation towards operative Satisfactions without the achievement of the internal Results that produce them leads, in this case, to the attainment of dissatisfaction.

Additionally, a familiar commonplace of family life is the uncritical surrender to sentimental impulses (towards children, for instance), which are detached from the actual well being of the object of our affections. It is not uncommon for action based on the

pseudo-value of Sentimentalism to lead to disillusionment, incomprehension or some other expression of dissatisfaction with one's spoiled children. Ironically, then, this orientation towards *affective* Satisfactions without the achievement of the *external* Results that produce them leads, in this case, to the attainment of dissatisfaction.

Sentimentalism has been viewed as a corrupted form of mercy that exempts itself from the rigorous exigencies of justice. That one without the other is insufficient to order relations among decision-makers is captured by Aquinas' famous aphorism that while "justice without mercy is cruelty," "mercy without justice is the mother of dissolution" (Pieper, 1966:112).

Learning – (Cultivation), (Feedback) and (Emotion)

Learning links Motives—extrinsic, intrinsic or transcendent—to human Capacities through the achievement of Results. We have seen that the Results of action—extrinsic, internal and external—are realities in which Values inhere to produce Satisfactions in a decision-maker, and, thus, are capable of serving as Motives for action. We have also seen that without Capacities—either sense, operative or evaluative—for converting these Results into Satisfactions, a decision-maker might suffer dissatisfaction from an action even though he achieved Results sufficient to enjoy them, *coeteris paribus*. Without the Satisfaction of Needs—material, cognitive and affective—action fails to achieve Value for the acting decision-maker. Thus, we must now posit three distinct forms of Learning, which express the Knowledge requisite to evaluate Value in Results before those Results are actually achieved.

Nevertheless, we are not yet able to denominate the Learning that ensues from action. Such Learning expresses a habitual change in a decision-maker at the level of his Capacities for satisfying Needs. At the level of sense Capacity, while senses can be "educated" to appreciate greater Satisfactions from empirical phenomena—for instance, to appreciate the difference between robust and rancid wine, or cigars—their non-cultivation will not result in their incapacitation.

Senses are bestowed, a given, an endowment, not a Capacity acquired through personal action. In other words, that decision-maker's are endowed with sense Capacity is a postulate in this model; the sense Capacity for evaluating extrinsic Results, *a priori*, so as to perceptually satisfy material Needs through the *a posteriori* achievement of extrinsic Results is not learned. As we have stated, experiences at this level are stored in Memory. The change signified by the term "Learning," which connotes a type of stored knowledge, does not occur with sense Capacity. Hence, the term does not apply to the slight refinements we shall label "Cultivation."

Also included among the Results of action themselves are the active decision-maker's Learning (internal Results) and the reactive decision-maker's Learning (external Results). We said in the prior section that spontaneously motivated action (from Memory) directed towards intrinsic and transcendent Motives aims actually at operative and affective Satisfactions without being capable of achieving the realities, or bearers of Value, that

produce Satisfactions—in this case, the active and reactive agents' Learning.

This explains why there is nothing yet to label: neither decision-maker's Learning has yet been targeted or achieved, and, consequently, neither is yet subject to positing. Nevertheless, we shall label workaholic's intrinsic Motivation towards operative Satisfactions "Feedback." Similarly, we shall label sentimentalism's transcendent Motivation towards affective Satisfactions "Emotion."

In sum, neither extrinsic, intrinsic nor transcendent Motivation produces experimental Learning or knowledge. Thus, there is yet no Learning to posit.

The Freedom-Centric Model of Decision-Making—Variables for a Free Actor

A Preliminary Matter: Abstract Knowledge (AK)

The process whereby abstract information, which we do not know experientially, influences our decision-making is different from that whereby experiential information contained in Memory does. Abstract Knowledge is not contained in Memory, and, hence, does not arise automatically to stimulate spontaneous Motivation.

Human decision-makers, unlike animals, can resort to abstract Knowledge about unexperienced realities in order to modify, constrain and even override impulses that arise automatically from Memory to spontaneously motivate action. The kind of stimulus arising from abstract Knowledge is rational rather than spontaneous, and therefore is called "rational Motivation." "*Rational motivation* would be an action's 'driving force' to 'adapt' to abstract information possessed by the decision-maker" (Pérez-López, 1993:162).

