

# Religion, Spirituality and Business Decision-Making: A Preliminary Investigation

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According to the rules of etiquette, religion and politics are topics to avoid in a social setting. In the world of business, however, religion is a topic being discussed and analyzed with increasing regularity in the late 1990s. Evidence of the heightened interest abounds, from international conferences on themes such as 'spirituality and work', to an onslaught of books and articles in both the academic literature and the popular press.

The purpose of this article is to begin to better understand this emerging theme of spirituality and business. Specifically, I report the results of a small number of in-depth personal interviews of senior executives on the topic of religious faith and business decision-making. The research objective is to begin to understand how senior executives with a professed commitment to religious values articulate the relevance of those values to their behavior and decisions in business organizations. This is a preliminary study based on a small sample size. The intent is to develop the theoretical grounding of the study, to expand the sample size, and ultimately, to develop a model of ethical decision-making that accounts for the influence of religious and spiritual values.

## Background

*"My religious upbringing... has absolutely nothing to do with the basic*

*economic decisions made by the company."* (Schellhardt, 1996)

George Thompson III, Vice President of Briggs & Stratton Corp.

A recent *Wall Street Journal* article describes a lawsuit brought by senior executives at Briggs & Stratton against the *National Catholic Reporter*. The suit claims that the *Reporter* libeled them and invaded their privacy when it published reports critical of the company's decision to close operations in Milwaukee and move them to Alabama. The Briggs and Stratton executives, who were identified as Catholics, educated at Catholic

universities, were accused of acting contrary to Catholic social teaching. Whether the accusations of the *Reporter* are justified is unclear without knowing more about the facts of the case. Certainly, it is conceivable that the decision to close the plant was not only economically sound but ethically defensible. What is clear and provocative, however, is the controversial nature of George Thompson's quote above in response to the criticism.

Perhaps George Thompson sees no link between his faith and his business life, but my research indicates that many others see a vital connection. In fact, in a forthcoming article (*Journal of Human Values*, 1997), I attempt to describe and document an emerging trend in business -- a "spirituality movement". Around the world, management thinkers and reporters are grappling to understand and define the trend. In the United States, the business press and several major American newspapers have recently reported on the phenomenon. *Business Week* (1995) observed a "spirituality movement in the corporation"... which may be an attempt "to create a sense of meaning and purpose at work and a connection between the company and its people." According to *The Washington Post* (1995):

The gospel these days is spreading in some unlikely places... In the past decade, Bible study groups for business leaders have been opening and expanding in (Washington, D.C.) and across the country. It has happened several times in the nation's history: whenever Americans go through periods of intense religious identification, so does American business.

The spirituality movement appears to be worldwide. From India, Professor S. K. Chakraborty of the *Indian Institute of Management, Calcutta*, has observed the spirituality trend and laments the threat that the trend may be missed in India's quest for modernization:

In our (Indian) haste to catch up with affluence we are forgetting that in man's social life both the secular and the spiritual instincts are vital needs. Responsible world opinion is therefore increasingly veering towards the conclusion that it is the vitalized spiritual instinct which should tame and tutor the secular instinct, rather than the other way around. It appears that the world of Indian management thought is altogether cut off from the *epochal turnaround in human thought*. [Emphasis added.]

The importance of religion to business men and women in the USA is also reflected in the results of surveys on church attendance (Novak, 1996). In a 1990 poll, sociologists Stanley Rothman and Robert Lerner found that business people are at the top of the list of groups most likely to regularly attend church services. Table 1 shows that among groups of "American elites", more business people are church-goers than any other group, with the exception of military officers and religious professionals.

**Table 1: Church Attendance By Elite Group**

	<i>Every Week</i>	<i>Once a Month</i>	<i>A Few Times a Year</i>	<i>Never</i>	<i>(N in Sample)</i>
Religious professionals	92%	6%	2%	0%	178
Military officers	46	21	25	13	239
Business	35	15	37	13	239
Labor union members	31	19	40	11	95
Bureaucrats	25	12	33	30	196
Congressional aides	17	17	45	21	134
Federal judges	17	20	51	12	113
Corporate lawyers	15	16	46	24	148
Public interest elites	10	7	46	37	156
News media	9	6	37	48	236
TV	4	3	49	44	104
Movies	4	1	32	63	91

Source: Center for the Study of Social and Political Change (Novak, 1996, p 44).

