

## **Spirituality and Ethics in Business**

by Corinne McLaughlin

Today there's an emerging movement around the country to bring spiritual and ethical values into business. Many people no longer see profit alone as the bottom line. Instead they honor a "triple bottom line," a commitment to "people, planet, profit." Employees and the environment are seen as important as economics. And in a post-Enron world, values and ethics are an urgent concern.

What is spirituality in business? There's a wide range of important perspectives. Some say that it's simply embodying their personal values of honesty, integrity, and good quality work. Others say it's treating their co-workers and employees in a responsible, caring way. For others, it's participating in spiritual study groups or using prayer, meditation, or intuitive guidance at work. And for some, it's making their business socially responsible in how it impacts the environment, serves the community and helps create a better world.

On a deeper level, this spirit in business movement is a practical demonstration of the spiritual Laws and Principles which are guiding the next step in human evolution: Right Human Relations, Goodwill, Group Endeavor, Unanimity, Spiritual Approach, Essential Divinity. Bringing spirit into business means developing more conscious, caring relationships in the workplace based on a spirit of goodwill. Workers strive together to create a common purpose - a unity of soul (which is what unanimity means), rather than a unity of form (uniformity). They work with a spiritual approach that honors the essential divinity in each person, and may use prayer and/or meditation to guide their decisions.

Some business people are comfortable using the word "spirituality" in the work environment, as it's more generic and inclusive than "religion." Instead of emphasizing belief as religion does, the word "spirituality" emphasizes how values are applied and embodied. Other people aren't comfortable with the word "spiritual" and prefer to talk more about values and ethics when describing the same things that others would call spiritual. However, there are some people who will talk about God as their business partner or their CEO.

There's some fear about spiritual beliefs or practices being imposed by employers, but to date this has been extremely rare. On the other hand, some observers warn about the potential for superficiality and the distortion of spiritual practices to serve greed.

Key spiritual values embraced in a business context include integrity, honesty, accountability, quality, cooperation, service, intuition, trustworthiness, respect, justice, and service. For example, the Container Store chain nationwide tells workers they are "morally obligated to help customers solve problems" – they're not just to sell people products. The CEO of Vermont Country Store, a popular national catalogue company, honored (instead of fired) an employee who told the truth in a widely circulated memo, and so increased morale and built a sense of trust in his company.

### **Research on Spirituality and the Bottom Line**

Are spirituality and profitability mutually exclusive? Bringing ethics and spiritual values into the workplace can lead to increased productivity and profitability as well as employee retention, customer loyalty, and brand reputation, according to a growing body of research. More employers are encouraging spirituality as a way to boost loyalty and enhance morale.

A recent study done at the University of Chicago by Prof. Curtis Verschoor and published in Management Accounting found that companies with a defined corporate commitment to ethical principles do better financially than companies that don't make ethics a key management component. Public shaming of Nike's sweatshop conditions and slave wages paid to overseas workers led to a 27% drop in its earnings

several years ago. And recently, the shocking disregard of ethics and subsequent scandals led to financial disaster for Enron, Arthur Anderson, WorldCom, Global Crossing, and others.

Business Week magazine reported on recent research by McKinsey and Company in Australia that found productivity improves and turnover is greatly reduced when companies engage in programs that use spiritual techniques for their employees.

In researching companies for his book, *A Spiritual Audit of Corporate America*, business professor Ian I. Mitroff found that “spirituality could be the ultimate competitive advantage.”

A study reported in MIT’s Sloan Management Review concluded that, “People are hungry for ways in which to practice their spirituality in the workplace without offending their co-workers or causing acrimony.” The word “spirituality” is used generically and seems to emphasize how one’s beliefs are applied day to day, rather than “religion,” which can invoke fears of dogmatism, exclusivity and proselytizing in the workplace.