Abstract Knowledge is gleaned from sense knowledge, but the difference between them can be illustrated with an example. Whereas Sense data might inform me of the presence of a three-foot tall, red-headed, six-year-old girl, *Abstract Knowledge* enables me to know that this little girl is my daughter Miriam. Abstract Knowledge is abstracted from sense knowledge, but different from it.

Unlike spontaneous Motivation, which is automatically applied to motivate actions, rational Motivation is applied freely. These alternative stimuli of rational and spontaneous Motivation, then, are precisely the realms signaled by Barnard in which human decision-makers, and consequently organizations, concurrently exhibit evidence of both freedom and determinism. Human decision-making is prodded both spontaneously—by Needs seeking Satisfaction through experiential knowledge retained in Memory (*cf.* determinism)—and rationally—by Needs freely seeking Satisfaction through Abstract Knowledge retained in Learning (*cf.* freedom).

Naturally, for rational knowledge to actually motivate a given action, it must override, or control, the spontaneous impulses automatically orienting the decision-maker toward action.

The only case in which this would not be true is the special case where the spontaneous impulse was already ordered to the same end as the rational one.

In the case where rational Motivation and spontaneous Motivation conflict, the decision-maker would need to be capacitated in order to override spontaneous impulses. This capacity would be utilized by a source that generates the operating force of rational Motivation in a way similar to that in which Memory generates spontaneous Motivation. We have referred to this alternative source (to Memory) of operating force throughout this thesis by its common name: freedom. [62] It does this through the Capacities we have called moral virtues. [63]

Evaluative Knowledge (Moral Virtue) – Rationality (R) and Virtuality (V)

Freedom, as we have said, does not operate directly; it only directly allows a decision-maker to want, not to do, what he wants. Rather, freedom is transmitted to action through the influence of the moral virtues. [64]

We introduced a Capacity construct in order to posit a decision-maker's ability to process, decipher and convert Results into the Satisfaction of human Needs. We noted that generally these Capacities can be educated to perform their function of linking Results to Needs either better or worse.

We also explained that Capacities put the decision-maker in contact with reality at the various levels of Result and corresponding Need. Sense Capacity converts extrinsic Results into the Satisfaction of material Needs. Operative Knowledge, or Capacity, which is learned, converts internal Results, or the active agent's Learning, into the Satisfaction of cognitive Needs. Finally, evaluative Knowledge, or Capacity, which is also learned, converts the external Results, or the reactive agent's Learning, into the Satisfaction of the active agent's affective Needs.

How, one might ask, does a separate and distinct decision-maker's Learning Satisfy one's own Need? We said when discussing affective Needs that they are Satisfied through suitable relationships with others. This relational Capacity is learned, and develops through a decision-maker's solicitude for the learning of others. For, it is only through such a solicitude that one is able "to *interiorize* what happens to other people" (Pérez-López, 1993:60).

We also said that others' learning, or the external Result, was a Value to oneself insofar as their evaluative Learning and Knowledge (Capacity) is their source of affection towards oneself, and, hence, the real source of one's affective Satisfactions. Hence, the reason for the name "evaluative Knowledge": it is the Capacity that permits a decision maker to correctly evaluate, in the formulation and implementation of his action plans, the Value of external Results—the source of one's own affective Satisfactions.

The Learning of evaluative Knowledge through an action requires that a decision-maker be driven by transcendent Motives in his decision (Pérez-López, 1993:61). [65] This requires

two sub-capacities. “Rationality” is the “ability to use abstract data correctly to assess the alternatives between which he must choose” (Pérez-López, 1993:164). “Virtuality,” on the other, “transforms *rational motivation* into *operative motivation* by controlling the impulse of spontaneous motivation” (Pérez-López, 1993:163). Virtuality is the ability to “effectually want” the alternatives between which he must choose, considering the sacrifice, or “opportunity cost,” involved with the choice.

Moral virtues enable a decision-maker to get out of bed in the morning, for example, though it might be spontaneously more appealing to sleep in. Rationality adverts that rising is the most suitable alternative given what the decision-maker must do that day; Virtuality empowers freedom by controlling contrary spontaneous impulses.

Thus, rationality and virtuality are the names given to moral virtues in the freedom-centric model, which enable a decision-maker to activate his freedom. It is precisely their lack that led to the downfalls of notorious financiers such as Dennis Levine and Nick Leeson.

