

The Reconciliation of Finance and Ethics: Integrating the Interior and Exterior Dimensions of Reality

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Second Prize ex-aequo
Global Prize

EN This paper advocates that recent troubles in the finance industry are only symptoms of a deeper crisis: As we've moved deep into the modern age, the value-sphere of science – the exterior dimension of reality – took over the value-spheres of aesthetics and morals – the interior dimension. This article supports that today's challenge is not merely to promote ethics in finance, but to integrate these interior and exterior dimensions of reality in our discourse. It then discusses developmental psychology as a methodology for investigating an individual's inner development. It also introduces the practices of action inquiry and triple-loop learning as ways of cultivating reflection in the midst of action, thereby creating space for an ethical concern and behaviour to emerge moment by moment. Finally, the socially responsible investing movement illustrates how we can weave ethics and finance, the interior and the exterior, at an organisational level and beyond.

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FR Cet article préconise que les récents troubles dans le secteur de la finance ne sont que les symptômes d'une crise plus profonde. Comme nous nous sommes immergés dans l'ère moderne, la valeur-sphère de la science - la dimension extérieure de la réalité - a repris les sphères de valeur de l'esthétique et la morale - la dimension intérieure. Cet article soutient que le défi aujourd'hui n'est pas seulement de promouvoir l'éthique en finance, mais d'intégrer les dimensions intérieure et extérieure de la réalité dans notre discours. Il aborde ensuite la psychologie du développement en tant que méthodologie d'enquête sur le développement intérieur de l'individu. Il introduit également les pratiques d'enquête et d'action d'apprentissage en triple boucle comme des moyens de cultiver la réflexion dans le milieu de l'action, créant ainsi un espace pour une préoccupation et un comportement éthiques qui émergent à chaque instant. Enfin, le mouvement des investissements socialement responsables illustre comment nous pouvons tisser l'éthique et la finance, l'intérieur et l'extérieur, à un niveau organisationnel et au-delà.

Nous avons réussi à construire un cadre global des systèmes scientifiques, industriels, financiers, économiques et informationnels. Pourtant, nous avons perdu le sens, la valeur et l'éthique dans le processus.

Finance and... ethics. As you see these two words next to each other, you may feel some tension, or even a slight discomfort. Or you may even smile coyly, thinking they do not belong together. You may spontaneously remember the global financial crisis and shake your head in disbelief thinking of the damages that are still felt across nations and organisations. Or you may belong to a large portion of the population that does not trust institutions, corporations, politics, business people and finance professionals. Even before the crisis reached its pinnacle, a U.S. Roper poll conducted in 2005 showed that close to three quarters of respondents believed wrongdoing was widespread in industry. Only 2% felt that leaders of large firms were "very trustworthy." Recent events have certainly not improved their image.

In this paper, I will attempt to convey that what I've just described are only symptoms of a much deeper issue. We succeeded at building a global framework of scientific, industrial, financial, economic, and informational systems. Yet, we lost meaning, value, and ethics in the process.

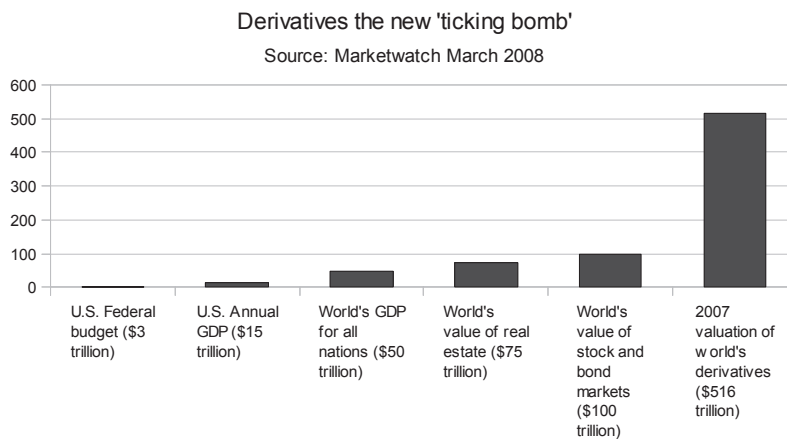
By holding both finance and ethics in my consciousness, I feel an invitation, an invitation to recover what has been broken, to integrate what has been fragmented. I extend this invitation to finance professionals - who are usually very at ease with the tangibles - to explore the intangibles and to integrate the world of the visible and the world of the invisible.

