

Business and the New Awakening

Moral Equity in the 21st Century

Robert W. Fogel, Ph.D (University of Chicago)

Betty Jane Schelhing (former Arrow Electronics, Inc., New York)

James Fellowes (Fellowes, Inc., Chicago)

C. William Pollard (Emeritus, ServiceMaster Co.)

Introduction

The quality of lives is at stake in today's marketplace. We know, of course, that corporations have an impact on humans, communities, and society greatly exceeding financial calculations. Yet we also are painfully aware that many businesses have failed us in their ability to follow laws and even their own ethics codes, resulting in excessive damage to people's families, neighborhoods, careers, and retirement plans.

In the wake of serious national and international challenges to the credibility of corporate practice, business leaders have a unique historical opportunity to broaden the scope of their ethical thinking and focus on the larger purposes of work – on the deeper joys that motivate us to make products, to establish services, to organize people and resources for productive employment.

This booklet is designed to foster creative and practical thought on these larger purposes. The organizing question of these contributions is: "How can business practice strengthen the moral life of our society?"

This booklet is another in a series published by the Center for Applied Christian Ethics at Wheaton College. It differs from others in our series, so a brief word of explanation is necessary. The Center is committed to making connections between the teachings of Jesus and the ethical issues that grip us in every sphere of life. Most of the material in this booklet, though, was not originally developed to be explicitly Christian. Yet the ideas discussed are consistent with an important teaching of Christian scriptures, namely, that we ought to respect and serve one another. The pressures of the marketplace, as we all know, often work against this ethic for human living. Therefore, the contributions herein are guided by a high ethical standard as a benchmark for business practice.

We hope it inspires new business practices in which the often brutal forces of economic life are tempered through the higher calling to care for employees, for our communities, and for all who do business with us. This is a new paradigm for the corporation, an awakening to new relationships between corporate life and community good.

About our Authors

Our featured lecture is by Professor Robert William Fogel, from the University of Chicago's Graduate School of Business and the National Bureau of Economic Research. He is noted for his brilliant application

of highly technical economic analysis to the problems of social and institutional history. When he was a Ph.D. student at Johns Hopkins, he believed that the combination of history and economics would provide the best vantage point from which to develop solutions to the economic instability and inequities characterizing the late 1940s. Dr. Fogel used this initial research as a springboard for a sterling research career in which he has applied his unique approach to a number of social issues. His 1993 Nobel Prize in Economics was awarded for his work on the relation of railroads to the growth of the West and for the impact of slavery on southern economies. With these studies he overturned conventional wisdom and became known as the father of econometric history.

His recent book offers a profound challenge to all who are passionate about the well-being of Western society. Titled *The Fourth Great Awakening and the Future of Egalitarianism* (University of Chicago Press, 2000), Professor Fogel develops a detailed argument connecting technological change, the growth of egalitarian social agendas, and the three major periods of religious revivals in the U.S. – which historians describe as great awakenings. The historical movement of the last three hundred years has been toward a more equal distribution of material resources. We now are at the point, Prof. Fogel argues, where we have a significantly larger population of the country, when contrasted with a century ago, that has sufficient material resources for a longer lifespan of health and prosperity. The challenge, then, is to enable our population to make the most of their lives. To do so, Fogel argues, we need a more equitable distribution of the character qualities and habits of life – which he calls “spiritual resources” that equip a person to achieve a higher level of self-fulfillment and accomplishment. We need, he claims, to embrace and extend a non-sectarian commitment to spiritual equality. This is the ethical mandate of the fourth great awakening.

To assist the business professional in catching a vision for a more ethically inspired corporate practice, two accomplished executives provide reflections on morality and the workplace. Ms. Betty Jane Hess began her association with Arrow Electronics more than 30 years ago, when she served as an inventory control clerk during her college years. She became Vice President of Operations in 1983 and, until her retirement in 2004, held the position of Sr. Vice President of Global Operations and Human Resources.

Arrow Electronics is the world’s largest distributor of electronic components and computer products to industrial and commercial customers. Global sales for 2002 were nearly 7 1/2 billion dollars; Arrow employs nearly 12,000 people worldwide. Because she was responsible for all manufacturing operations, human resources, and management development within Arrow, and because of the wide respect she has earned for being a person of impeccable character and compassionate leadership, she is in an ideal position to reflect on how corporate executives and corporate practices can seize the moment that Dr. Fogel has described for us. How can corporate executives and corporate practices contribute to the moral and spiritual growth of employees and other stakeholders?

Mr. James Fellowes, the CEO of Fellowes, Inc., has received many honors attesting to his ethical commitments, including the Richard Karasik Humanitarian Award from the United Jewish Appeal, the Torch of Liberty Award from the Anti-Defamation League, and The Spirit of Life Award from the City of Hope. His grandfather began the business in 1917 with the Bankers Box. Now, Fellowes, Inc. is one of Chicago’s most respected family-owned businesses. The legacy continues as James’ son John joined the company two years ago to become the fourth generation in the business. From his perspective as CEO, Mr. James Fellowes will reflect on what a business ought to do to strengthen the community.