Operative Knowledge (Art/Techne) – Rationality (R) and Virtuality (V)

Much of what was said about evaluative knowledge applies with equal force to operative knowledge with the important difference that evaluative knowledge is ordered towards discovering the value of external results, whereas operative knowledge is ordered towards the enhancing one’s own operative abilities, which increase one’s proficiency at attaining extrinsic results via the achievement of internal results.

We have said that freedom does not operate directly with respect to action, but only with respect to desire. Thus, for instance, one can want to learn to fly a jet plane, but in order to actually do so one must attain certain operative efficiencies. Operative knowledge, or virtue, is learned, and it enables a person to develop skill proficiencies. [66]

This learned ability permits a decision-maker to operate on his environment in order to shape “reactions” that will produce perceptual satisfactions. In essence, this Capacity is a learned set of skills for manipulating the environment. A developed proficiency with respect to one’s “control” of perceptual satisfactions is the source of operative satisfactions.

When speaking of evaluative knowledge, we maintained that a decision-maker’s application of freedom to ascertain the suitability of an action differs from the operations necessary to apply freedom in order to override spontaneous impulses. Consequently, we made a distinction between rationality and virtuality, which respectively denoted the disparate virtues necessary to achieve each operation. The same holds true for operative knowledge.

Just as an evaluative experiment aimed at discovering the internal state of another requires rationality in order to formulate a wise experiment, an attempt to achieve an extrinsic result—the crafting of a derivative, for instance—requires the application of rationality to freedom in order to correctly go about applying the abstract knowledge one possesses about financial instruments, tax laws, the industry and the specific client to the specific case. Just

as evaluative virtuality is necessary to control the impulse of spontaneous motivation—to penetrate sentimentality when dealing with one’s favorite subordinates, for instance—operative virtuality is necessary for a derivatives trader to continue experimenting until he has crafted the right product.

Operative virtues enable a decision-maker to work proficiently and to thus achieve the satisfactions attendant to the acquisition of professionalism. They are the skills that enable people to enjoy the professional aspects of their work.

Internal State (IS) (Character)

A decision-maker’s internal state serves the corresponding function respecting the storage of abstract knowledge that memory serves respecting the storage of experiential knowledge. It “stores” both evaluative and operative knowledge. [67]

In toto, the development or erosion of one’s internal state is the internal result aimed at by the achievement of intrinsic motives. Internal state is developed if evaluative and [or] operative knowledge are applied to freedom in the pursuit of motives aimed at the achievement of results. Erosion occurs when freedom is rendered inoperative by the spontaneous impulse of Memory.

This erosion of internal state is what occurred to Dennis Levine (and Nick Leeson) over time with respect to his shady dealings. At some point, the spontaneous impulse to trade on inside information overwhelmed his freedom, with the consequent debilitation of his ethical quality and professionalism: in short, the erosion of his character.

Alasdair MacIntyre quotes Henry James in support of the proposition that character and action, or incident, cannot be characterized independently of one another: “‘What is character but the determination of incident? ...What is incident but the illustration of character’” (MacIntyre, 1984:125)? Action flows from character, or internal state, and character—one’s mastery over oneself—determines action.

Recall that a person might be presented with the conditions for satisfying work, or for satisfying relations, but not be capable of enjoying them for lack of operative or evaluative knowledge. [68] This is especially important with respect to evaluative knowledge, which is the ability to indirectly perceive the internal state of another. With insufficient evaluative knowledge and, consequently, character one might be in the presence of someone possessing an internal state objectively satisfactory to oneself (i.e., be with someone who really cares for him) and be incapable of subjectively experiencing affective satisfactions. Thus, without the development of evaluative knowledge, a primordial source of satisfactions is cut off to a person just as a blind man is incapable of being satisfied by all of the aesthetic beauty surrounding him.

Conclusion

The person needs love; it is his primordial need. Work, the means through which the person becomes more human, provides the opportunity for him to grow in virtue. For this reason, the subjective dimension of work takes precedence over the objective dimension.

All virtue is unified in Charity, in love. Work provides the prime matter for a gift of self through service. The person develops in love through work and consequently achieves his own plenitude.

I have attempted to show that as a matter of positive science—explanatory and predictive science that is experimentally verifiable—the person either grows in his ability to love, or his capacity for decision-making breaks down. This happens through negative learning. The person learns positively by deciding on the basis of rational motivation for transcendent motives.

