

**NATURE'S LAWS, NATURE'S VALUES:  
FIVE QUESTIONS, FOUR ANSWERS**

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These brief comments are intended to lay the groundwork for a discussion of **values in business and the moral and ethical issues** associated with those values. The original source of the perspectives developed here is my book *Values, Nature, and Culture in the American Corporation*, which was published in 1995 by Oxford University Press, one of several books in The Ruffin Series in Business Ethics edited by R. Edward Freeman of The Darden School at the University of Virginia.

I shall ask four questions and give my answers to them, before asking you to join me by suggesting your own answers, which may well differ significantly from mine. A fifth question also will be posed, to which I do not know the answer but I am assuming that you do, so at that point I shall be "all ears."

Here are the four questions:

- \* **Where do values come from?**
- \* **What do values do?**
- \* **What are the core business values?**
- \* **What are the central value issues of business?**

I shall take these questions one-by-one, giving my answers, and then I shall reveal the fifth question.

**Where Do Values Come From?**

My answer: **They come from NATURE.** This would be true of *all* values, not just business values. An accompanying chart, labeled *Derivation of Values in Evolutionary Time*, sketches the logical progression that leads from Nature to Values.

This view blends Darwinian, NeoDarwinian, Deweyan pragmatic, and Rokeach-Kohlbergian moral development perspectives.

The chart says that values emerge from a long drawn-out process that begins with some **Natural Process** such as thermodynamic energy flows, large-scale climate changes, or shifting predator-prey ratios, to which humans respond by developing an **Adaptationist Program** that enables them to adapt to the demands and requirements of the natural force. This leads, in turn, to an **Experiential Outcome**---that is, to a tangible result that is rooted in human experience. When this experience is repeated over time and is seen to be reasonably stable in the lives of people living in groups, **Rules and Norms** embodying that experience are developed. At some indeterminate later point, “values” are **Recognized** and given **Conceptual Form**. These values then embody and express the entire sequence---the Rules and Norms, the Experiential Outcomes, the Adaptationist Programs, and the Natural Process itself. Though the values are an end-product of a long evolution, they remain in this way reflective of the entire process.

The link between Nature and Values is often not made because by the time values emerge, or are extruded from the encounter between humans and nature, the tendency is to focus on the beliefs and behavioral standards themselves and to forget or omit their original provenance within some natural process.

Another way of expressing the central idea is that *Values emerge from and reflect human experience in coping with Nature*. Values are not “invented,” although they do reflect human intelligence. Values existed in pragmatic form and function long before they were recognized and called “values.” Once recognized and given conceptual form, values may be “acquired” through a social-learning process. However, the experience base of each individual is typically distinctive and unique, thus producing diverse value profiles within any given social group.

### **What Do Values Do?**

Because values are experience-based (as explained above), they take the form of **Beliefs** and **Behavioral Standards** reflecting the accumulated experience of individuals and groups. As social psychologist Milton Rokeach says, values are a particular kind of **belief**---enduring, strongly preferred and personally desirable, with both a moral and a competence dimension. Values also are **standards** or criteria for guiding behavior and conduct.

What Do Values Do? My answer: First, **values define what people believe in**

**and what they believe they should do** and second, **values guide actual human conduct**. Since values have moral content, they constitute the foundations of a person's or a group's moral philosophy. Since values have a competence dimension, they are more or less helpful to people in making decisions and solving problems.

### **What Are the Core Business Values?**

In an accompanying chart of unforgivable complexity and prolixity that bears the heading *Selected Natural Science Disciplines*, I have identified five kinds of values derived from five different kinds of natural phenomena. Four of these value sets are characteristic of business. They are **Economizing Values**, **Power-Aggrandizing Values**, **Techno-Symbolic Values**, and **X-factor Values**. Let me say a few words about each of them. We'll get to the fifth set later on.

I argue that **two master value sets** dominate business institutions and business practice. They are called **economizing values** and **power-aggrandizing values**. These values have not been invented by business practitioners and imposed on the rest of us. In fact, they have not been invented by human action at all. Rather, they are representative of natural processes that undergird the struggle for life in general and the particular way in which humans have organized themselves for this struggle. The links between Nature and Values are depicted on the accompanying chart. Those natural forces have found outlet and expression within the modern business firm. They have foreshadowed business values in the following ways.