Our booklet includes a brief question and answer session featuring Professor Fogel with Mr. Fellowes and Ms. Hess. Mr. C. William Pollard moderates the discussion; he also contributes a final reflection on Professor Fogel's thesis and a challenge for the corporation. Mr. Pollard served as CEO of the ServiceMaster Company from 1983-1993, and again from 1999 through early in 2001. His book, *The Soul of the Firm* (HarperBusiness 1996), is a touchstone for many who seek more ethically responsible business practices. He also has made extraordinary contributions to many community and non-profit organizations including Wheaton College, where he serves as a trustee.

Acknowledgements

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We are particularly grateful for the generous financial support of the ServiceMaster Foundation in making the original presentations and their publication possible. May the God and Father of our Lord Jesus Christ receive glory and honor as these reflections find a home within corporate practices here and abroad.

Kenneth R. Chase, Ph.D.
Associate Professor of Communication
Director, Center for Applied Christian Ethics, 1998-2004

Toward a Postmodern Egalitarian Agenda

Robert W. Fogel

The Graduate School of Business and National Bureau of Economic Research
University of Chicago

I. We Need a Postmodern Egalitarian Agenda

To understand why a postmodern egalitarian agenda is needed, it is necessary to consider the content of the modernist egalitarian agenda and the circumstances that gave rise to it. During the last several decades of the nineteenth century and the early decades of the twentieth century, class warfare was rampant in the United States. On the one side were the multimillionaires, the “robber barons”; on the other side were small rural and urban business owners, farmers, and those who labored for the robber barons. Railroad corporations were the earliest and most persistent target of protests. Farmers protested discriminatory railroad rates, the quality of service, and the failure of railroads to pay their fair share of taxes.

Labor protests were even more bitter than those of the farmers. Railroad workers organized themselves into unions during the 1870s, engaged in a series of strikes leading up to the bloody warfare of July 1877. In their effort to stem declining wages, workers halted trains and buildings were burned. Troops were brought out to deal with angry mobs, and blood was spilled in major railroad centers across the nation. The conflicts were so fierce that they revived fears that America would be visited by a revolution of the French type. These fears were reawakened in 1892 and 1893 when strikes at the Carnegie Steel Company and the Pullman Palace Car Company touched off new waves of violence. Pitched battles ensued and state militias and federal troops were again needed to reestablish order.

Conditions of life for the working people, especially in the large cities, were severe. When they had jobs, they typically worked 60 to 80 hours per week. But jobs were becoming elusive and wages were pitifully low. Business cycles appeared to be returning more frequently and were becoming increasingly severe.

Unemployment was aggravated by the frenetic pace of technological change which led to the destruction of jobs in small businesses. Small businesses and jobs perished in steel, petroleum, meatpacking, textiles, transportation vehicles, and wholesale and retail distribution. Numerous handicraft skills were made obsolete by the development of machines that could perform the same functions quicker and cheaper than hand labor.

One of the worst features of the age was the extraordinarily bad housing in which many workers lived. In cities such as Boston, New York, and Philadelphia, population densities in the tenement districts were shockingly high. Infant death rates in working class slums generally exceeded 20 percent and in the worst slums, they ran as high as 50 percent.

The nutritional status of the urban workers was so bad that native-born males reaching maturity in the 1890s were typically stunted by about five inches and many were emaciated. As a result, many young adults suffered from chronic diseases that today generally do not become common until much later ages.

The plight of manual laborers at the turn of the century and the modernist vision of reform are epitomized in Edwin Markham's poem, "The Man With the Hoe":

"Who made him dead to rapture in despair,
A thing that grieves not and never hopes,
Stolid and stunted, a brother to the ox. . . .
What gulfs between him and the seraphim! Slave of the wheel of labor, what to him
Are Plato and the swings of Pleiades? . . .
How will you straighten up this shape;
Touch it again with immortality;
Give back the upward looking and the light;
Rebuild in it the music and the dream;
Make right the immemorial infamies,
Perfidious wrongs, immedicable woes?"

To rescue workers from their misery and to provide them with some of the better things in life, the modernists fashioned a new egalitarian agenda and overthrew the principle of egalitarianism that reigned during the nineteenth century, the principle of equal opportunity. In its place, they substituted the principle of equality of status. They set out to win public support for the plight of wage earners and to indict the leaders of big business. They supported the right to strike and called for protection of workers from dangerous machinery, occupational diseases, injuries, and mortality. Other issues included the abolition of child labor, regulation of the working conditions of women to safeguard their physical and moral health, reduction of hours of labor, provision of a living wage in every industry, and the use of the state to bring about a more equitable division of income. To implement this program, they sought legislation at local, state, and federal levels, and they instituted income taxes first on corporations and then on individuals, with the aim of using taxes on the rich to finance the welfare programs that were being instituted to uplift the poor.

II. The Growth of Material Wellbeing

One indication of the progress that has been made in material well-being is the change that has occurred in the structure of consumption and in the division of discretionary time between work and leisure.