Research by UCLA business professor David Lewin found that “companies that increased their community involvement were more likely to show an improved financial picture over a two year time period.” A two year study by the Performance Group, a consortium of seven leading European companies such as Volvo, Monsanto, and Unilever, concluded that environmental compliance and eco-friendly products can increase profitability, enhance earnings per share and help win contracts in emerging markets. Investment returns on the Domini 400 Social Index (publicly traded, socially responsible, triple bottom line companies) have outperformed the S&P 500 over a ten year period ending last year.

Business Week reported that 95% of Americans reject the idea that a corporation’s only purpose is to make money. 39% of U.S. investors say they always or frequently check on business practices, values and ethics before investing. The Trends Report found that 75% of consumers polled say they are likely to switch to brands associated with a good cause if price and quality are equal.

### **A Growing Movement**

A proliferation of book titles (currently over 500) reflects a growing national movement to bring spiritual values into the workplace: *The Soul of Business*, *Liberating the Corporate Soul*, *Working from the Heart*, *The Stirring of Soul in the Workplace*, *Jesus CEO*, *What Would the Buddha Do At Work?*, *Spirit at Work*, *Redefining the Corporate Soul*, *The Corporate Mystic*, *Leading with Soul*, etc. Some books on this theme, such as Stephen Covey’s pioneering *The Seven Habits of Highly Effective People*, have sold millions of copies.

There are several national newsletters and associations based on spirituality at work, as well as dozens of national conferences on this theme, including one I organized in Washington in 1998 with over 50 leaders, including many from local businesses such as Marriott International and Riggs Bank. The prestigious American Management Association held a conference on “Profiting from a Values-Based Corporate Culture” - on how to tap into the fourth dimension of spirituality and ethics as crucial components for success.

To the surprise of many, this movement is beginning to transform corporate America from the inside out. Growing numbers of business people want their spirituality to be more than just faith and belief - they want it to be practical and applied. They want to bring their whole selves to work - body, mind and spirit. Many business people are finding that the bottom line can be strengthened by embodying their values. They can “do well by doing good.”

People at all levels in the corporate hierarchy increasingly want to nourish their spirit and creativity. When employees are encouraged to express their creativity, the result is a more fulfilled and sustained workforce. Happy people work harder and are more likely to stay at their jobs. A study of business performance by the highly respected Wilson Learning Company found that 39% of the variability in corporate performance is attributable to the personal satisfaction of the staff. Spirituality was cited as the second most important factor in personal happiness (after health) by the majority of Americans questioned in a USA Weekend poll, with 47% saying that spirituality was the most important element of their happiness.

Across the country, people increasingly want to bring a greater sense of meaning and purpose into their work life. They want their work to reflect their personal mission in life. Many companies are finding the most effective way to bring spiritual values into the workplace is to clarify the company's vision and mission, and to align it with a higher purpose and deeper commitment to service to both customers and community.

### **Why Spirituality Is Popular**

Why all the sudden interest in spirituality at work? Researchers point to several key factors. Corporate downsizing and greater demands on remaining workers has left them too tired and stressed to be creative - at the same time that globalization of markets requires more creativity from employees. To survive into the 21st Century, organizations must offer a greater sense of meaning and purpose for their workforce. In today's highly competitive environment, the best talent seeks out organizations that reflect their inner values and provide opportunities for personal development and community service, not just bigger salaries. Unlike the marketplace economy of 20 years ago, today's information and services-dominated economy requires instantaneous decision making and building better relationships with customers and employees.

Also, spending more time at work means there is less time available for religious activities. The New York Times recently reported that a growing number of companies are allowing employees to hold religion classes at work. This accommodates busy professionals who are pressed for time and afraid they have abandoned their faith. Many people are feeling more comfortable in the public expression of their faith.

Another factor in the popularity of spirituality at work is the fact that there are more women in the workplace today, and women tend to focus on spiritual values more often than men. The aging of the large baby boom generation is also a contributor, as boomers find materialism no longer satisfies them and they begin to fear their own mortality.