**Economizing** happens in nature when an organism acts "economically," that is, when it acquires energy from its environment and uses the energy to produce something of direct value for itself. All forms of life economize; they must if they are to sustain life. The business firm also economizes by drawing resources from its environment and striving to be economically efficient and productive. A second economizing value is **growth**, which occurs in nature when an organism succeeds over the long term in acquiring sufficient energy to realize its genetic potentials. The economizing firm likewise has an urge to **grow**, to become ever more efficient in the use of resources by plowing productive gains from past operations back into present efforts. That is the key to the economic immortality it seeks. Growth is a step beyond simple economizing. It requires some kind of built-in systematic way of getting that energy, storing it, and using it to support the organism's metabolic needs. So, an organism's **systemic integrity** is essential if it is to economize and grow into its full potential. For the business firm, that means putting in place **an organizational system** capable of marshalling and directing the needed resources to achieve the firm's purposes.

I argue that these three naturalistic processes---economizing, growth, and systemic integrity, which are applicable to humans as well as all other kinds of organisms---are the definitional beginning point of “business values.” They are fundamental to business as we know it. As values, they are the *core beliefs* of business practitioners, and they are the central directing *behavioral standard* for business conduct. These three economizing values can be found in *all* business entities, regardless of size, type, function, age, market, or location.<sup>1</sup> They are institutional imperatives in the sense that no business firm will long endure if it does not **economize, grow**, and do so by having an effective **organizational system**.

The second master value set of business contains the **power-aggrandizing values**. They are four in number: **rank-order (hierarchical) organization, managerial decision power, a status quo power-system, and power aggrandizement**. This value cluster simply says that coercive power is a characteristic feature of business organizations. The company’s power is drawn up into a rank-order pyramid, managers stand at the top wielding the decision power of high office, all managers join together to protect the power system that is the source of their influence, and power-seeking and power-magnification are among the central motives of the managerial class as a whole.

Ethologists who study animal behavior, including hominoid primates (e.g., gorillas, chimpanzees, and bonobos), tell us that this kind of power-dominance way of organizing life is widespread and quite common among many kinds of animals.<sup>2</sup> That may, and probably does, mean that it evolved through natural selection as a survival trait. At the very least, one can say that it did not *prevent* survival.

I believe that this evolutionary trait undergirds much human organization, including that found in business. It explains why power and dominance behavior pervade the business scene. It is the natural process from which the power-aggrandizing value

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<sup>1</sup> This theory of business values focuses only on American corporations and makes no claims about business in other societies.

<sup>2</sup> The now-classic works of ethologists Niko Tinbergen and Konrad Lorenz tell this story in detail. Two recent books offer updated and contrasting evolutionary perspectives: Richard Wrangham and Dale Peterson, **Demonic Males: Apes and the Origins of Human Violence** (Houghton Mifflin, 1996) and Frans de Waal, **Good Natured: The Origins of Right and Wrong in Humans and Other Animals** (Cambridge, MA: Harvard University Press, 1996).

cluster takes its meaning.<sup>3</sup> Like economizing values, this second value cluster also stands at the very center of business mentality. Few business practitioners vary from the belief that business must be organized and conducted by and through the instruments of power and dominance.

To sum up, then, the core values of business are two in number and type: **economizing values** and **power-aggrandizing values**. They are deeply rooted in the business psyche for good reason---nature planted them there.

As shown in yet another accompanying chart, this one labeled *Four Characteristic Types of Values Found Within the Business Firm*, every business firm also houses both **techno-symbolic values** and **X-factor values**.

The story of **techno-symbolic values**' origin and evolution is too convoluted to tell here. They are the instrumental beliefs and behavioral guides by which work is done within and by the business firm. They enable economizing to go forward. They provide the expertise, the pragmatic attitude, the problem-solving procedures that underlie cooperative efforts. They enable the firm to work toward its goals, to achieve incremental gains, to compete vigorously. Techno-symbolic values *are*---that is, they are composed of---one kind of symbolic output of the human brain (there are many other kinds as well). Within the business firm, they are, for better or worse, put in the service of the two dominant value sets---economizing and power-aggrandizement.