The most notable advance is the large increase in leisure available to the typical male worker. His leisure time has tripled over the past century, as his work year declined from about 3100 hours to about 1700 hours today.

The pattern of change among women was similar to that among men. Their annual work year in 1880 was about 3200 hours, but now, counting both housework and work in the labor market, women also average about 1700 hours per year.

I have so far retained the common distinction between work and leisure, although these terms are already inaccurate and may soon be obsolete. Leisure is not a synonym for indolence, but a reference to desirable forms of effort or work. As George Bernard Shaw put it, "labor is doing what we must; leisure is doing what we like; and rest is doing nothing whilst our bodies and our minds are recovering from their fatigue."

Why have hours of work declined so much in recent years? The answer to that question is suggested by the fact that it is not just daily and weekly hours of work that have declined. The share of lifetime discretionary hours spent in work has declined even more rapidly. Figures on the average annual hours do not reflect the fact that the average age of entering the labor force is about 5 years later today than it was in 1880, or that the average period of retirement is about 11 years longer today than it was in 1880.

All in all, lifetime discretionary hours spent earning a living have declined by about one-third over the past century despite the large increase in the total of lifetime discretionary time. In 1880, four-fifths of lifetime discretionary hours were spent earning a living. Today, the lion's share (59 percent) is spent doing what we like.

Why do so many people want to forego work that would allow them to buy more food, clothing, housing, and other goods? The answer turns partly on the extraordinary technological change of the past century, which has not only greatly reduced the number of hours of labor the average individual needs to obtain his or her food supply, but has also made housing, clothing, and a vast array of consumer durables extremely cheap in real terms. For example, the typical household in 1875 required 1,800 hours of labor in the market place to acquire the annual food supply, but today it takes just 260 hours.

There have also been huge changes in the composition of consumption. Food, clothing and shelter, which accounted for about three-quarters of consumption in 1875, accounted for just 12 percent in 1995. Leisure, on the other hand, has risen from 18 percent of consumption to 67 percent.

III. The Production and Distribution of Spiritual Assets

Despite the enormous advances in material well being, the typical American has yet to ascend to the spiritual level that Markham and other modernists envisioned. Immensely rich in material things by the standards of America in the 1890s, the average male is no longer brother to the ox. But he is not yet the companion of seraphim, the scanner of the heavens, or the soulmate of Plato. Although he now has more hours of leisure than of work, much of that unencumbered time is spent watching T.V. The one time brother to the ox has risen, but only to the level of a couch potato. Today, the most severe maldistributions in rich countries such as the United States are in the realm of spiritual or immaterial assets. These are the critical assets in the struggle for self-realization.

In a world in which all but a small percentage are lacking in adequate nutrition and other necessities of life, self-realization may indeed seem like a mere ornament, as Adam Smith once argued, but not in a country where even the poor are rich by past or Third World standards.

Realization of the potential of an individual is not something that can be legislated by the state, nor can it be provided to the weak by the strong. It is something that has to develop within each individual. Moreover, which aspect of one's potential an individual chooses to develop most fully, such as choosing a profession, is purely an aesthetic consideration. However, the quality of such choices and the range of opportunity depends on how well endowed an individual is with spiritual resources. Unfortunately, these resources are unequally distributed among young and old, among men and women, among various ethnic groups, and among rich and poor.

The full list of maldistributed spiritual resources is too long to discuss adequately here, but I have in mind such vital assets as a vision of opportunity and a work ethic. A common characteristic of such assets is that they are transferred from one individual to another mainly very early in the life of the recipient. Self-esteem and a sense of family solidarity begin to be transferred to children along with mother's milk and with pabulum. Other spiritual resources begin to be transferred during the toddler and toilet-training stages, including a sense of discipline, a capacity to resist or control impulses, and a sense of community. Telling stories such as "This Little Piggy," recounting the autobiographies of the mother and father, and family histories going back two or three generations convey such spiritual resources as a work ethic, a sense of the mainstream of work and life, an ethic of benevolence, a vision of opportunity, and a thirst for knowledge.

Although these early transfers of spiritual resources are enriched and expanded by primary, secondary, and college education, and by occupational and other later life experiences, the salience of these later transfers depends in no small measure on what happens at home before formal education begins. It is, therefore, necessary to remedy the maldistribution of spiritual resources early in life, because the most spiritually deprived infants will often be born to single, teenage mothers who are themselves spiritually deprived.

Such deprivation can be addressed by promoting a system of mentoring, taking advantage of the increasingly large number of retired men and women who have abundant spiritual resources. Such mentoring programs would be useful, not only for the toddlers and their mothers and fathers, but also for the elderly who are looking for ways to enrich their retirement years.

Many elderly today suffer from a maldistribution of immaterial resources that traces back to the conditions of their youth. Less than half graduated from high school and less than one in five entered college. These cohorts also suffered from poor nutrition in early childhood, and early onset of chronic diseases, as compared with cohorts born since World War II.

Moreover, depression, alienation, and substance abuse are common among the elderly. Those who are most afflicted are lonely, have few communal contacts, live in retirement homes rather than in their own households, and sense a loss of control over their personal lives. Recent studies also indicate that those who lacked immaterial resources early in life have difficulty in attaining self-realization after retirement.