The person must be capacitated in order to receive, give and be satisfied by love—both the giving and receiving. The necessary capacity is evaluative knowledge, which permits us to experimentally verify others' interior states: the source of affective satisfactions. Evaluative capacity develops through loving. Ironically, one must love first in order to experience the satisfaction of being loved.

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Endnotes

[1] It is "non-positivistic" because it posits the personal effects of freely choosing from among alternative values (i.e., goods).

[2] "[T]he guiding principle of...all of the Church's social doctrine, is a correct view of the human person and of the person's unique value, inasmuch as the human being ... is the

only creature on earth which God willed for itself” (CA, 11).

- [3] “Sharing the noblest aspirations of men and suffering when she sees them not satisfied, she wishes to help them attain their full flowering, and that is why she offers men what she possesses as her characteristic attribute: a global vision of man and of the human race” (PP, 13).
- [4] “[T]he Church is an "expert in humanity", and this leads her necessarily to extend her religious mission to the various fields in which men and women expend their efforts in search of the always relative happiness which is possible in this world, in line with their dignity as persons” (SRS, 41).
- [5] "[T]he norm of human activity is this: that in accord with the divine plan and will, it harmonize with the genuine good of the human race, and that it allow men as individuals and as members of society to pursue their total vocation and fulfill it” (GS, 35).
- [6] In the design of God, every man is called upon to develop and fulfill himself, for every life is a vocation.... Endowed with intelligence and freedom, he is responsible for his fulfillment as he is for his salvation. ... [E]ach one remains, whatever be [the] influences affecting him, the principal agent of his own success or failure. By the unaided effort of his own intelligence and his will, each man can grow in humanity, can enhance his personal worth, can become more a person. However, this self-fulfillment is not something optional.... [H]uman fulfillment constitutes, as it were, a summary of our duties (PP, 15,16).
- [7] “The dignity of the human person involves the right to ... contribute one's part to the common good of the citizens. For, ... The human individual, far from being an object and, as it were, a merely passive element in the social order, is in fact, must be and must continue to be, its subject, its foundation and its end” (PT, 26).
- [8] “The fundamental finality of ... production is not the mere increase of products nor profit or control but rather the service of man, and indeed of the whole man with regard for the full range of his material needs and the demands of his intellectual, moral, spiritual, and religious life; this applies to every man whatsoever and to every group of men, of every race and of every part of the world” (GS, 64).
- [9] “[T]here are some people the few who possess much who do not really succeed in "being" because, through a reversal of the hierarchy of values, they are hindered by the cult of "having"; and there are others the many who have little or nothing--who do not succeed in realizing their basic human vocation because they are deprived of essential goods” (SRS, 28).
- [10] “[E]conomic freedom is only one element of human freedom. When it becomes autonomous, when man is seen more as a producer or consumer of goods than as a subject who produces and consumes in order to live, then economic freedom loses its

necessary relationship to the human person and ends up by alienating and oppressing him” (CA, 39).

[11] “Just as [human activity] proceeds from man, so it is ordered toward man. For when a man works he not only alters things and society, he develops himself as well. He learns much, he cultivates his resources, he goes outside of himself and beyond himself. Rightly understood, this kind of growth is of greater value than any external riches which can be garnered” (GS, 35).

[12] “One fulfills oneself by using one's intelligence and freedom. In so doing a person utilizes the things of this world as objects and instruments and makes them his own. The foundation of the right to private initiative and ownership is to be found in this activity” (CA, 43).

[13] “[Jesus] implied a certain likeness between the union of the divine Persons, and the unity of God's sons in truth and charity [“that all may be one. . . as we are one” (John 17:21-22)]. This likeness reveals that man, who is the only creature on earth which God willed for itself, cannot fully find himself except through a sincere gift of himself” (GS, 24).

[14] “This gift is made possible by the human person's essential “capacity for transcendence.” One cannot give oneself to a purely human plan for reality, to an abstract ideal or to a false utopia. As a person, one can give oneself to another person or to other persons, and ultimately to God, who is the author of our being and who alone can fully accept our gift” (CA, 41).

[15] “The manner in which new needs arise and are defined is always marked by a more or less appropriate concept of the human person and of the person's true good. A given culture reveals its overall understanding of life through the choices it makes in production and consumption. It is here that the phenomenon of consumerism arises.