Every business firm also contains a complex array of **X-factor values**. These are the *personal, role-conditioned values* held by people who work for the company. They are called "X-factor" (with the X standing for unknown) because no one can be sure just what they will be in any given firm without extensive study of the workforce. As one of the charts shows, it is to evolutionary psychology and biology that one must turn for a full understanding of X-factor values. Though personally and even privately held, these values have been forged within social groups, and they serve the goals and purposes of groups as well as those of the individual carrier. These personal values sometimes get bent out of shape, or may be pulverized and suppressed entirely, by the economizing and power-aggrandizing pressures in the workplace.

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<sup>3</sup> This is not to say that the economizing value of **systemic integrity** and the power-aggrandizing value of **rank-order organization** are identical. The former can be achieved without reliance on the latter. Additionally, systemic integrity is more closely related to technological principles of organization than to the hierarchical principles of power aggrandizement. This point cannot be pursued here, but see *Values, Nature, and Culture*, Chapter 7, for an extended discussion.

## What Are the Central Value Issues of Business?

You will have noticed on the chart labeled *Selected Natural Science Disciplines* a fifth kind of value set, called **Ecologizing Values**. These values, too, are a product of evolution and natural selection. They are derived from an ecosystem's interlinked, highly diverse network of organisms living symbiotically with each other. Together, they forge what we call a "community." Ecologizing values---that is, beliefs and standards---lead human society toward a collaborative, mutualistically supportive social system.

The **Central Value Issues in Business** grow primarily out of a clash between a company's **economizing values** and the community's **ecologizing values**. The list of these clashes is long and familiar---global warming; rainforest depletion; acid rain; farm and industrial runoff into streams, lakes, and oceans; particulate pollution; chemical pollution; radiation perils; third world exploitation; health-care crises and disease epidemics; global arms trade; global drug trade; competitive downsizing; hidden technological unemployment and underemployment; outsourcing; labor union bashing; societal disregard and disrespect; elitist disregard for the underclass; the commercialization of the arts, sports, entertainment, government services, education, health care, social security, retirement life, community design, religion, politics, the family, childhood, television, radio, films, videos, vacation travel, the outdoors, the wilderness, the entire former Soviet bloc, the European Community, China (if possible, worth a try anyway), the Internet, and the modern business school (where students are paying customers and faculty their willing servants).

Reconciling the warfare between these two opposed nature-based value systems is the Number One value issue of business. But it is not the only one.

Both **economizing** and **power-aggrandizing impulses** threaten not only one another but may also work directly against the collective **X-factor (personal) values** of the denizens of the corporation. Corporate mergers alone demonstrate how, in many if not most cases, the quest for power and executive glory can overwhelm prudent, rational economic goals and purposes. And the journals and books of business ethics philosophers are filled to the brim with stories about the sad fate of **X-factor values** as companies pursue their economizing goals by power-aggrandizing means, with little regard for personal preferences and needs.

Reconciling all of these normative tensions and puzzles is a tall order, not lightly accomplished. In *Values, Nature, and Culture in the American Corporation*, I propose two sources of reconciliation. One is an appeal to **technological rationality and**

**creativity**, where technology is depicted as a force of nature---a gift to the human species perhaps capable of allowing intelligence to win out over economizing self-interest, environmental extremism, and cultural imperialism. The other reconciliatory possibility is found in “the normative commons”---i.e., the general principles of ethical conduct that span but do not violate cultural boundaries. These shared normative orientations, woven from many strands of human experience, I call “**the culture of ethics.**”

I doubt the usefulness of much philosophic analysis in reaching a satisfactory and scientifically valid resolution of most business ethics dilemmas. However, in my book I do offer a way to combine conventional ethics analysis with naturalist theories of morality. To date, there has been no overwhelming or enthusiastic response from the philosophers’ side. But I am a patient sort of guy. After all, I work in evolutionary time and can wait a long while.