Despite the long-reach of youthful deprivation, there are enough other factors affecting the quality of elderly life to permit redistributions that compensate for previous deficits. On the physiological side, for example, there are effective medical interventions that can increase the quality of life and longevity. A recent survey of adult literacy revealed that more than half of the elderly population suffers from functional illiteracy. These individuals may be able to sign their name or read very simple material, but they cannot follow instructions for taking medicines or cope with a variety of documents encountered in daily living.

Nevertheless, they are educable. Engaging them in intellectual activities has a significant influence on their physiological performance. Recent studies reveal more physiological plasticity than was previously suspected. The capacity for self-improvement continues into old age and appropriately designed programs can return diminished individuals to earlier levels of functioning.

Use of fiscal policy to correct the maldistribution of money income is based, explicitly or implicitly, on the ethical proposition that those households at the top of the income distribution have more income than they ought to have. What about the case of spiritual redistributions? Are spiritual resources maldistributed because virtue is too heavily concentrated? Governments cannot legislate the transfer of virtue as it does money income. Those poor in these spiritual resources acquire more of them only through the process of self-realization, through a concerted effort to develop as fully as possible the virtuous aspects of their nature.

Those rich in spiritual resources can help those who are spiritually deprived by counseling them, by providing spiritual companionship and moral support, by informing and teaching those who are deprived about existing opportunities and procedures, and by helping to raise their self-esteem. But this process of correcting the maldistribution of spiritual resources not only leaves those who are deprived better off, it also increases the spiritual resources of those who have virtue in abundance. In contrast to income redistribution, spiritual redistribution is not a fixed-sum game in which some people can become better off only if other people are made worse off. It is a game in which total resources increase and the share of the deprived in this larger total may also increase without in any way diminishing those who have a superabundance of spiritual resources.

Distributing Ethical Decision Making in the Workplace

Betty Jane (Scheihing) Hess
formerly, Senior Vice President of Worldwide Operations
and Human Resources
Arrow Electronics, Inc.

I started with Arrow Electronics in 1967 as an inventory control clerk. And at the time, we had five locations, four on the East Coast, and one as far west as Dayton, Ohio. Now [2004] we are in over forty countries around the world. We are a public company and a global company. We are on the New York Stock Exchange, and we will have about \$8 billion dollars in sales for last year [2003]. We make that \$8 billion dollars \$1000 at a time; so we make a lot of shipments of a lot of small parts. We have about 11,000 people now doing that, and they are of all different cultures around the world. Seventy-five percent of our operating expense for the company is people, and those people walk out the door every night, so our biggest asset for the company walks out the door every night and goes home. How we treat our people, how we lead our people, how we inspire our people is very important to the success of the company.

If you look at Arrow's Values Statement, it looks very much like the values statements of other companies. It starts:

Arrow is an ethical company in all that we do. Staffed by open and courageous people, organized into high performance accountable teams who work effectively with no boundaries to innovate and execute with a passion for service excellence.

The first line had to cover ethics, because that is one of the cornerstones of the company. "But despite the code of ethics, the ethics programs, the ethics departments, corporations do not make ethical choices. Ethical choices are made by individuals," ("Ethics 4 Everyone", M. Evel Wade). It is our job as leaders in a company not to assume that because we have a program, a values statement, and surveys, that we are going to be ethical. Individual people make the decisions, make the choices, and it is up to us to ensure that they are prepared to do so, and that they do it.

How do we help individuals do that? Well, over the past 10 or 15 years, our company has had a new employee orientation program where we reach every professional level employee who comes into the company, and we have a senior executive talk with them about important things like ethics.

If you go to any of our offices around the world, you will see a small, laminated green card hanging on people's walls: "Integrity is doing what is right, despite the cost, even when no one is looking." We can't teach all our employees how to make every decision they will face. There are too many of them. But we can teach them principles by which to make decisions. It is hard to make a decision when no one is going to know about it, especially to walk away from your biggest customer because doing what that customer wanted you to do is wrong. On the back of the card, we list basic operating standards. Some choices in life are very clearly right or very clearly wrong. We wanted to make sure employees knew which things are very clearly wrong, so we listed them. And we made it clear: You get fired for doing any one of these things. No questions asked.

One of these infractions is what is currently called 'revenue recognition.' You are not supposed to say you have sales of a product when you didn't actually make the sale; customers will be billed only when inventory is shipped. Now, that sounds easy, but not when you try to apply it around the world in every culture. We actually find that North America is the hardest one to keep that standard in, because at the end of every calendar year government customers will call us and say, "Send me an invoice for my next three months worth of shipments, because I want to keep that in my budget for the year." And we say, "We can't do that because we haven't shipped anything yet." They then say, "Well, no, no, I just need the invoice, because if I don't have the invoice then I won't be able to have this big a budget for next year, and your competitor will do it for me if you won't." We turn them down every year, because that is recognizing revenue when you didn't actually earn it. We will walk away from business, and some of our competitors will accept it. But as our employees see us making that decision, then they know we mean what we say.

