How Losing Soul Leads to Ethical Corruption in Business

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What doth it profit a man if he gain the whole world and lose his soul?¹

John Bogle states in his book *The Battle For The Soul Of Capitalism* that he will describe “how the financial system undermined social ideals, damaged trust in the markets, robbed investors of trillions – and what to do about it.”² Bogle argues that the financial system is corrupt and there are two contributors to this corruption; the first is excessive executive compensation and the second is onset of quarterly earnings guidance.

We are intrigued by Bogle’s title which talks about the soul of Capitalism. We want to exploit Bogle’s words, if not his thoughts, and talk about corruption as the very loss of soul. But we need to get clear about what is meant mean by soul.

To explain what soul means, we will to make use of some concepts developed by the Greek philosopher Aristotle. Some years ago, there was a popular book entitled *What If Aristotle Ran General Motors?* we want to suggest a different tack, and ask, “What if Aristotle would analyze what is going on in the scandalous behavior of business in the twenty-first century?” We think his explanation, would be simple. Businesses have lost their souls. On an Aristotelian account, businesses, like human beings or any other entity, are comprised of four causes: material, formal, efficient, and final. The material cause is the stuff, the formal cause is the organization of the stuff, the efficient cause is the mover that brings the stuff together and the final cause is the purpose of the whole entity.

In living beings, the material cause is obviously the organic body and the formal cause is the spirit or soul. The soul (psyche in Greek) is the dynamic force, or the animating (animus in Latin) principle. Aristotle’s work on the soul was entitled *Peri Psyche* in ancient Greek and *De Anima* in later Latin translations.

In a discussion of the four causes, Aristotle indicates that at times the formal cause is identical with the final cause.³ In other words, to explain “what” a thing is sometimes involves explaining “what it is for”. In order to understand the essence or nature of something we need to determine its purpose. Indeed, in the case of physically amorphous things like social institutions, it may be that the only possible

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way to explain them is in terms of their purposes, not the way their physical makeup is structured. For example, in order to understand what a government is, it is best to explain the purpose that a government serves, rather than providing a description of the buildings in which the government is housed. So, to understand a social institution, it is not sufficient to describe its aggregate parts. One needs to explain its function or purpose. To the extent a social institution functions or operates, it has an animating principle which is its purpose.

If we identify formal and final causes like Aristotle did, we can argue that a business, like a human being, is a living enterprise driven by its projects and goals, i.e. its purposes. Further, when it loses its purpose or changes its purpose, its very being is changed. What the business was on account of its original animating purpose ceases to be, and the institution becomes corrupted (at least with respect to its original purpose). The corruption we see in business today is the result of such a loss of purpose (soul).

But Aristotelians are not the only people who talk about the soul of business; Max Weber used the concept of spirit in his work *The Protestant Ethic and the Spirit of Capitalism*. Weber’s work in the original German uses the word *Geist*, which gets translated into English as “spirit”. We would suggest that the notion of *Geist* is very similar to the notion of soul as we are using it. Further, the word spirit comes from the Latin word *spiritus* and is almost identical to the Aristotelian notion of *form*, where the soul or spirit or *geist* is the organizing or animating principle of the organic body having life in potency.

We can see similarities between the 20th century philosopher Ludwig Wittgenstein and Aristotle. Two central claims for which Wittgenstein is famous are the claim that “the meaning is the use” and the claim that there are “forms of life” which constitute sociological relationships. According to Wittgenstein, we know what something is by knowing its use – what it is for, and that use constitutes a “form of life”. To tie these notions of Weber and Wittgenstein together, let us suggest that such a spirit (*geist*), as Weber refers to, constitutes for Wittgenstein a “form of life”.

The identification of form (formal cause) and purpose (final cause) is not only manifested in amorphous social organizations, it is also manifested in individual human beings. A person’s purpose or ends are, in a sense, his or her soul, since those ends define what the person is. A person’s mission (a collection of his or her ends) is the result of the person’s commitments to particular projects and ideas. The mission one chooses defines one’s identity in a more meaningful manner than a description of one’s aggregate physical characteristics.

**The Promise Making Animal**

One of the most unique characteristics of a human person is the ability to make a promise, which requires envisioning oneself as acting in the future. The ability to look to the future and remember the past, gives a person the capacity