

# JUST ONE WORD

Dear *Tennessee's Business* readers:

**R**ecently I was reading a book titled *Business As a Calling: Work and the Examined Life* by Michael Novak (The Free Press, 1996), given to me by my good friend Earl Swensson of Earl Swensson Associates, architects and planners. One of the things in the book that caught my eye was the following:

*In my own case, I grew up the son of a Baptist minister. From this background, I was fully exposed to not only legal behavior but moral and ethical behavior and what that means from the standpoint of leading organizations and people. I was, and am, a strong believer that one of the most satisfying things in life is to create a highly moral and ethical environment ....*

The quote caught my eye for two reasons. First, it uses three words with which I have been struggling because of recent highly publicized business scandals—legal, ethical, and moral. Second, the quote is ascribed to Ken Lay, then (1996) chairman of Enron Corp., now globally known because of Enron's disastrous fall.

As a certified public accountant and a certified fraud examiner, I have been deeply troubled by the part played by members of my profession in the significant business failures and frauds of the past several years. I have tried to determine where the failing may have occurred. Have the accountants been poorly trained? Do they lack sufficient experience? Is the issue systemic or individual? Frankly, satisfactory answers do not immediately float to the surface to be easily skimmed off (perhaps a poor choice of words!).

As I have listened to and read about many of these high-profile business scandals, certain things seem to be consistent. Involved parties emphatically state they are legally innocent and have abided by appropriate professional standards. If that is true, perhaps I did not understand the terms. So, I looked up some relevant words:

- *legal*—permitted by law; established or authorized by law; recognized or enforced by law;
- *ethical*—in accordance with professional standards for right conduct or practice; in accordance with a body of moral principles or values;
- *moral*—of or concerned with the principles of right or wrong conduct; being in accor-

dance with such principles; capable of recognizing and conforming to such principles; behaving according to such principles.

Let's assume managers of Enron and others used "legal" as the baseline against which to judge their behavior. There was no safety net—no margin for error—around the baseline. If their judgment was wrong, they were immediately over the acceptable line and into illegal behavior. Therefore, "legal" looks to me like a risky and inappropriate minimum standard—and one that is easily misjudged.

Perhaps *ethical* would be better. Most professionals (particularly CPAs) found to have civil or criminal liability in any of these events have contended their behavior was in accordance with appropriate professional standards. That would appear to make it ethical—again, a fairly slippery slope. Attempting to abide by professional standards, if they did so, does not appear to be satisfactory protection, and many court decisions indicate professional standards do not always meet even the minimum legal test.

So I come to *moral*. If businesspeople would behave according to the principles of right conduct, would the problem be solved? There would be margin for error. The slope would not be slippery. Problem solved. Forget *legal*. Forget *ethical*. Go for *moral*. Certainly an improvement! Looks like the right track!

Then I found another word—just. It means adhering to what is fair, honest, and moral. It assumes moral and adds to it. It goes beyond and encompasses them all. It eliminates the concern; I think this might be the word.

For business decisions, let's champion the use of "just" as the appropriate criterion. If it is just it will be legal, ethical, and moral. It is the higher standard, fair and honest. Wow! One word does it all. A reasonable standard we can not only live with but by which we can flourish, achieve, and grow.

A friend once told me, "Remember, in this country we have a legal system, not a justice system." Unfortunately, he was right, but we can establish "just" as our standard of business conduct. Each of us can vote for that by our own personal business behavior.

Sincerely, 

*E. James Burton, Dean  
Jennings A. Jones College of Business  
Middle Tennessee State University*



**As a certified public accountant ...  
I have been deeply troubled by the part played by members of my profession in the significant business failures and frauds of the past several years.**