One manifestation of the importance of religion to business men and women is the recent growth of faith/work discussion groups, a kind of faith-sharing experience where individuals meet regularly in trying to make the connection between faith and work. The *Woodstock Business Conference*, founded and coordinated at Georgetown University, is one such group. Other similar groups are listed in Table 2.

**Table 2: Faith/Work Gatherings in the U.S.**

*Group Name Location*

First Friday Club Hartford, CT

Crossroads Center for Faith and Work Chicago, IL

Woodstock Business Conference based in Washington, D.C., chapters  
in nine U.S. cities

The Experiment Pittsburgh, PA

Needle's Eye Ministries Richmond, VA

The Navigators Colorado Springs, CO

Laity Lodge Kerrville, TX

Agudath Israel New York, NY

Fellowship of Companies for Christ International Atlanta, GA

Christian Business Men's Committee Chattanooga, TN

Christians in Commerce Bloomington, MN

Mennonite Economic Development Associates Lancaster, PA

National Center for the Laity Chicago. IL

Michael Novak (1996), in *Business As a Calling*, contends that for Americans, "morality is first taught to us not as morality but rather as religion" (p 49). Despite this claim and despite mounting evidence of the importance of religion to business men and women, this topic has received relatively little attention in the field of business ethics. Indeed, the topics of spirituality and religion have both been and continue to be marginalized in the field of business ethics, according to Dennis McCann, professor of theology at DePaul University. "Religion and the academic study of business ethics is another case of the dog that didn't bark". Mainstream business ethics has been largely silent about the role of religion, and has been dominated by the paradigm of applied moral philosophy. The marginality of religion in this paradigm, argues McCann (1994), is reflected in "its suppression of the religious aspirations of morally serious managers." This condition persists despite attempts by a few in the past to open the discussion to religion.

It is within this context that I hope to shed light on the topic of religious faith and business decision-making, and begin to build a theoretical framework for understanding the issues. This is a topic which has received attention only in recent years, and almost exclusively on a descriptive level. I will attempt to advance the research by conducting an empirical investigation.

## Research Methodology

Jeanne Liedtka (1992) argues that "the personal interview method is particularly appropriate for the kind of exploratory and complicated theory-building research that ethical decision-making, as a topic, represents at present" (p 161). Qualitative, interview-based research allows the researcher to move beyond the analysis of observable outcomes by capturing the worldview (Churchman, 1971), the context and the thought process of the interviewee. The personal interview technique has been used successfully in previous studies of business ethics (cf. Murphy, 1995; Toeffler, 1986).

During the summer of 1997 five senior executives, each from a different organization, were interviewed. These executives were top managers in their respective firms; two held the title of president of their organizations, two were partners (one recently retired), and one was a senior vice president. The organizations represented included a commercial real estate firm, a Big 6 accounting firm, two management consulting firms (one a multinational and the other a local firm), and a law firm. The rationale for selecting highly placed managers is based on the fact that these people make critical decisions for their companies and that these decisions often set the ethical tone for the company (Murphy, 1995). Respondents ranged in age from the early forties to the late sixties, were all male, and had been with their firm for a minimum 12 years. In addition, each respondent was an active participant in one of the faith/work discussion groups listed in Table 2 (i.e., the Philadelphia Chapter of the *Woodstock Business Conference*). As such, the study is based on a convenience sample; the sample is not random nor was it intended to be.