When right and wrong are not quite as clear, we have a rule that we teach all of our employees at New Employee Orientation. You've heard of the rule, "If what you are about to do is on the front page of the newspaper, would you do it?" Well, we modify that a little, because we assume that all of us are cold in heart and calloused. We say that if what you are about to do was going to be on the front page of the newspaper in the hometown where your mother lives, would your mother be embarrassed? We know you wouldn't be embarrassed, but if your mother would be embarrassed, then don't do it.

We can't guarantee that every manager that we put in every city around the world is going to be ethical and honest. We will try our best, but it comes down to individual choices. Individuals have to have a strong conviction of what is right and what is wrong, and I use the word "conviction" rather than preference. Most people would prefer to do what is right, but when you are convicted to do what is right that means that even when it's inconvenient, even when it costs you something, you're going to do what's right, as an individual and as a company.

Even with a strong ethical environment, though, a company like ours will have people who make the wrong choices, and then we have a decision to make. In the last six months, we've fired several employees, and I'm not proud of that, because it's a failure on our part when we have to fire employees. Earlier this week we terminated several Arrow employees for intentionally misrepresenting a business transaction to one of our suppliers. Their actions did not comply with Arrow's standards of ethical conduct, and they jeopardized our relationship with that supplier. A real heartbreaking case was a vice president who was making about a quarter of a million dollars a year. He was a long-standing employee, thirty-eight years old, we had moved him twice for the company, and he was cheating on his expenses. He stole about \$2500 from us. What should we do? We had to fire him. Very recently, we fired a 42-year old woman for sexually harassing a 30-year-old man in her employ. When she goes home, what will she tell her 16-year old-daughter about why she's not going to work the next day? None of those firings was pleasant, but all were absolutely critical. If the employees in the business are going to know that your ethical stand means something, then you have to act on it.

In Ecclesiastes, it says, "When the sentence for a crime is not quickly carried out, the hearts of the people are filled with schemes to do wrong" (8:11, NIV). And they are. They say, "Hey, I guess it doesn't matter. If the bosses cheat on their expenses just a little bit, then I guess it's ok if I not only cheat on my expenses, but I lie on my time card." You must have a very clear conviction of what is right and what is wrong. And when something is wrong, carry out the sentence quickly and as compassionately as possible, but visibly.

The most important thing that we need to do as employers is to be the example for our people. Setting a standard, printing up cards and the rest are all good things, but we need to be examples. And as leaders, we need to be willing to stand in front of our people and say, "Trust me, watch me, and do what I do." And how many of us are willing to actually say that? That sounds arrogant, but it's imperative. If I'm not willing to be an example then I cannot lead. And as I am an example, they'll see my life, and they'll see how I live, and they'll see that when I make a mistake I admit it, and I try to recover from it. And if I make a deadly mistake, I fire myself, because that's the only thing one can do when you have a conviction of what is right and what is wrong.

The question is, "Are you a good example, or are you a bad example?" It's not a choice of whether you are an example or not, you are one. So, we'd better pray the Ethics Prayer. It's a prayer widely available, but I found it in a booklet called Ethics 4 Everyone (M. Evel Wade): "So far today, God, I've done alright. I haven't gossiped. I haven't lost my temper. I haven't been greedy, grumpy, selfish, nasty or overindulgent. But in a few minutes, I'm going to get out of bed, and I'm probably going to need a lot more help. Amen."

Spiritual Vitality in the Workplace

James Fellowes
Chief Executive Officer
Fellowes, Inc.

I was a young man in the nineteen seventies. I have been part of a generation that endured decades of moral failure of leaders and role models, Nixon and Watergate, Clinton and Monica, OJ, Koby, and plenty more. These recent stories remind us of a disturbing and persistent pattern, a familiar set of questions are repeatedly raised about the moral integrity of our leaders. Stories of greed and improprieties, of self-interest prevailing over corporate well-being, and of corporate excess and abuses raise questions and serious doubts about the moral health of corporate America. As a young man myself, I failed morally. In a weak moment, that set in motion a series of similar failures, I became well acquainted with spiritual misery. I turned to God in desperation and experienced a spiritual awakening about the time of my thirtieth birthday. Through the help of friends who shared their faith and disciplined me, I ultimately came to the Lord. My personal conversion to become a follower of Jesus Christ has shaped who I am and how I view the world. Having the good fortune to be able to move into leadership in a family business, I bring a reformist's mentality and passion to moral and ethical issues in the workplace. I know the pain of moral failure.

As a Christian, work is much about glorifying God in the workplace in many ways that reflect God's character and biblical teachings, I find business a noble profession in the context and a great platform for living out my faith. The bad name that some businesses get from a few does not erase the good purpose of so many. The basic elements that make a business successful reflect the character of God: to be creative, to be productive, to serve, to earn, to be morally upright, all are biblical themes adapted by business. A recently released book by Dr. Wayne Grudem, entitled *Business for the Glory of God* (Crossway Books, 2003), captures the linkage between business and our Christian faith very clearly, very simply. This is where I come from as I attempt to lead a business with the help of other active members of our family in a team of business executives.