Derivatives Gone Mad

Indeed, we did master the technical or *exterior* dimension of doing business and finance. I'll just use the example of derivatives to illustrate this point.

The derivatives market has grown from \$100 trillion to \$500 trillion in 2007. According to Wikipedia, “the total world derivatives market has been estimated at about \$791 trillion face or nominal value, that’s 11 time the size of the entire world economy” (http://en.wikipedia.org/wiki/Stock_market). In July 2008, the Jutia Group reported that global derivatives had reached more than one quadrillion dollars (that’s one followed by 15 zeroes!): \$548 Trillion in listed credit derivatives and \$596 trillion in notional/OTC derivatives. And if these raw numbers still do not talk to you, just take a look at the following graph:

Selon Wikipedia, « le marché des dérivés sur le plan global a été estimé à environ \$ 791 trillions en valeur nominale, c’est 11 fois la taille de l’économie mondiale tout entière ».



Very much like Dr. Frankenstein, we have designed our very own monster and it is now getting out of hand. William H. Gross founder of Pimco, a global investment management firm, employed the term “shadow banking system” to describe the system whereby “derivatives are a means to creating money outside the usual central bank boundaries, simply because they’re bilateral contracts between institutions or companies.” (<http://www.marketwatch.com/story/derivatives-are-the-new-ticking-time-bomb>)

And Warren Buffet almost compared the highly technically sophisticated financial engineers who developed derivatives to mad scientists designing a nuclear bomb when he wrote in his 2002 letter to Berkshire shareholders: “We try to be alert to any sort of mega-catastrophe risk, and that posture may make us unduly appreciative about the burgeoning quantities of long-term derivatives contracts and the massive amount of *uncollateralized* receivables that are growing alongside. In our view, however, derivatives are financial weapons of mass destruction, carrying danger that, while now latent, are potentially lethal.”

We know the rest of the story...

La bulle des dérivés, les tabous culturels autour de l'argent, notre tension personnelle autour de l'éthique et la finance... tous ces symptômes, d'une certaine manière, peuvent faire remonter à ce que le philosophe Ken Wilber appelle la « catastrophe de la modernité ».

Ce qui est arrivé, c'est que la sphère de la valeur de la science s'est imposée et la valeur des sphères de l'esthétique et de la morale ont été réduites à une vue monologique.

Modernity Gone Mad

The derivatives bubble, cultural taboos around money, our own personal tension around ethics and finance... all of these symptoms, in a way, can be traced back to what the philosopher Ken Wilber calls the “Disaster of Modernity.”

But first let's quickly clarify what we mean by *modernity*, as it is one of these words to which many meanings can be attached. Historically, modernity loosely starts at the Renaissance and continues in some ways to this day. Philosophically, it refers to our attempt to understand and represent nature as accurately as possible. Scientifically, modernity is about measuring nature and discovering the mechanisms that causes its functioning. Politically, it marked the rise of human rights (equality before the law, outlawing of slavery, women's rights, and so forth). From a techno-economic structure standpoint, it is associated with industrialisation.

Before we investigate the bad news of modernity, first let's acknowledge its good news. Wilber reminds us that “the *governing principles* of the hundred or so democratic nations in today's world are in fact the *principles of modernity* – that is, the values of the liberal Western Enlightenment.” (Wilber, 1998.) We have to remember that these human rights that are so dear to us (freedom of speech, religion, assembly, etc.) did not exist on a global scale before the Enlightenment – though they still have to be adopted more universally.

Another way of characterising the dignity of modernity is through the separation of church and state. This is a direct manifestation of what Max Weber called “the differentiation of the cultural value spheres” - that is *the differentiation of art, morals, and science*. What happened typically during the Middle Ages is that someone such as Galileo would clash with the Church because, one, the spheres of science and religion were not differentiated and, two, the latter prevailed. It was not a healthy integration of these value spheres but rather an unhealthy fusion. What differentiation permitted is for someone such as Galileo to pursue his endeavours without being persecuted by the Inquisition.