The interviews were approximately one hour in length and were tape recorded, with the approval of the respondent. A "hybrid" interview format, as suggested by Liedtka (1992), was used to enhance validity and reliability. This approach entails discussing a combination of actual decision incidents and hypothetical situations. The interview protocol consisted of six open-ended questions, the first relating to the respondent's professional background and experience. Specifically, the following questions were asked:

- Does your organization have formal, written ethical policies/ a code of ethics?
- *Critical Incident* - What is a *recent* specific ethical question or dilemma you faced? What decision was made? Why? How did you make the decision? What process was used? What factors about you or your organization influenced your final decision?
- *Hypothetical situation (case)*: What would you do? Why? What factors about you or your organization would influence your final decision?
- *Model*: Which of these factors played a role in your ethical choice for the actual decision incident and the hypothetical case? In what order of importance? Specifically, what is the role, if any, of religion and faith in your ethical decision-making? Are your decisions and actions different because of your faith? How?
- Why do you participate in a faith/work discussion group?

A hypothetical case was developed for the interviews. A copy of the case is included in the paper as Appendix 1. The purpose of supplying the respondents with a common case was to enhance the validity of comparisons between respondents. In addition, a model showing various factors related to ethical decisions and behavior was introduced into the interviews after the respondents had exhausted their list of factors influencing their ethical choices. A copy of this model, which includes factors related to (1) the respondent as a person, (2) the respondent's organization, and (3) the external environment, is provided as Appendix 2.

## **Preliminary Results**

Code of Ethics. In all cases, a written statement on ethics existed, but the source of the statement varied. In four of the five cases, respondents emphasized the importance of an industry-wide professional code of ethics. In addition, four of the five respondents worked for organizations that had their own corporate policy statements on ethics. In three of these four cases, the policies were not a separate "code of ethics" but rather were part of a larger document such as a "corporate philosophy" statement or an employee manual.

Critical Incident. Each executive was asked to describe a recent critical ethical incident that he had experienced in his firm. The intent behind the question was primarily to focus on the decision *process* used to grapple with the ethical dilemma and the *factors* that influenced the decision rather than on the specifics of the incident itself. Of special interest was whether the respondent mentioned religious or spiritual values as influencing his decision process and, if so, how that influence was articulated. The approach was to probe the respondent for factors without mentioning religion or any other prompts. If religion, faith or spirituality were mentioned, these responses were further probed. After the respondent exhausted his list of influencing factors, the model in Appendix 2 was introduced as a way to visualize the influence factors and delve into their degree of influence on the respondent for this particular critical incident.

Two executives described incidents involving employee terminations for reason of performance deficiency. In one case, the performance problem was confounded by suspected alcohol abuse. A similar dilemma described by a third executive involved a question of how to deal with employees who work for a division of the business that is being sold. The questions were not only how to protect their job security with the buyer but when to disclose information regarding the decision to sell. Another respondent was hired as a consultant to assess and council a "faltering executive". The ethical dilemma was that the executive sought a level of confidentiality with the consultant that was going to be difficult to maintain without compromising the needs of the client organization. The final incident described involved a disagreement between a client and an auditor who felt compelled to take a contrary position regarding the client's financial statements.

As previously mentioned, the most important emphasis of this part of the interviews was not on the details of the incidents but on the process used to resolve them and the factors that influenced the final decision. When asked about the process and influencing factors,

several common themes emerged. First, each respondent discussed their attempt to balance the needs of the organization (pragmatic, business, financial concerns) with the needs of the individual(s) involved (human dignity, respect for the individual, compassion). These needs often seemed at odds with each other, a source of tension that required considerable thought and analysis to attempt to resolve fairly. Figure 1 is my view of a visual representation of the tension. In the case of the auditor's contrary position, the same need to balance existed but the tension was between the needs of the organization and the standards of the profession.

**Figure 1: Organizational Needs Versus Individual Needs**

**Organizational Needs Individual Needs**

*business and financial human dignity, respect*

*goals and constraints and compassion*

**What is fair? ethical?**

When asked to discuss the factors that tipped the balance, respondents invariably stressed their "professional responsibility to the business" and that "people and relationships are paramount". This meant that the executives needed to grapple with the incidents in question by understanding and giving due weight to both their legitimate and important obligations to the firm and to the individual as a person. One respondent, dealing with an executive whose performance was substandard, described the importance of knowing the person:

I had the luxury of working there a number of years and getting to know the person - not just the title. That's what helped me to come to the fairer conclusion - the availability to actually get to know the individual as a person - the spirit of the individual - not just his responsibilities, title or longevity. In dealing with the person, it made the decisions clearer as to what should be done; what is the right thing to do.