At Fellowes, we measure success in three ways: marketplace gains, financial returns, and the quality and health of our workplace. The first two are quantifiable and outside of this discussion, but the third measurement is germane. It is no less a priority than the first two. After all, our family name is on the outside of the building. We want what happens inside to be good and to be honorable. Our goal is to create a work environment that glorifies God and is reflective of his character in some of the ways described above. We want people to come to work and feel good about their work. We strive to create a work environment that matches the Judeo-Christian moral tradition we learned from our parents and we hear in our churches and synagogues.

We elevate the importance of spiritual well being because we believe that human capital is our most important asset. Only people can serve customers, solve problems, and affect change. Only people can reinvent value for the market through the creative process of product development and marketing.

For people to be creative, productive, and engaged they need to breathe an environment of spiritually clean air. As Dr. Fogel asserts, the spiritual requirements of people in the workplace is supplanting the material, physical and monetary. People want their work to count for something, more than just a paycheck. They want to believe in their company and see virtue in its mission and its ethics. They need to see the evidence of equal opportunity, to work in a disciplined environment, and to sense the responsibility to the community as a whole.

Our work in creating a spiritually vibrant environment is crucial to our business success, but it is also essential to the functioning of our society. Most of us spend more time in the workplace than any other aspect of life. We're shaped by our work experience; what we see, the ethical principles we observe, and the character of the people around us affect who we become and how we act out our personal lives. Clearly, our work in creating a spiritually rich environment begins with business ethics. Doing what is right, living up to one's word, speaking in whole truths, delivering on promises, being transparent and forthright about mistakes and deficiencies builds trust with business partners, our communities, and, most importantly, with our own people. Trust is the essential ingredient in all business transactions and dealings. Without trust there is no customer.

I've asked myself what it is that we've done to establish strong ethical standards. The answer is that we communicate. We communicate more with leadership by example than anything else. Actions speak louder than words. Our top people have been carefully selected with personal character as a top consideration. Our mid-level managers and workers are similarly recruited and inculcated with an ethical way of doing business. We also communicate our ethical values in a mission statement and in company signage. We publish a code of conduct, but leading by example is the key.

There are many other aspects of spiritual well being in the workplace. I will briefly mention just one – our work in corporate citizenship, specifically in charitable giving. Though philanthropy has been a rewarding tradition in our company for many years, only recently have we worked to bring our people into participation. We did so because we believe social responsibility is a powerful spiritual dimension of our healthy workplace. Fun events like jeans day, car washes performed by executives, bake and crafts sales, raffles and the like, have lightened up our everyday routine while channeling funds to various charities. These events are optional. They're fun and constructive with a goal of a workplace that rewards the human spirit.

There are many other dimensions of our corporate work in providing a spiritually enriching work environment to which I've not referenced. In his book, *The Fourth Great Awakening and the Future of Egalitarianism*, Dr. Fogel identifies more than a dozen spiritual resources that allow us to realize the fullness of life.

This is an interesting book and a deep book, but I understood enough about what Dr. Fogel was saying to realize that my own life was highly reflective of one of Dr. Fogel's theses in his book, namely, the linkage between moral failure in our society, spiritual awakening, and constructive reform in our society.

Discussion on Business and Spiritual Resources

Moderated by
Mr. William Pollard

POLLARD: Dr. Fogel, in your research you have found an unequal distribution of spiritual assets or spiritual resources. I think it's remarkable that we're hearing this from an economist. I would have expected to hear that, and I have heard it, from the platform of church or from a religious organization. What do you think are the other channels of distribution of spiritual assets in this society, and is there something that they need to be doing as well? Now, you talked a little bit about the family, but I'm thinking more of the institutional channels, such as places of worship or educational institutions.

FOGEL: Well, when Tocqueville came to America, he emphasized the family as the rock bottom institution that shaped the whole of American culture, and I don't think that has changed. It is the foundation of American society. It's also the business world. But business has changed greatly over the twentieth century. At the beginning of the twentieth century, most of the assets of a company were physical. They were railroads, they were steel mills, they were electrical generators and lines. Today most of the assets—two thirds of a corporation—are human, and nurturing this human capital is the most important element in business success. You have a talented labor force, and you're going to have a good product. And that's because our business is now mainly in the service sector. We're selling services and ideas all over the world.

POLLARD: What about educational institutions? For instance, from your point of view, what is the University of Chicago doing in the educational process with respect to enhancing the distribution of spiritual assets? Is it a channel of distribution?

FOGEL: Well, it certainly is. The faculty together with the students are engaged in a struggle, a kind of tug-of-war, over how society is evolving and how to meet the challenges. You can't take up biology without considering the fact that we don't have an ethical code yet to go along with our tremendous capacity in biology. We don't yet know how to deal with the ethical problems of waste that are generated by a high-tech society. And certainly in my classes and many others, those issues are on the table. We pay a lot of attention to globalization, the fact that we're part of a world that is changing at an incredibly rapid rate. I've written, and I certainly say it in class, that within thirty years, China—and Southeast Asia in general—will be the economic center of the world, not the European Union, not the United States. Not because they have a higher per capita income, but because they're growing so rapidly and they're so large in population that there will be a market bigger than the European Union and the United States put together. And everyone will be catering to them. That will be the market to be in. So, we try and instill in students the fact that this is a very dynamic world. It's not been the way you see it all the time, as it is this moment, and it wasn't that way a little bit in the past, and it won't be that way within your lifetime.