But then, this differentiation went too far into disassociation. Dignity turned into disaster. What happened is that the value-sphere of science took over as the value-spheres of aesthetics and morals were reduced to a monological view. Art, morals and science went their separate ways. And science unfortunately turned into scientism by dismissing all the interior aspects of consciousness, soul, art, morals, and ethics, arguably because none of these subjective domains can't be apprehended by the ‘eye of flesh’ of empirical science.

So what was declared real, was anything that could be described in an empirical fashion; as all phenomena investigated by empirical science all have what Alfred North Whitehead called a simple location: meaning that you can literally put your finger on them. Therefore, the brain is ‘real’, ‘galaxies’ are real. Yet you can’t put your fingers on goodness, nor on consciousness (the disaster of modernity has reduced it to brain waves), nor on ethics. Our sense of discomfort has profound roots indeed.

Unfortunately, our conversations around finance have followed the trend set by the disaster of modernity by almost solely focusing on the quantifiable exterior, which is the domain of indexes, statistics, and measurement systems for accounting. While we have no issues speaking intelligently to the quantifiable, we haven’t reached the same level of complexity in our ‘interior’ dimension. And our ethical relationships with finance and money has suffered. We are definitely ill-equipped to address hard to measure data such as goals and motivation, not to mention meaning-making and culture. To this day, finance professionals lack words for these conversations. They are reduced to use terms such as “life planning” or “soft side.”

The Paradox of Money

It’s almost funny to think that we apply the principles and methodologies of exact science to finance when we think of the nature of money. Indeed, when we attend a course in finance, read the economics section in the journal, or watch CNBC, it might seem that finance is akin to a hard scientific discipline. And in a way it almost is, when we look at all the charts and numbers. Yet it would be foolish to believe we’re really in the realm of strict calculus and exact science.

Bernard Lietaer reminds us that money is actually not a thing; “it’s a combination of beliefs, promises, and commitments anchored to some principle upon which enough people rely on so that it can be used to support different types of exchange.” (<http://www.lietaer.com/2010/09/what-is-money/>)

And so there lies the paradox of money: Trapped in the ‘disaster of modernity’, some finance professionals and economists continue to treat finance as a big machinery and people as routine operators. Yet we just saw money is not only the result of physical workings. It primarily requires subjective integrity and inter-subjective ethical agreement. Certainly by looking at charts, we might observe some trends. But these trends are the results of aggregations of human interactions based on agreements. And we should not forget that humans are even less predictable than natural elements, even though classical economists might argue the contrary.

Ce qui a été déclaré réel était tout ce qui pourrait être décrit d’une manière empirique, car tous les phénomènes étudiés par la science empirique ont tous, ce qu’Alfred North Whitehead a appelé, une situation simple, c’est-à-dire que vous pouvez littéralement les toucher.

Malheureusement, nos discussions autour de la finance ont suivi la tendance amorcée par la catastrophe de la modernité en se concentrant presque uniquement sur l’extérieur quantifiable. Alors que nous n’avons aucun problème pour parler intelligemment sur le quantifiable, nous n’avons pas atteint le même niveau de complexité dans notre dimension « intérieure ».

L’argent n’est pas seulement le résultat du travail physique. Il exige surtout l’intégrité subjective et un accord éthique inter-subjectif.

Notre tâche est de réhabiliter la dimension intérieure de la réalité portant ainsi autant d'attention à l'éthique que nous le faisons à [au côté technique de] la finance.

In the end, we can't predict what will happen in finance. Its principles are as much of the social as they are of the hard sciences, hence their inexactitude. We shouldn't be surprised then that money is the second most addressed topic in the Christian Bible (Wagner, 2006). Money is both from interior and exterior, hearts and hands.

Rehabilitating the Interior

The task that lies ahead of us is not to merely promote ethics in finance. Doing so may lead us to think of ethics as a band aid to partially cover the deep wounds left behind by the excesses of finance. No. Our task is to rehabilitate the interior dimension of reality thereby putting as much attention on ethics as we do on [the technical side of] finance.