In singling out new needs and new means to meet them, one must be guided by a comprehensive picture of the person which respects all the dimensions of his being and which subordinates his material and instinctive dimensions to his interior and spiritual ones. If, on the contrary, a direct appeal is made to human instincts--while ignoring in various ways the reality of the person as intelligent and free--then consumer attitudes and lifestyles can be created which are objectively improper and often damaging to the person's physical and spiritual health.

Of itself, an economic system does not possess criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality” (CA, 36).

[16] “The desire for necessities is legitimate, and work undertaken to obtain them is a duty: “If any man will not work, neither let him eat” (2 Thes 3:10). But the acquiring of temporal goods can lead to greed, to the insatiable desire for more, and can make

increased power a tempting objective. Individuals, families and nations can be overcome by avarice, be they poor or rich, and all can fall victim to a stifling materialism” (*PP*, 18).

[17] “Both for nations and for individual men, avarice is the most evident form of moral underdevelopment” (*PP*, 19).

[18] “Alienation, however, has not been overcome as it exists in various forms of exploitation, when people use one another, and when they seek an ever more refined satisfaction of their individual and secondary needs, while ignoring the principal and authentic needs which ought to regulate the manner of satisfying the other ones too” (*CA*, 41).

[19] “Alienation is found also in work, when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labor, grows or diminishes as a person, either through increased sharing in a genuinely supportive community or through increased isolation in a maze of relationships marked by destructive competitiveness and estrangement, in which he is considered only a means and not an end. The concept of alienation needs to be led back to the Christian vision of reality, by recognizing in alienation a reversal of means and ends” (*CA*, 41).

[20] “A person is alienated if he refuses to transcend himself and to live the experience of self-giving and of the formation of an authentic human community oriented towards his final destiny, which is God.

A society is alienated if its forms of social organization, production and consumption make it more difficult to offer this gift of self and to establish this solidarity between people” (*CA*, 41).

[21] “The decisions which create a human environment can give rise to specific structures of sin which impede the full realization of those who are in any way oppressed by them. To destroy such structures and replace them with more authentic forms of living in community is a task which demands courage and patience” (*CA*, 38).

[22] “[T]he fundamental error of socialism is anthropological in nature. Socialism considers the individual person simply as an element, a molecule within the social organism, so that the good of the individual is completely subordinated to the functioning of the socioeconomic mechanism.

Socialism likewise maintains that the good of the individual can be realized without reference to his free choice, to the unique and exclusive responsibility which he exercises in the face of good or evil. Man is thus reduced to a series of social relationships, and the concept of the person as the autonomous subject of moral decision disappears, the very subject whose decisions build the social order” (*CA*, 13).

[23] “[I]nstitutions ... of peoples and, particularly those of all social life, ought to be

penetrated with ... justice, and it is most necessary that [justice] be truly effective, that is, establish a juridical and social order which will ... give form and shape to all economic life. Social charity ... ought to be as the soul of this order, an order which public authority ought to be ever ready effectively to protect and defend (*QA*, 88).

Admittedly, no vicarious charity can substitute for justice which is due as an obligation and is wrongfully denied. Yet even supposing that everyone should finally receive all that is due him, the widest field for charity will always remain open. For justice alone can, if faithfully observed, remove the causes of social conflict but can never bring about union of minds and hearts. Indeed all the institutions for the establishment of peace and the promotion of mutual help among men, however perfect these may seem, have the principal foundation of their stability in the mutual bond of minds and hearts whereby the members are united with one another. If this bond is lacking, the best of regulations come to naught..." (*QA*, 137).

[24] "Understood in this case not as a capacity or aptitude for work, but rather as a whole set of instruments which man uses in his work, technology is undoubtedly man's ally. It facilitates his work, perfects, accelerates and augments it. It leads to an increase in the quantity of things produced by work, and in many cases improves their quality.

However, it is also a fact that, in some instances, technology can cease to be man's ally and become almost his enemy, as when the mechanization of work "supplants" him, taking away all personal satisfaction and the incentive to creativity and responsibility, when it deprives many workers of their previous employment, or when, through exalting the machine, it reduces man to the status of its slave" (*LE*, 19).