It's going to change radically, so we try to prepare them for the shock that comes with these changes and to understand the ethical problems that technological progress poses.

POLLARD: I have a question for the two corporate representatives. Can you change people to be ethical? Or if an employee has a belief system that doesn't require ethical behavior, is he or she a lost cause?

SCHEIHING: I have the opinion that personality and what's built into you really don't change, but behavior can change. I believe that you can have people who are not ethical behave in an ethical way as long as there are constraints and there are rules and there are people watching them. My preference is that we not have many people like that around because we spend all of our time watching people and not enough of our time being creative and innovative. So, I don't think people who are unethical change, I just think they can modify their behavior for a period of time as long as it is necessary for them to do so.

FELLOWES: I think BJ's point is a very, very good one, and I line up with it. Let me make the same point, perhaps in a little different way. A number of years ago, my brother and I were trying to figure out what to do with one of our employees who was not measuring up in ethical matters – not so much in ethical matters – but in other matters. And as we discussed this problem in its relationship to what was going on in our business he made a comment to me that I never forgot. This employee's difficulties stem from who his mother was, and who his father was, and what they taught him, and the example that they set, etc., etc. The longer I have been involved in business, the more I realize that it's almost impossible to really change people. People are pretty much who they are, and they can modify behavior from time to time, and every once in a while there is one that will change radically. But by and large, people are who they are when they arrive at your doorstep, and that's why we put so much attention on recruiting and hiring, and the character component is such an important one for us.

POLLARD: Dr. Fogel, in a postmodern world we can expect, I assume, things to be more relative, being based on the interpretation of the individual. It has been said that the reader brings the meaning and the writer brings the words. Can we expect that same thing to happen on the definitions of right and wrong? Isn't moral relativism inherent in the commitment to tolerance being the highest value?

FOGEL: That's a hard question. I think there are fundamental values that I don't see changing no matter how much our technology changes. And I try to indicate some of those in these fifteen spiritual resources. But we do have a problem in the technological power that we're gaining. We can change people's personalities; we can change their human make-up.

We have powers for which there really is as yet no set of ethical standards, because we never conceived that we could have that power. A lot of these things are developing more quickly than anybody anticipated.

I go to a lot of meetings of fellow scientists in which we talk about what we expect to happen in the next twenty or thirty years, and there are continual surprises; even the most venturesome people are surprised by the rapidity of change. So I think we're going to run into sets of problems for which we don't have answers, but I think the standards that we develop, if we stick to them, will help us come up with practical solutions.

POLLARD: One last question for the two corporate representatives. Henry Ford once said, "Why do I get the whole person when all I really wanted was a pair of hands?" Obviously this raises the distinction between treating people as the object of work versus the subject of work. How do you address the question of the spiritual side of the person in your work environment without getting into the middle of religion?

FELLOWES: I hope I understand your question correctly. The distinction is an important one and a vital one, I think. It has a lot to do with the remarks that I made tonight. It is how we view people. We can view people as functionaries, as people who perform tasks and hopefully get it right. We can view people as processors, rather like a production line, and that's I think the position that Mr. Ford is taking. Or, we can view them with their full human potential, which is a whole different story. We had a little celebration today for a woman who has worked for us for twenty-five years. After I described all the things she had done over the years at Fellowes, then I got into the fun things, and I started talking about the many ways that she had contributed to our business in intangible ways, in ways that would never find their way into a job description. And I think it's incumbent on top leadership to create that kind of environment where the spiritual needs, not necessarily the sacred spiritual needs, but let's call them the secular spiritual needs – the fifteen resources Dr. Fogel was talking about – are met. If they are met, then the contribution of individual workers exceeds the pair of hands by amazing amounts.

SCHEIHING: I would just add that I disagree with Henry Ford. I don't want their hands; I want their heart. And if you get their heart, you get the whole body that goes with it. And if we capture their hearts, we not only make it a better place to work but it actually helps the profitability of the company. The research indicates that companies in which you have individual employees who are tied into the company – who are engaged, strongly engaged, in what the company is doing – have a higher profitability in their business units. So, it's not just for a more fun place to work, it's actually to return more to the shareholders. I think by grabbing their hearts, by giving them an opportunity to make a difference, people will then respond in a way that allows them to grow spiritually, however they define that (some would say that it's emotional, some would say that it's spiritual). For instance, to give them a safe environment, to become engaged, to say "I'm willing to give more than my fair share," to feel that they can trust the company not to take advantage of that engagement, and to feel safe that if they want to talk about things that are very close to them, then that could be defined partly as spiritual. I'm a Christian, and I'm in a leadership position, and I have to be careful not to shove my ideas down people's throats. But those who want to talk with me about problems at home and ask me to pray for them feel free to come into my office and ask me to do that, and I'm more than happy to. I think they feel safe. We're never going to find a perfect person. I had a discussion at work today with someone who wants to throw an employee out just because the employee is not perfect. There's not one of us in this room that's perfect, and we're all going to have flat sides. All of us are wired the way we're wired, and we need to have other people around us to complement us, to help us to get a reasonable job done. If people feel safe, if we can say "OK, I'm never going to be perfect in this area, but they'll prop me up in these other areas" then we can give our hearts, and then we can feel like, "OK, I can be vulnerable." And we'll capture the whole employee.