Other factors that were stressed without prompting were religion/spirit/faith (n=3), a professional code of ethics (n=2), family/upbringing influence (n=1), and legal liabilities (n=1). After prompting through the introduction of the model (Appendix 2), additional factors cited were family/ upbringing influence (n=3), religion/spirit/faith (n=2), the ethical climate of the industry (n=2), and mentioned once each were government regulations, organizational norms/policies, and the behavior of colleagues in the firm. Table 3 summarizes these results.

**Table 3: Factors Cited as Important**

Factors	Unprompted	Prompted
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Balance - Responsibility to the Firm and the Individual/ Profession	5	
Religion/Spirit/Faith	3	2
Professional Code of Ethics	2	
Family Influence	1	3
Legal Liability/ Government Regs	1	1
Organization's Norms/ Policies		1
Ethics of the Industry		2
Behavior of Colleagues		1

Of particular interest in this study was the role of religion in ethical decision-making. While all respondents mentioned this factor either unprompted (n=3) or prompted (n=2), the explanation of the factor and its influence varied. Three respondents were firm in their belief that their religious values played a prominent role in resolving ethical dilemmas. Each was "guided by principles of religion" learned over many years through family and educational influences. When pressed to articulate those religious principles, responses typically included being Christ-like, loyalty to employees, a sense of justice, compassion, and a respect for the individual. One respondent acknowledged that these values are not "owned" by a particular religion and "the core of most established religions is very similar". Nonetheless, the source of these values for the three executives was religion and each was adamant about the fundamental importance of religious values in ethics cases. One executive described it this way:

Dealing with people, holding their confidence, not divulging their confidence - is what I do everyday in terms of the practice of law and the business of law - ... These are standards of conduct that are fair, reasonable and based upon principles and values I learned growing up which are tenants of the Judeo-Christian background.

Another respondent was equally firm in his belief that his spiritual philosophy (rather than his religious values) was the foundation of his ability to resolve ethical issues. This individual made a clear distinction between religion and spirituality:

I don't deal with religion in the workplace because there are too many religions in the workplace... It's the responsibility of the individual to bring it (religion) to the workplace, if they choose, the strengths they get from their religion... Dealing with spirituality in the workplace to me is

different because spirituality is anchored in the human spirit - that core that we all have - whether we are atheists, agnostics, Buddhists, Catholics, Methodists, whatever. It's that part of us that really drives us to seek what is meaningful and what is the right thing to do which to me is the common spirituality of faith... Just being compassionate, listening to people, to actually hear the person rather than hearing what you want to hear. All of a sudden - things you do which to me are faith driven - religious kinds of values but not with that label. But if we don't focus through the spiritual dimension in my eyes - to work out those things whether it be communication or even things such as goal setting, leadership training, things of that nature - we do not listen to what's inside the other individual and you're not getting to their core.

The remaining executive, after prompting, identified the religion/faith/spirituality variable as important in his ethical deliberations but had a difficult, perhaps even uncomfortable, time articulating its role. On the one hand, he acknowledged the influence of religion as a filter or perceptual lens through which he viewed the world:

I think I approach life through the filters that I have developed and saying, would I have done this differently, - yes, my behavior and my decisions are different because of my faith because if I didn't have my faith, I might say "to hell with that person", they are useless to me now, get rid of them. I guess that's because of my faith.

At the same time, he stated:

One of the things when I was trained professionally as a psychologist was that you should not bring your own beliefs into play; you should respect the fact that there are different belief systems and allow others to make their decisions and that my role is to facilitate their understanding of the choices they are making - whether that's in the traditional psychological role of therapy or whether that's in the organization. The fact that I am Catholic and not Muslim - would that change in any way my approach to any of these decisions and I don't know that they would and I don't know if they should. I keep coming back to that very question.