[25] "[T]he primary basis of the value of work is man himself, who is its subject. This leads immediately to a very important conclusion of an ethical nature: However true it may be that man is destined for work and called to it, in the first place work is "for man" and not man "for work." Through this conclusion one rightly comes to recognize the pre-eminence of the subjective meaning of work over the objective one. Given this way of understanding things and presupposing that different sorts of work that people do can have greater or lesser objective value, let us try nevertheless to show that each sort is judged above all by the measure of the dignity of the subject of work, that is to say, the person, the individual who carries it out. On the other hand, independent of the work that every man does, and presupposing that this work constitutes a purpose--at times a very demanding one--of his activity, this purpose does not possess a definitive meaning in itself. In fact, in the final analysis it is always man who is the purpose of the work, whatever work it is that is done by man--even if the common scale of values rates it as the merest "service," as the most monotonous, even the most alienating work" (*LE*, 27).

[26] Christianity brought about a fundamental change of ideas in this field [of labor and work], taking the whole content of the gospel message as its point of departure, especially the fact that the one who, while being God, became like us in all things "devoted most of the years of his life on earth to manual work at the carpenter's bench. This circumstance constitutes in itself the most eloquent "gospel of work," showing that

the basis for determining the value of human work is not primarily the kind of work being done, but the fact that the one who is doing it is a person. The sources of the dignity of work are to be sought primarily in the subjective dimension, not in the objective one (*LE*, 26).

- [27] McGregor (1985) would later denominate these different types of motive *extrinsic* and *intrinsic* factors, in a similar way to which Herzberg (1966) would denominate them *hygiene* and *motivating* factors. This distinction between purposes controlled by others and those controlled by oneself also relates to Maslow's (1987) *lower-order*, and *higher-order* needs.
- [28] "I have found it impossible to go far in the study of organizations or of the behavior of people in relation to them without being confronted with a few questions which can be simply stated. For example: "What is an individual?" "What do we mean by a person?" "To what extent do people have power of choice or free will?" ... [E]ven if we avoid answering such questions definitely, we cannot evade them. We answer them implicitly in whatever we say about human behavior [and in our actions]. For example, when we undertake to persuade others to do what we wish, we assume that they are able to decide whether they will or not. When we provide for education or training we assume that without them people cannot do certain things, that is, that their power of choice will be more limited. When we make rules, regulations, laws—which we deliberately do in great quantities—we assume generally that as respects their subject matter those affected by them are governed by forces outside themselves" (1968:12).
- [29] For Simon's defense of his logical positivist assumptions and his reasons for adopting them, *see*, Simon, 1997:55-71
- [30] Frankl explains what it is "to choose one's own way" by recounting clinical observations personally made in various Nazi concentration camps: "[T]here were always choices to make. Every day, every hour, offered the opportunity to make a decision, a decision which determined whether you would or would not submit to those powers which threatened to rob you of your very self, your inner freedom; which determined whether or not you would become the plaything of circumstance, renouncing freedom and dignity to become molded into the form of the typical inmate" (Frankl, 1959:65).
- [31] "A man who becomes conscious of the responsibility he bears toward a human being who affectionately waits for him, or to an unfinished work, will never be able to throw away his life. He knows the 'why' for his existence, and will be able to bear almost any 'how'" (Frankl, 1972:127).
- [32] We note in passing that this model's "new perspective reflects an awareness and acceptance of the messy world of mixed motives" (Stark, 1993:46). We also acknowledge human action to be both spontaneous and purposive.
- [33] "On the one side, those philosophies that explain human conduct as a presentation of

universal forces, that regard the individual as merely responsive, that deny freedom of choice or of will, that make of organization and socialism the basic position, are found to rest upon facts that are widely observed and that govern men's behavior and thought in social situations. On the other side, those philosophies that grant freedom of choice and of will, that make of the individual an independent entity, that depress the physical and social environment to a secondary and accessory condition, are also consistent with other facts of behavior and thought...." (1968:21).

[34] "[T]he development of a convenient and useful theory of cooperative systems and of organization, and an effective understanding of the executive processes, require the acceptance of both positions as describing aspects of social phenomena. What, then, is needed...is to state under what conditions, in what connections, or for what purposes one or the other of these positions may be adopted usefully, and to show how they may be regarded as simultaneously applicable" (*ibid.*).

[35] "Human decision-making processes are often activated by the presence of a problem that requires a solution or response and often some form of action. Moral decision making is no exception; the process begins with a problem, which includes a moral component" (Jones, 1991:380).

[36] For a review of several models, *see* Torres, 1998.