Reflections on a Post-Modern Egalitarian Agenda

Mr. William Pollard

After tracing the enormous advances in the material well-being of a typical American over the last 100 years, Robert Fogel looks to the present and concludes that the biggest issue in our society today is not equality of economic status but instead equality in spiritual well-being. There is, he concludes, a maldistribution in the realm of what he refers to as spiritual assets – assets that contribute to the development of character, a sense of community, an ethic of benevolence, an understanding and development of self and service to others, a search for knowledge and truth, and the knowing and practicing of virtue.

While he recognizes the family unit as the primary channel for effective distribution of spiritual assets, he also acknowledges that many family units in our society are spiritually deprived and need help. Most of his suggested solutions for resolving this lack of distribution of “spiritual assets” involves encouraging more one-to-one relationships, like mentoring, or the sharing of virtue by the haves with the have nots.

He seems to relegate educational institutions to a secondary role in the distribution process and never mentions the role of churches or other religious institutions as channels for remediating this deficiency in our society.

In light of the recent ethical and moral problems in corporate America and the reality that these problems reflect a lack of the spiritual dimension, I am disappointed in his failure to consider the need and role of the business firm as a channel for the distribution and enhancement of spiritual assets.

In American business today, we are running pell-mell down the road of trying to solve ethical and moral issues with more legislative answers and rules of compliance. While many of these new rules will help clarify the boundaries of right and wrong business practices, they cannot do the whole job. The ethical and moral judgments of business leaders in changing dynamic markets cannot be solely determined by a set of rules nor can a right result always be achieved by following a particular process. While rules may bring a higher standard of accountability and add the “stick” of more penalties, they cannot determine the honesty, character, or integrity of the people involved.

Thus, the crucial question becomes how do these virtues become a part of who a person is and how he or she acts as a business leader, a parent, or a neighbor. In a series of articles in a local newspaper on the state of our economy, the headline of the feature article was “Have We Sold Our Souls?” The author concluded that many corporate leaders were no longer able to define reality and have lied to themselves, their employees, and their shareholders because they have become detached from a life of genuineness, meaning, and purpose.

Effective and responsible leadership starts with the ability of leaders to define reality and, in so doing, to understand the essence of their own human nature and the human nature of the people they are leading. It is important for the business leader not only to be concerned about what employees do and how they do it, but also to ask the deeper question of why people do their work and who they are becoming in the process.

We know that the wealth creation formula of the future will be more dependent on human capital than on the availability of land or reproducible material resources. This human capital factor is estimated by most economists to have a value that is twice as great as any physical resources.

But where are we today in providing a meaningful purpose, a standard for responsibility and moral behavior for this human capital?

Our humanity cannot be defined solely by its physical or rational behavior. The uniqueness of our nature is that it also has a spiritual side. It is this spiritual side that influences our character, our ability to determine right and wrong, to recognize good and evil, to make moral judgments, to love or to hate. It allows us to develop a philosophy of life, a world view that can provide a moral and ethical framework and standard that is not relative and functions even when there are no prescribed rules.

In his classic work, *The Gulag Archipelago*, Alexander Solzhenitsyn argued that the line between good and evil passes through every human heart.

He asserted that even within hearts overwhelmed by evil, there was one small bridgehead of good and even in the best of hearts, there remained a small corner of evil. His conclusion was that it was impossible to expel evil from the world in its entirety, but it was possible to recognize it and constrain it. For Solzhenitsyn, the source of truth and constraint came from God, an authority beyond himself.

Can the business firm be a moral community for the development of human character? Our answer should be a resounding yes. The firm of the twenty-first century must develop a spirit of community that is focused on the dignity and worth of every person. It must become a community with a soul, where truth is not an option, but a mandate. A community that would expect of its leaders truth and transparency in the conduct of their personal as well as their business lives and a commitment to serve the interest of others over their own self-interest.

Finally, for me, this community would be a place where, in the process of serving customers and making money, it is okay to raise the question of God as a source of moral authority. As we mix the skills and talents of people at work, and work becomes a place where we attempt to correct society's imbalances regarding economic opportunity, race, and gender, we must also be about the process of developing the whole person, including nurturing character and spiritual development. This is a major social responsibility of business and was at the heart of ServiceMaster, the firm I led for over twenty years and a firm that had as its objectives to honor God in all we do, to help people develop, to pursue excellence, and to grow profitably.