



## The goldenness of “The golden rule” An ethical business perspective

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### Abstract

The corporations of today have become multicultural and multilinguistic in character. In the backdrop of the philosophical expositions and their underpinnings, an attempt has been made to unravel the mysteries of the evergreen Golden Rule: “Do unto others as you would have others do unto you.” This rule has long been used and referenced in the contemporary business literature. But the utility of this rule is not clear so far as its moral ramifications are concerned. This paper dilates upon the universality and versatility of this rule and its fitment into the universal code of morality.

**Keywords:** ethics, golden rule, globalization, affordances, kantianism, utilitarianism

### Introduction

The phenomenon of globalization is one of the most described of the past century. In the realms of the economics, with the advent of the most contemporary and contextually relevant technological knowhow, the producers have become more proximate to the consumers irrespective of the geographical or locational disadvantage. Consequently, consumers are in the near vicinity of producers due to the explosion of technology. These movements mingled with the mature economic ties have allowed the markets to be global instead of national or even regional. Regarding culture, forms of symbolic expression are more widely disseminated throughout the world. This is called the expansion of cultural flows worldwide. Globalization is a complex phenomenon and has not led to the homogeneity in any area.

Steger (2003) <sup>[17]</sup> discusses two important opposition groups-particularist protectionists and Universalist protectionists, who are devoted to stopping whatever they consider to be globalization. Yet there are undeniable pressures on economic, political and cultural institutions in the societies around the world that fit within the “globalization” framework.

One area in which these pressures are palpated is the business ethics. Owing to this development, some scholars have advocated a universal ethics code for the myriad of businesses. The most prominent and stellar amongst these is the Golden Rule of business ethics.

It states that “do unto others as you would have others do unto you” or more simply, “treat others as you would be treated.” But little critical realistic thought has been accorded to this rule in the business ethics scenario. An attempt has been made to evaluate the adequacy of this rule in the complex business milieu after taking it out of the arena of dyadic ethical relationships.

### Universality of the Golden Rule

The rule appears in most of the religions and philosophical systems of the world. This rule finds a fair mention in the recorded teachings of Zoroaster, Buddha, Confucius,

Aristotle, Rabbi Hillel, Jesus of Nazareth, Thomas Hobbes, John Locke, John Stuart Mill and Charles Darwin as well as in Hinduism, Islam, and Taoism, among others (Gensler, 1996) <sup>[10]</sup>. This rule appears to be a fit candidate as a universally acceptable moral principle. Some firms have been cited for their explicit reliance on the Golden rule as a guide. J C Penney Co. Inc. ‘s founder, James C Penney, used the rule as the moral principle in his dry goods business after learning what it meant from his father (Wattles, 1996) <sup>[18]</sup>. Penney even opened a store called the Golden Rule Store in 1902. His company is still known for the reliance on this rule in dealing with the customers. Worthington Industries Inc. gives a plastic card to each employee that states, “We treat our customers, employees, investors and suppliers as we would like to be treated”.

Papers on academic business ethics have included the Golden Rule in their writings. Duska (1999) <sup>[9]</sup> reports that most financial services professionals believe that acting ethically means following the Golden Rule. Kung (1997) <sup>[14]</sup> finds the rule to be a common ground for the world’s religious traditions along with an imperative to treat all populace humanely. Cunningham (1998) <sup>[7]</sup> believes it to be a formulation of natural moral law.

Bennett (1981) <sup>[2, 5]</sup> notes that the simple statement of the Rule creates confusion. Bennett asks two very pertinent questions: What does the Rule mean and how it will be used in business scenario? The golden Rule is deceptively simple. The implications of this rule beyond the dialogue of two people is an uncharted sea; the rule’s instructions in the backdrop of multiple stakeholders with conflicting interests must be investigated so as to enrich its utility in the business domain. Otherwise the call to use the golden rule as the universal business ethic will be empty.

### The golden rule- a historical overview

Wattles (1996) <sup>[18]</sup> has given the most exhaustive historical account of the Rule. The Rule appears to have originated in many areas within a short span of time. Notable are China,

Greece and Israel in 600 B C E. In the first century of the Common Era, Jesus extolled His disciples to follow this Rule even for enemies. He ordained that love thy fellowmen as God love thine. When teachings of Christ were embedded in Christianity, philosophers started analysing the Rule in the truly western perspective in the seventeenth century. Thomas Hobbes (1994) <sup>[12]</sup> used the negative connotation of the Rule- "Do not that to another, which thou wouldst not have done to thyself"- as a summation of his laws of nature.

However, John Stuart Mill embraced this Rule as the perfection of utilitarian morality. No consensus of interpretation existed till the turn of nineteenth century. Twentieth century philosophers have continued the research viewing the rule as the sign of consistency of behaviour. Theologians have interpreted the rule as the love for God. The rule is as much discussed in the present as in the past signifying its spectacular resonance leading to the recrudescence of the golden rule.