95% of Americans say they believe in God or a universal spirit, and 48% say they talked about their religious faith at work that day, according to a 1999 Gallup poll published in Business Week.

### **Prayer and Meditation in the Workplace**

Many people use prayer at work for several reasons: for guidance in decision making, to prepare for difficult situations, when they are going through a tough time, or to give thanks for something good. Timberland Shoes CEO Jeffrey B. Swartz uses his prayer book and religious beliefs to guide business decisions and company policy, often consulting his rabbi. Kris Kalra, CEO of BioGenex uses the Hindu holy text, *The Bhagavad-Gita*, to steer his business out of trouble.

The ABC Evening News reported that The American Stock Exchange has a Torah study group; Boeing has Christian, Jewish and Muslim prayer groups; Microsoft has an online prayer service. There is a "Lunch and Learn" Torah class in the banking firm of Sutro and Company in Woodland Hills, CA. New York law firm Kaye, Scholer, Fierman, Hays and Handler features Talmud studies. Koran classes, as well

as other religious classes, are featured at defense giant Northrop Grumman. Wheat International Communications in Reston, Virginia has morning prayers open to all employees, but not required. Spiritual study groups at noon are sometimes called “Higher Power Lunches” instead of the usual “power lunches.”

The Los Angeles Times reported that Marketplace Ministries of Dallas placed freelance chaplains at 132 companies in 38 states. Fellowship of Companies for Christ International based in Atlanta has 1500 member companies around the world. They promote “The importance and practice of prayer in company decisions; a commitment to excellence; following Jesus’ example of focusing on people, not things.” “Do unto others in the workplace as you would have them do unto you,” is what they strive for. Fast food companies such as Taco Bell and Pizza Hut hire chaplains from many faiths to minister to employees with problems, and credit them with reducing turnover rates by one half.

In addition to prayer and study groups, other spiritual practices at companies include meditation; centering exercises such as deep breathing to reduce stress; visioning exercises; building shared values; active, deep listening; making action and intention congruent; and using intuition and inner guidance in decision-making. According to a study at Harvard Business School published in The Harvard Business Review, business owners credit 80% of their success to acting on their intuition.

Apple Computer’s offices in California have a meditation room and employees are actually given a half hour a day on company time to meditate or pray, as they find it improves productivity and creativity. A former manager who is now a Buddhist monk leads regular meditations there. Aetna International Chairman Michael A. Stephen praises the benefits of meditation and talks with Aetna employees about using spirituality in their careers. Avaya, a global communications firm that is a spin-off of Lucent/AT&T, has a room set aside for prayer and meditation that is especially appreciated by Muslims, as they must pray five times a day.

Medtronic, which sells medical equipment, pioneered a meditation center at headquarters 20 years ago, and it remains open to all employees today. Prentice-Hall publishing company created a meditation room at their headquarters which they call the “Quiet Room,” where employees can sit quietly and take a mental retreat when they feel too much stress on the job.

Lotus founder and CEO Mitch Kapor practices Transcendental Meditation and named his company after a word for enlightenment. A research project by Prof. Richard Davidson at the University of Wisconsin at Pomega, a biotechnology company that had a very high-stress workplace, found a mindfulness meditation training produced astonishing results in reducing stress and generating positive feelings.

Paula Madison at WNBC TV in New York City prays before each show and says she became the number one news show in the area when she increased coverage of spiritual stories. Apparel manufacturer Patagonia provides yoga classes for employees on their breaks, as does Avaya telecommunications. A Spiritual Unfoldment Society has been meeting regularly at The World Bank for years, with lectures on topics such as meditation and reincarnation.

Executives of Xerox have gone on week-long retreats led by Marlowe Hotchkiss of the Ojai Foundation to learn a Native American model of council meetings and experience vision quests. The vision quests inspired one manager with the idea to create Xerox’s hottest seller, a 97% recyclable machine.