In general, however, the respondents felt that the application of religious values to ethical issues in business was not only acceptable but natural. Trying to deal with ethical issues without religious or spiritual values was like trying "to divide the indivisible". One executive summarized this view:

As far as the overall question of business ethics and religion, I think it's almost natural that you apply your (religious) beliefs in whatever you are doing and I don't think it's something you have to work at separately. I see them as inter-related and not something that's standing on the sideline.

Hypothetical Situation/ Case. A case study developed for these interviews was next introduced (see Appendix 1). The respondents were asked to read the case and comment on how they would resolve it. All of the respondents believed that the CEO of the case handled the situation in a fair way. Specifically, consistent communication was established to discuss the problem, training and executive development opportunities were offered, and possibilities of transferring the individual internally were explored. All these were cited as important and necessary. The only issue of discussion was the length of time allotted to allow change. Some respondents felt that more time may be necessary, though this was not a strong criticism. Overall, these results convinced me of the need to revise the case for future interviews by describing the scenario without identifying the response of the CEO. This will allow the respondent to articulate their own response.

Hypothetical Question. At this point in the interview a hypothetical question was raised: Assume we have Executive A and B, both of whom are competent executives, each aware of company ethical policies and professional codes of ethics. Executive A has a strong sense of faith and commitment to religious values, Executive B has no religious faith. Both executives strive to manage in the best interests of the firm. Is there a difference in the ethical decisions made by A and B?

The results of this question were mixed. Two executives felt strongly that having a religious/ spiritual grounding makes for more ethical decisions over the long-term. An apt statement of this position was:

I think there is a difference. If you are just looking at a code of ethics, I think you tend to do things more to be in line with the code rather than because you think it's right. I also don't think you ever go beyond it because you are just trying to satisfy a rule; you are not trying to apply a philosophy or way you approach problems and what you are doing is following a rule and all you care about is making sure that it's documented that you lived up to the code. In many cases, you may come out with the same answer but the rationale is different and I doubt that you go the extra mile.

The initial reaction of one of the executives was that there would probably be no difference:

I have seen this situation and I can relate to it. The decisions that individual (A) might make are pretty consistent with the decisions that (B) might make, if there is a sense of responsibility to the firm and fairness. ... In the situations I have seen, fair-minded individuals without a lot of religious background, the decisions have not been wrong or greatly inconsistent with what I would have made.

Shortly after making this statement, however, the respondent went on to say that the religious executive "might be a little more gentle and kind".

One executive began by stating that he did not know whether having a religious/ faith framework added to the ethical behavior of a manager. He then went on, however, to make a very strong statement about the fruit of a religious grounding:

Is it relevant that they have a framework which has a religious context or background or is it just important that they have a context in which they have to ask themselves a series of questions, and maybe their code of ethics from their business or profession or whatever is sufficient. Then maybe the question becomes "is there something additive about having a faith framework" and I don't know the answer to that. I would say to you, and this is more anecdotal, that I have consulted with hundreds and hundreds of CEOs and thousands of senior executives beyond that - those individuals who had a strong foundation in their faith, whatever that faith was, whether Jews, Catholics, Protestants, are people whose decisions tended to be better thought through, had more of a concern for the human element, and probably were richer in their context than those who have not. Those who have not have tended to be somewhat more mercenary, maybe short term in their outlook - that's purely anecdotal based on my experience.

The remaining executive's response to this question was noncommittal. He stated that his spirit-based approach "works for me - helps ground me - in a foundation that makes sense to me which is searching for meaning in everything we do. I can't speak for anyone else".

Faith/ Work Discussion Group. The final question asked why the respondent participated in a faith/ work discussion group such as the *Woodstock Business Conference*. Responses to this question were very consistent. Each executive found value in the challenge of more clearly linking their faith and professional lives. Executives were encouraged and challenged by peer executives who struggled with the same types of ethical questions and concerns. Discussions were relevant and new perspectives were gained.

## **Conclusion**

This is clearly a preliminary study and any conclusions drawn are tentative. Furthermore, as previously stated the sample is not only small, it is not random or even intended to be so. Nevertheless, a few key points have surfaced as a result of this first round of interviews. First, I have found the interviews personally enlightening and am committed to proceed with this line of research. Clearly, there is a growing sense of the spiritual and/or religious dimension in society and this is reflected in the business world. More business men and women are grappling with attempts to live holistic lives.