[37] John Paul II's sentence ends: "a setting of one's own life for or against the Good, for or against the Truth, and ultimately for or against God" (1993:98, no. 65). Hence, its ultimate relevance.

[38] "With respect to ethics, the rules are the same for everybody, and the test is a simple one. I call it the "mirror test."... Ethics requires that you ask yourself, What kind of person do I want to see in the mirror in the morning? What is ethical behavior in one kind of organization or situation is ethical behavior in another" (Drucker, 1999:69).

[39] "[T]hat which was ultimately responsible for the state of the prisoner's inner self was not so much the enumerated psychophysical causes as it was the result of a free decision. Psychological observations of the prisoners have shown that only the men who allowed their inner hold on their moral and spiritual selves to subside eventually fell victim to the camp's degenerating influences" (Frankl, 1959:69).

[40] "Now the man acts voluntarily [when] the principle that moves the instrumental parts of the body in such actions is in him, and the things of which the moving principle is in a man himself are in his power to do or not to do" (McKeon, 1973:386).

[41] "Those things, then, are thought involuntary, which take place under compulsion or owing to ignorance; and that is compulsory of which the moving principle is outside, being a principle in which nothing is contributed by the person who is acting or is feeling the passion, e.g. if he were to be carried somewhere by a wind, or by men who

had him in their power” (McKeon, 1973:386).

[42]1 “[T]hose things which have a knowledge of the end are said to move themselves because there is in them a principle by which they not only act but also act for an end. And consequently ... the movements of such things are said to be voluntary: for the word *voluntary* implies that their movements and acts are from their own inclination (Kreeft, 1990:401).

[43] “[N]one but intellectual beings move themselves not only to act, but also to judge. They alone, therefore, are free in judging; and this is to have free choice” (Aquinas, 1975:145).

[44] Hence, so far as matters of action are concerned, whatever things possess judgment that is not determined to one thing by nature are of necessity endowed with freedom of choice. And such are all intellectual beings (1975:146).

[45] Barnard adverts that “[t]he activities incited by desires, impulses, wants—motives—sometimes result in the attainment of the end sought and satisfaction of the tension. Sometimes they do not so result. But they always have other effects which are not sought. Usually these unsought effects are regarded as incidental, inconsequential and trivial.... At other times consequences not sought for are not regarded as trivial (Barnard, 1968:19).

[46] The *object of choice* is the end of an action itself, as opposed to the end of the actor, which is the *intention*. This object is what gives an action its species (Kreeft, 1990:416), i.e., what explains the kind of action it is. The primary goodness of a moral action is derived from its moral object.

[47] To identify an occurrence as an action is in the paradigmatic instances to identify it under a type of description which enables us to see that occurrence as flowing intelligibly from a human agent’s intentions, motives, passions and purposes. It is therefore to understand an action as something for which someone is accountable, about which it is always appropriate to ask the agent for an intelligible account (MacIntyre, 1984:209).

[48] “Human acts are moral acts because they express and determine the goodness or evil of the individual who performs them. They do not produce a change merely in the state of affairs outside of man but, to the extent that they are deliberate choices, they give moral definition to the very person who performs them...” (John Paul II, 1993:109, no.71).

[49] Given all of the distinctions and relations that will ensue, it is good to keep the following observation of Aquinas in mind: “knowledge belongs to the reason, whose function is to distinguish things which in reality are united, and to unite together...things

that are distinct, by comparing one with another” (Kreeft, 1990:437). At the end of it all, we merely seek to posit a personal decision-maker.