The CEO of Rockport Shoes, Angel Martinez, talks openly of the spiritual mission of his company and encourages employees to spend work time envisioning ways to express their deepest selves in their work. Companies such as Evian spring water have successfully used spirituality in their advertising, as for

example.: “Your body is the temple of your spirit.”

The Service-Master Company, with six million customers world-wide, provides cleaning, maintenance, lawn care and food services, and puts its spiritual values upfront in its annual report. It begins with a biblical quote, “Each of us should use whatever gift he has received to serve others, faithfully administering God’s grace in its various forms.”

### **People Are the Most Important Resource**

Increasing numbers of business people find that the key area for applying spirituality is in how employees are treated. Southwest Airlines, one of the only airlines staying profitable since the 9/11 terrorist attacks, says that “people are our most important resource.” Company policy is to treat employees like family, knowing that if they are treated well, they in turn will treat customers well. They have a “University for People” directed by Rita Bailey, and their policy is to hire people based on their attitude and then train them for skills, rather than the reverse. Unlike other airlines, negotiations between management and employees for pay raises and benefits are much shorter and easier as both sides come to the table wanting to hand write a win/win contract. They have been named many times as one of Fortune magazine’s “100 Best Companies to Work For.”

Aaron Feurenstein, CEO of Malden Mills in Lawrence, MA, which produces popular Polar Tec fabrics, believes labor is the best asset a company has. He says a company has an equal responsibility to its community and to itself, and since his town has high unemployment, he kept all 3,000 employees on his payroll after a major fire destroyed three out of its four factory buildings. Workers repaid his generosity with a 25% increase in productivity and 66% drop in quality defects.

Anita Roddick, founder of The Body Shop, with stores all over the world, purposely built a soap factory near Glasgow, Scotland because it was an area of high unemployment, urban decay, and demoralization. She made a moral decision to employ the unemployable and put 25 per cent of the net profits back into the community because she said this is what “keeps the soul of the company alive.”

10,000 Marriott International employees worldwide dedicate a day of service to their local communities each year in their “Spirit to Serve” program. Timberland, the popular New Hampshire based shoe company, pays employees for 40 hours of volunteer work annually. Ohio-based Zero Casualties Inc., an urban apparel maker, donates seven per cent of its profits to inner city charities. The company has crated a marketing campaign based on its values of “no drugs, no violence, no racism.”

IBM funds childcare centers at 60 of its locations. Intel offers 22 weeks of maternity leave. The Men’s Wearhouse, one of Fortune magazine’s 100 Best Companies to work for, supports homeless men in re-entering the job market.

Tom Chappell, CEO of Tom’s of Maine, which produces soaps and toothpastes, stays mindful of profit and the common good by giving away 10% of its pretax profits to charities. Tom’s gives employees four paid hours a month to volunteer for community service, and uses all natural ingredients that are good for the environment. After studying at Harvard Divinity School, Chappell re-engineered his business into a sort of ministry, saying, “I am ministering - and I am doing it in the marketplace, not in the church, because I understand the marketplace better than the church.”

Saturn auto manufacturing says the key to their success is their experiment in corporate democracy and participatory governance. Empowered teams make most company decisions.

60 Minutes did a television show on SAS, a billion-dollar computer software company that has low absenteeism and only 3% turnover, which saves them \$80 million each year in training and recruitment.

Their secret? A no-lay-off policy, 35 hour workweeks, flex time, and on-site amenities such as a gym, a medical clinic, and massage therapists.

Spiritually oriented materials on personal change have been used in employee training for several years at the Bank of Montreal, and Boatman's First National Bank in Kansas City regularly provides spiritually oriented trainings for its top executive group.

Consulting firms using spiritual approaches are doing a booming business. The Enlightened Leadership International in Colorado has been teaching top executives at major companies such as GTE, Georgia-Pacific, and Lockheed Martin how to focus on what's positive, instead of the problems, because our beliefs create what we experience. Other major firms such as The Covey Leadership Center and The Center for Generative Leadership teach Fortune 500 executives how to align their company's mission with their deeper values.