Second, a discussion of religion or spirituality continues to be uncomfortable for some, even those who have a strong religious grounding. Perhaps part of the problem is with language; for instance the failure to distinguish between religion and spirituality. Another aspect of the problem may be the notion that religion is a private affair. In addition, "religion" may be used for good or evil purposes in businesses. When faith is used to

inform reason and to pursue decisions and solutions that are *fully human*, good in organizations is produced. Religion produces evil when it is used to stifle human nature and promote discrimination, such as when a religious litmus test is used in hiring or promoting employees, and when religious values and practices are forced on subordinates. For the executives interviewed, I see no evidence whatsoever of these abuses in their organizations. In fact, these types of practices would directly contradict the religious values they attempt to apply.

Finally, religion did not seem to provide pat answers to complex questions for these executives; rather it served as a lens through which difficult issues were analyzed and understood. Religion did not seem to supplant reason, it informed reason. On this point I found support for McCormick's view that "the Christian tradition is more a value-raiser than an answer-giver" (p 169). Rollo May (1953), in *Man's Search for Himself*, makes a relevant and I believe appropriate point on the value of religious tradition. The value, he says, depends on how the tradition is used. If tradition is used as a crutch to supplant serious deliberation and discernment, "tradition will then not only quench (our) vitality and creative insight, but it will serve as a convenient way to avoid responsibility for (our) own choices". But if we ask, "What does the tradition have to teach me about human life, in my particular time and with my problems?" (we are) using the wealth of wisdom accumulated through historical tradition for our own enrichment and guidance as a free person" (p 179). It is in this manner that the executives in this study tapped into the wellspring of their religious beliefs.

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## **Appendix 1**

### **Case Study: Executive/Organization Fit**

Acme Office Furniture is a 30-year old privately held family business. The organization has had a strong sense of family over the years, and has prided itself on its good employee relations. The CEO of Acme, Leo, 47 years old and son of the founder, has been in his role for the past two years.

Leo took over the company at a time of significant transformation in the office furniture industry, characterized essentially by a shift from selling 'desks and chairs' to selling office furniture systems. The nature of the sale has shifted from a relationship base to a more sophisticated conceptual sale, requiring more technical expertise and a broader array of business knowledge. This has been compounded by an influx of competitors, some of them foreign companies, forcing severe pricing battles.

Acme has gone from being an industry leader to one of several companies fighting for business. Its revenues have slipped and its profit margins have eroded. It can no longer rely on its long standing customer relationships to win the business.

Leo is facing a very tough situation with his Vice President of Sales - Thomas. At 50 years old, Thomas has been with the company for more than 25 years, having come up through the ranks. He has been VP of Sales for 10 years. He has made a career of building relationships with purchasing agents and customers. Further, he is very popular with Acme's sales force, having something of a pied piper quality. The sales people follow his lead consistently.

Thomas's ability to adjust to the changing requirements of the business has been in serious question. His approach to selling and his leadership of the sales force have been wed to an old model which no longer appears to be effective. The company has lost a number of important opportunities to competitors and has begun to lose long standing customer accounts. Thomas just doesn't seem to be providing the right kind of leadership to the sales force and even reinforces old notions and approaches. He acknowledges the shift in the nature of the industry and even says the right things, but just doesn't seem to be up to the required task.

Leo has had discussions with Thomas about his concerns over the past 12 months. He has sent him to a senior sales management program provided by their industry association. He has also provided an executive coach to help him develop a plan to improve his leadership effectiveness. Despite these efforts, Leo has not seen enough change to convince himself that Thomas will provide the type of sales leadership needed to move the company forward. Leo believes he must take Thomas out of the job, and has further concluded that he can't afford to keep him in the company. Leo also fears that Thomas's continued presence would be a disruptive force in moving the sales force in a new direction.

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Adapted from a case written by Thomas Saporito, Ph.D.

## **Appendix 2**

### **Model of Factors Influencing Ethics**