The apt interpretation of the rule by Wattles and Gensler (1996, 1998) <sup>[10, 11, 18]</sup> is a consistency principle to treat others with respect and empathy- respect to be defined according to mature, rational reflection of the actor's own value and moral principles as a guide. It is not the pedestal for a single normative ethical system because it cannot operate in a "value vacuum".

### Critical realist's View

Critical realism embeds in it a three layered stratification (Bhaskar 1998a; Mingers 2004a) <sup>[3]</sup>. It takes the ontological stance of social structures, natural objects, material artifacts and conceptual entities such as language, opinions and goals collectively known as *structures* which are real and exist independently of our perception of them. Under critical realism, the *Foundational* layer is associated with mechanisms that generate events/outcomes. These events constitute the layer of the *actual* but these actual events and outcomes may not be observed. The final layer is the *empirical* which contains the subset of the actual and which is observable. Epistemologically, our perception of the real is fallible as it depends upon our own interpretive mechanisms which are almost always biased. Consequently, the understanding of the Golden Rule may be an extrapolation of the generative mechanisms (*affordances*) associated with this rule. It is possible to uncover these mechanisms with the help of the process of *retroduction* where outcomes are traced back in time to understand the underpinnings of mechanisms. It is an iterative process. Hence it is aptly termed as the *processual affordances*.

In the light of the above arguments, it may be presumed that the generative mechanism of love for God has resulted in the outcome of the Golden Rule. But the ontological position is rather blurred in as much as not everyone is a theist. This universe comprising of the sane, irrational and the agnostics is presumed to be a superset or at least power set of the hitherto unknown oddities beyond even the interpretation of the biggest conceivable whole called God. Hence The Rule may belong to the theologians' or even logicians' "mystic realms."

### Kantianism and utilitarianism perspective with freud at the background

In ethical history, Kant and John Stuart Mill made a lasting contributions to the ethical thought. But these two philosophies offer contrasting ethical theories. One emphasizes the *intentions* behind our actions and the other the *consequences*; one seeks the justification for moral action in duty for its own sake, the other in the maximization of human happiness; one claims to establish absolute ethical imperatives, the other states that all ethical action is situational and all rules are provisional; one is unrelenting in excluding desire, interest and emotion from moral deliberation, while the other sees these as essential. Kant is remorseless in his rejection of "doctrine of happiness" as effecting "the euthanasia of all morality". But Mill is in his attempt to expose how Kant "fails, almost grotesquely," to deduce any reliable moral duties from his abstract theory.

Still, both these thinkers have one thing in common: they regularly seek to incorporate the insight of the golden rule that "in everything, do unto others what you would have them do to you" and that "Thou shalt love thy neighbour as thyself". Kant's basic premise is the universalization of the imperatives of morality and that in all our actions, we treat the other as an "end in itself" and never as a means to our desires. Utilitarianism enjoins upon us to maximize the pleasures and happiness of the greatest numbers. This clearly seems resonant with the Golden Rule.

Kantianism and utilitarianism are prescribed as a palliative solution to correct certain privations entailed by the vagueness of the Golden Rule, and as offering contrasting reformulations of the golden rule in purportedly more potent ways.

### Sigmund Freud on the golden rule

In *Civilization and Its Discontents*, Freud mentions the version of the golden rule that commands us to "love thy neighbour as thyself" twice directly and several times indirectly. His discursive perspective of the rule is placed in context of the general theory of instincts, which is framed in terms of his conviction that "the meaning of the evolution of civilization" is "the struggle between Eros and Death," the instincts of love and of destruction. As an instinct, Eros is straightforwardly libidinal or genital in character: love is based on the "overwhelming sensation of pleasure" afforded by sexual satisfaction. Sexual instinct is directed towards an individual "object"; love is thus intrinsically particular and discriminatory.

The love of one's neighbour that the prophets and Christ describe as the Law is, on the contrary, a duty to abandon the particularity of the sexual relation and to love all equally. Such a love is "aim-inhibited", as Freud puts it: the "natural", instinctive aim or goal of Eros- the particular other of sexual desire- must be inhibited or repressed so that the erotic instinct may be sublimated or dissipated onto all others without distinction, a displacement which requires "far reaching mental changes in the function of love."

Hence Eros is serving the interest of the unification of humanity as a one structural whole while sexual instinct is

exclusive and predatory in nature.

Hence, The Golden Rule is partially proven right and partially assigned to the realms of interpretation, situation, intention and guesswork.

### **Applicability of The Golden Rule**

#### **i) Morality, Self interest and The Golden Rule**

There has always been a clash of interest between morality and self-interest. There is a recurring clash between what morality teaches and what is in one's own best interest. Apparently, ethics implies that morality should always prevail upon self-interest. Morals cannot force individuals to act constantly against their own interests. Individuals are not only moral being, they are also subject to empirical, biological, psychological and social, among others, conditions (affordances) which cannot be negated or transcended at will. If morality is to be applied, then it must be compatible with self-interest. This should not be taken to mean that all types of self-interests are justified. Aristotle extolled to direct self interest in such a fashion using morality as an instrument that it should result in a useful social life and limb. Hence, certain sacrifices need to be made on an ongoing basis.