Managers and union workers of Southern California Con Edison attend sessions called "The Heart Shop" with pianist Michael Jones to cultivate compassion for each other, creativity and a new intelligence of the heart. Boeing set up a series of weeklong trainings with poet David Whyte for 600 of its top executives to unleash feelings, take risks, and be excited by change - instead of terrified of it.

NYNEX established an Office of Ethics and Business Conduct to encourage employees to live by a set of core values: quality, ethics and caring for the individual. This new focus led to increases in profits, productivity and product and service quality, as this affected how the company is perceived by customers and stakeholders.

Judy Wicks, founder of the highly successful White Dog Café in Philadelphia, uses her restaurant as "a tool for the common good," raising money for the hungry and sponsoring seminars on racism, the environment and social change. Thanksgiving Coffee Company invests a share of its revenues in community development among the Central American villages that grow its coffee beans. It pays Fair Trade prices for coffee from small farmers cooperatives, which is often three to six times as much as regular prices.

### **Protecting the Environment for Future Generations**

Many companies see their commitment to the environment as their spiritual mission. A 1995 Vanderbilt University analysis found that in 8 out of 10 cases, low-polluting companies financially outperformed their dirtier competitors. Ray Anderson, founder of Interface Carpets, the world's largest commercial carpeting manufacturer, trained 8000 employees in environmental sustainability, with the goal of reducing pollution to zero percent in the next few years. Instead of buying a carpet, you now rent a carpet, and when it wears out, you bring it back to be recycled, and are given a new recycled one. Anderson estimates that his accompany has saved \$185 million on waste reduction efforts alone.

Home Depot recently introduced a line of wood products grown through sustainable forestry practices. British Petroleum renamed itself Beyond Petroleum as it is developing alternative forms of fuel and lobbying governments in the scientific, economic and moral reasons for climate change so they will sign the treaty on global warming.

Starbucks Coffee has partnered with Conservation International to work with its farmer/suppliers in Mexico to promote water and soil conservation and reduction of chemical fertilizers and pesticides.

By reducing, reusing and recycling, Fetzer Wine has reduced its garbage by 93%, buys recycled paper, cans and glass for their products, and is converting to all organic vineyards.

Mitsubishi Electric American specified that their suppliers could not provide them with paper or timber from old growth forests. Once they set the example, almost 500 other companies followed their lead, and together they saved four million acres of forest.

In 1986 The Caux Round Table, based in Minnesota, pioneered a list of Principles for Business, an international code of ethical values formulated by senior business leaders from Japan, Europe, and United States and Canada. And recently, 300 multi-nationals joined the UN Global Compact, pledging to support human rights, labor standards and environmental protection.

The spirituality in business movement is one of the hopeful signs that business, as the most powerful institution in world today, may be transforming from within. What is emerging is a new attitude towards the workplace as a place to fulfill one's deeper purpose. As World Business Academy cofounder Willis Harman remarked, "The dominant institution in any society needs to take responsibility for the whole, as the church did in the days of the Holy Roman Empire." Each day, more and more business people are helping to create a better world by being more socially responsible in how they treat people and the environment. They are proving that spirituality helps, rather than harms, the bottom line. As Kahlil Gibran reminds us in *The Prophet*, "Work is love made visible."

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Corinne McLaughlin is co-author of *Spiritual Politics* and Executive Director of The Center for Visionary Leadership in Washington, DC and San Francisco, which offers public educational programs, values-based leadership training, and consulting services for business, government, and non-profit organizations. She formerly taught politics at American University and coordinated a national task force for President Clinton's Council on Sustainable Development. She can be reached in the San Francisco area at 415-472-2540 or at The Center for Visionary Leadership, 3408 Wisconsin Ave. NW, Suite 200, Washington, DC 20016. Website: [www.visionarylead.org](http://www.visionarylead.org).