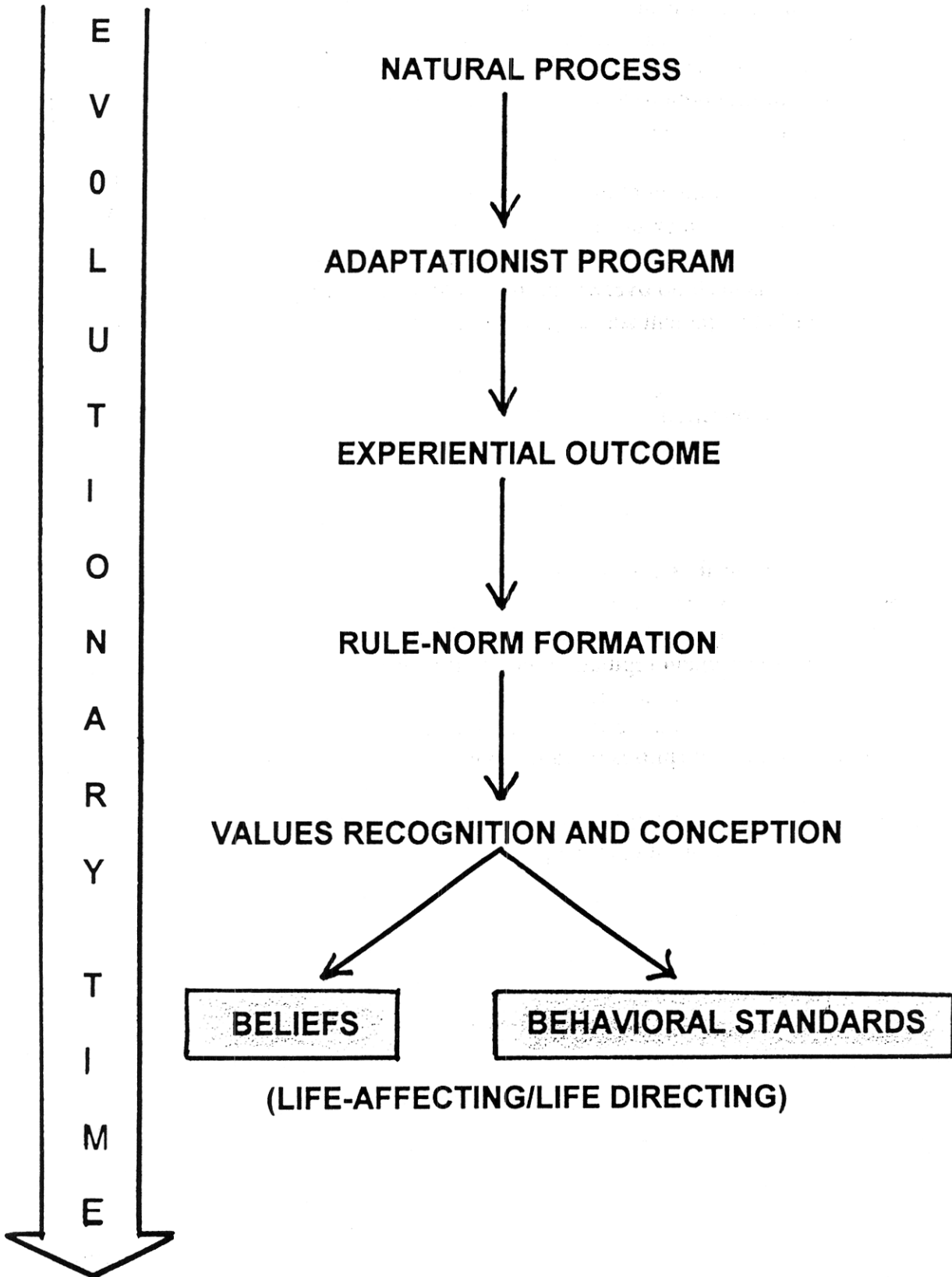
And now to the fifth question.