Moral is to "Invest in social cooperation for mutual advantage". This statement can be viewed as an economic rewording of the moral standard that is considered to be universal: The Golden Rule. This rule can be found in all major religions and teachings of the wisdom.

Human capital-including such virtues as self-discipline, trustworthiness and social competence- is the most fundamental condition for any social cooperation. It also depends upon organizational capital which is the successful coordination and motivation of the members. The result is the *extended Golden Rule: Invest in the conditions which foster social cooperation for mutual benefit.*

#### **ii) Morality of Market Economy**

All human beings are empirical beings and are not included to render services for the benefit of the others irrespective of one's own costs or benefits, competition under suitable rules acts as a highly effective disciplinary instrument which has the advantage of creating innovation and also serves as a tool of disempowerment, effectively limiting the possible misuse of power due to monopolies or oligopolies. Competition is a social instrument to foster behaviour according to The Golden Rule.

#### **iii) Corporate Social Responsibility**

CSR is in unison with morality and self-interest. The very fact that the corporations only clamour for profit angle is construed as a sign of lack of responsibility. It is so because striving only for profits goes parallel to creating havoc in the milieu. Consequently, morality (responsibility) and profit are in eternal conflict. The pendulum of conflict swings to the other extreme, in favour of morality at the cost of corporate gains, this would imply an undermining of competition along with its moral quality and hence its social function.

Authenticity is an asset which clarifies the consequences of the understanding the relationship between morality and self-interest. People tend to equate authenticity with altruism or unselfishness. Individuals and organizations that are visible to

the public for purposes other than those which are self-serving have a high degree of authenticity.e.g. Mother Teresa, Nelson Mandela, Amnesty International just to quote a few.

Integrity is an asset in the sense that a notably upright corporation can more easily find cooperation partners (i.e. customers, suppliers, employees, investors etc.) and decisions and negotiations will be reached more quickly. Integrity means that stakeholders are sure that their interests are being looked after in a transparent way. An upright corporate player should refrain from acting in an opportunistic ways but rather according to the Golden Rule: to show respect, honour and trust as investments in those conditions which foster the sustainable "cooperation for mutual advantage".

#### **iv) Corporate Leadership and The Golden Rule**

The question of realization of corporate social responsibility is influenced by a multitude of factors. Of all these factors is corporate leadership which is the top priority of management. This is particularly relevant in case of the CEO of an organization because he is the embodiment of the self and the understanding of the self that the employees have of their work and their "corporation". The most basic condition is to win people: ultimately it is up to the individuals (employees) to determine how successful and responsible a corporation is. Institutional frameworks like compliance structures play an important role. No monitoring system can steadily remain effective if it is not understood and accepted by those individuals who have to adhere to it. The same applies to legal institutions, corporate governance structures and codes of conduct.

Probably, The Golden rule is there to help again: A functioning compliance system posits an important precondition for the successful cooperation for the mutual benefit. It is so because it is with the strict adherence to compliance system that a corporation is able to create mutual reliance imperative for cooperation. Countless situations exist, be it efficient team work, "diligent risk" management or treating suppliers, media representatives or officials with respect and fairness. Corporate responsibility can be exhibited through investment into reality and integrity situations. The hallmark of this is *consistency*. It is counterproductive if on the one hand employees do not concretely experience them in daily life and on the other hand mutual benefit and value system is advocated. Value must be made to be applicable and to be enforced by making their importance in the corresponding conditions transparent and this is valid in all areas ranging from the configuration of governance structures to the corporate internal communication. It is pertinent to mention that humans are moral subjects possessing honour and are endowed with liberty and free expression of speech while they are simultaneously self-interested beings.

#### **Epilogue: reflections on the golden rule**

Golden Rule principle comes very handy in business situations. It is ideal for setting where hectic schedules, stress and job pressures make ethical dilemmas difficult to sort out. With your livelihood at stake, you do not want your ethical considerations to be just an afterthought but your principle standard of doing business. The beauty of this rule is that it is so simple superficially but so profound deeply. The

consistency principle helps you to stay on track. It does not replace your own moral ethical standards or norms but gives you something stable and reliable that you can really sink your teeth into. To apply this rule, you have to imagine yourself in the exact place of another person who is on the receiving end of an action. It requires you to pause in your busy work to imagine yourself vividly and accurately in the other person's place. But one should not manipulate the rule to defend one's moral misconduct. By applying Golden Rule, one can open oneself up to a process of change. It is the way of waking up and seeing the world in a whole new way through the eyes of the others. It is a way of letting go of yourself and allowing a gradual transformation to change our character from the inside out.

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