- [50] “[D]ecisions imply taking a stance with respect to which needs are to be taken into account, and how they are ordered. If it were possible to satisfy all of them completely at the same time, there would be no problem and therefore no decision” (Pérez-López, 1993:114).
- [51] Maslow’s theory is set forth in *Motivation and Personality* (1987). See, Chapters 2 & 5.
- [52] In scholastic anthropology, the external senses of *seeing, hearing, touching, smelling* and *tasting* put the individual in contact with reality, which actuates all of his knowing powers. The internal senses of *consciousness (coordinating), memory, imagination* and *cogitation* (i.e., the human equivalent of animal *instinct*) are supplied with data by the external senses, and “elaborate on the data of the external senses and communicate with the intelligence” (de Torre, 1989:169).
- [53] “[E]very moral philosophy offers explicitly or implicitly at least a partial conceptual analysis of the relationship of an agent to his or her reasons, motives, intentions and actions, and in so doing generally presupposes some claim that these concepts are embodied or at least can be in the real social world” (MacIntyre, 1984:23).
- [54] For a general discussion of these various theories of motivation and their implications for management and decision-making, see Pérez-López, 1993:Chapters 2 & 3.
- [55] The Hawthorne experiments conducted in the 1920s and 30s established that personal satisfaction is a decisive factor in business organizations. See Roethlisberger and Dixon, 1942. In Roethlisberger’s later words, those experiments progressed “roughly through four phases: from an almost exclusive concern with employee productivity, to a concern with employee satisfaction, to a concern with employee motivation, and finally to a growing realization that the productivity, satisfaction, and motivation of workers were all interrelated” (Roethlisberger, 1977:46).
- [56] Cf. “Happiness is the sense of satisfaction that follows the possession of the good that fills all the desire of the will” (de Torre, 1989:182).
- [57] “These beliefs are the product of the values targeted and actually achieved in the course of previous decisions. The decisions he makes now enable us to infer what his beliefs about reality are and, consequently, what the motives and values that practically govern the manager’s decisions are (Pérez-López, 1993:35).
- [58] The "empirical-harms-to-society" argument against insider trading is largely rebuffed by the empirical evidence itself. This argument proffered that Wall Street shenanigans would drive investors away from the markets and, hence, harm financial markets, capital-needy companies and investors—i.e., society at large. Yet the very opposite has

proven to be the case. Record numbers of investors have earned record returns by pouring record amounts of capital into the financial markets to satisfy the record needs of record numbers of companies, despite widespread acknowledgment that the investment "playing field" is not, never can be and never will be level. Moreover, the broader averages of market activity, such as the Dow Jones Industrial Average, have minimally quadrupled since the late 1980s when the inside traders' actions came to light, reflecting subsequent public acceptance, and the wealth augmentation, of financial securities—market peccadilloes and all.

[59] The immorality of the Wall Street felons' actions cannot be ascribed to the fact of their law breaking because the proscription of an activity by law already reflects a prior assessment that the activity in question is bad or wrong and, consequently, merits proscription. Thus, the determination of an activity's normative deficiency—by whatever moral criterion employed, be it teleological, deontological or anthropological—precedes, rather than succeeds the formulation of law. Therefore, the inside traders' actions cannot have been immoral because they were illegal. Quite the contrary, they were illegal because they had already been deemed immoral.

[60] Every decision-maker Needs some “certainty that others care for us, that they like us as people; that we are accepted for what we are and not because we have a particular skill or because we are useful to other people” (1993:59-60).

[61] “The attainment of any of these three types of results, or of all of them at the same time, may be a *motive* for a person’s decisions—that is, it may be an achievement explicitly aimed at by him in his decisions” (Pérez-López, 1993:54).

[62] Freedom is “the source of the force, or energy, that generates and stimulates rational motivation, and exercises sufficient control over the impulse of spontaneous motivation...” (Pérez-López, 1993:163).

[63] “Virtues are personal qualities that enable people to adapt their behavior to what they know abstractly, even though what they feel automatically—spontaneous motivation—prods them in another direction” (*ibid.*).

[64] “[Moral virtues] determine the decision-maker’s actual capacity to want meaningfully, that is, his wanting to actually influence his actions, and therefore have operative consequences, rather than remain on the level of desires” (Pérez-López, 1993:163).

[65] “The decision-maker’s application of freedom in order to process his abstract information, so as to obtain data on the suitability of an action, involves different operations than those he utilizes to apply freedom in order to control his spontaneous impulses” (Pérez-López, 1993:164).

[66] Operative virtues, thus, refer to the set of “practical skills that make it easier to do things correctly—hence, the expression ‘virtuoso’ to denote a person who handles a

particular instrument with great skill” (Pérez-López, 1993:163).

[67] “The internal state of a decision-maker depends on both the state of his operative knowledge (the skills he has developed for manipulating the environment) and the state of his evaluative knowledge (his ability to experientially discern the value of the internal states of other persons)” (Pérez-López, 1993b:3).

[68] “[A] person’s internal state is a *value* to herself, that is to say, it implies all the potential for satisfactions whose achievement *necessarily* presuppose that state’s possession, without which these satisfactions are inaccessible, regardless of the external realities constituting her environment” (Pérez-López, 1991:285).