### **What Does All of This Have to Do with the Legal Study of Business?**

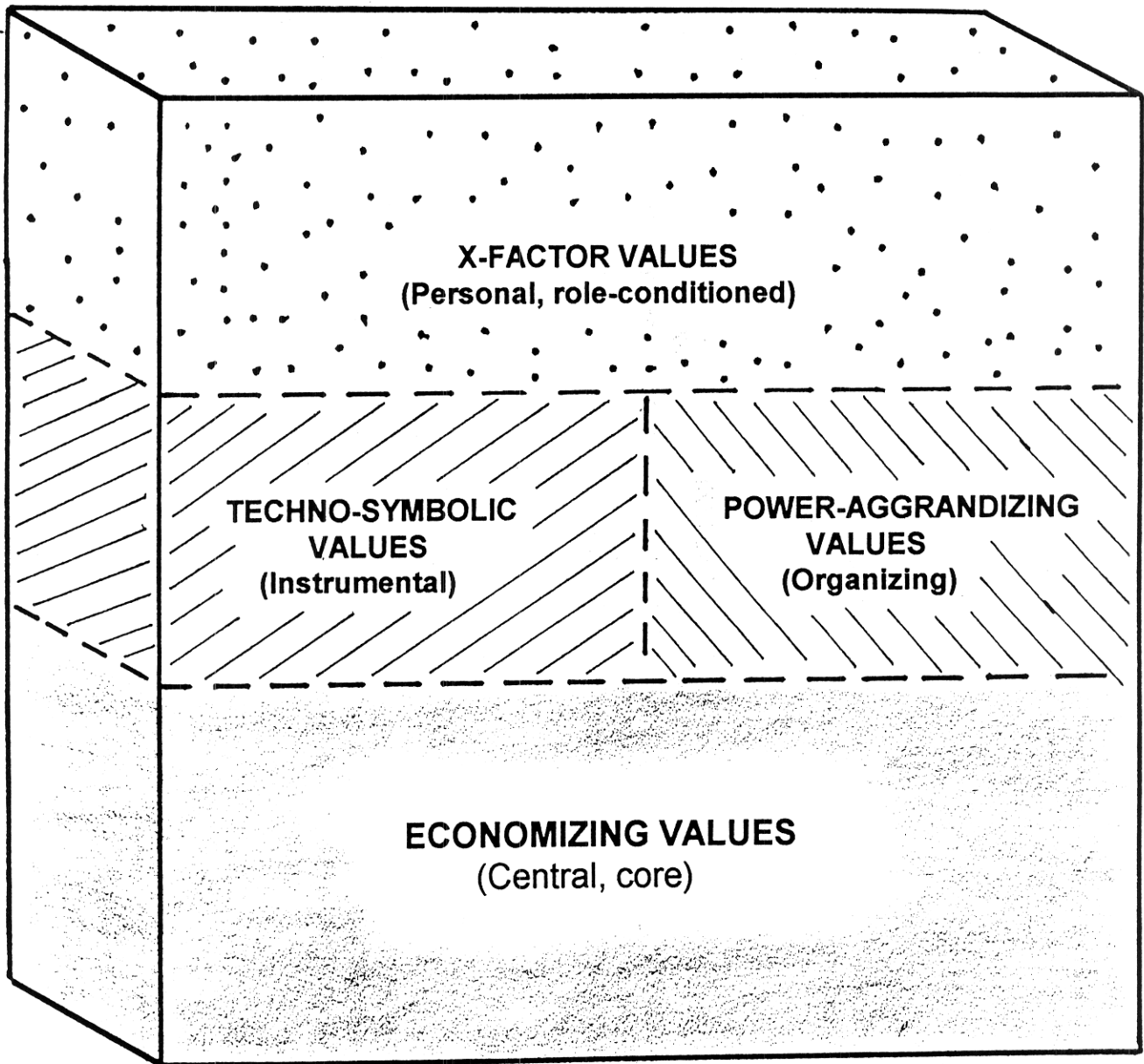
Here, I defer to your professional knowledge of law and to your own struggles to understand how law and ethics intersect one another within the business firm. I assume that the **Rule-Norm Formation** stage of values development touches upon the evolution of laws, public policies, government regulation, political institutions and processes. I also assume that you will want to expand the list of key values implicated in business ethics issues. I also anticipate (somewhat hopefully) that the emphasis I have given to pragmatic, experience-based conceptions of values will appeal to the lawyerly mind.

Whatever the outcome, I welcome your responses, your questions, and your additions to what I have offered as an opening gambit.

DERIVATION OF VALUES IN EVOLUTIONARY TIME



**Four Characteristic Types of Values Found Within the Business Firm**



SELECTED NATURAL SCIENCE DISCIPLINES