One of the main lessons of post-modernity - we'll refer very broadly to it as to what emerged in the wake of modernity - is that "reality is not in all ways pre-given, but in some significant ways is a construction, an interpretation (...); the belief that reality is simply given, and not also partly constructed, is referred to as "the myth of the given." (Wilber, 1998).

Immanuel Kant was one of the first philosopher to fight the myth of the given. In *Critique of Pure Reason*, he demonstrated that science wasn't able to come to the conclusion that the interior dimensions of soul, morals, and ethics existed. Furthermore, he demonstrated that science wasn't able to conclude that these interior dimensions *didn't* exist either. Next, in *Critique of Practical Reason*, he went on to demonstrate that indeed the interior dimension could not be addressed by science, but was rather the domain of *dialogical* - or moral, ethical, practical reason. Finally, he brought the subjective aesthetics dimension back into the picture in his *Critique of Judgement*, thereby completing his attempt at integrating the value-spheres of art, morals, and science.

Again, the paradox of money can then be extended to a paradox of science which can be summed up as follows: science itself relies on instruments and structures found only in the interior dimension. These structures not only include cultural backgrounds, linguistic frameworks, and ethical norms, but also devices such as logic, statistical analysis, algebra, complex numbers and so forth, all of which scientists make extensive use. And then 'scientism' claims this interior dimension does not exist in the first place. In other words, the interior dimension both partly shapes our empirical knowledge and can be inquired in its own right.

Other scholars have insisted upon integrating the three value spheres of art, morals, and science. For instance, Karl Popper points out to that, by suggesting that we divide the view of reality

into three sub-realities which he calls Worlds. The first World is the physical world investigated by empirical science. The second World refers to the psychological or mental world of thoughts, feelings, perceptions. And the third World is the domain of products of the human mind: tales, stories, myths, languages, songs, paintings and sculptures. The German sociologist and philosopher Jürgen Habermas also divides reality into three worlds: the subjective world, the social world, and the objective world.

Maybe the easiest way to remember the three value-spheres is to use Plato's "the Good, the True, and the Beautiful." In this case, the True refers to the objective of empirical world; the Good refers to the inter-subjective space of ethical appropriateness; and the Beautiful refers to the subjective or aesthetic dimension.

So the question remains: how do we explore these interior dimensions? We've already seen that empirical science, which explores phenomena that have a simple location, is not suited to explore the intangible interior.

Wilber has identified four epistemological families that explore the interior either in its individual or collective dimension: *phenomenology*, which investigates direct experience (the insides of individual interiors); *structuralism*, which explores patterns of direct experience (the outsides of individual interiors); *hermeneutics*, which examines inter subjective understanding (the insides of collective interiors); and *cultural anthropology*, which studies patterns of mutual understanding (the outsides of collective interiors). (Esbjörn-Hargens, 2006). We'll soon examine how a domain of inquiry derived of structuralism can shed some light on the ethical development of individuals.

Leadership

One question that keeps intriguing the public is why do we have, at one end of the spectrum, people such as Joan Bavaria, who pioneered the whole socially responsible investment (SRI) movement and, at the opposite end, people such as Bernie Madoff who used his cognitive capacity to design one of the biggest financial fraud in history.

Joan Bavaria (1943-2008) was the founder of Trillium Asset Management, an independent investment adviser whose mission is to *Invest for a Better World* (since 1982). On the company's website, we can read some words that are employed to describe her character and actions: "humour, compassion, dedication, vision, humanity, mentor, hero; unending commitment to serving clients; a unique vision for how the capital markets intersect with society and the environment..."

Comment pouvons-nous explorer ces dimensions intérieures ?

Un domaine d'enquête dérivé du structuralisme peut jeter quelque lumière sur le développement éthique des individus.

Une question qui intrigue le public est de savoir pourquoi avons-nous, à une extrémité du spectre, des gens comme Joan Bavière, pionnier de l'ensemble du mouvement des investissements socialement responsables (ISR) et, à l'extrémité opposée, des gens comme Bernie Madoff, qui a utilisé ses capacités cognitives pour concevoir l'une des plus grandes fraudes financières de l'histoire.

When I read testimonies from people talking about Joan Bavaria's character, Jim Collins' work on leadership immediately came to my mind. In his seminal book *Good to Great*, he shares a framework that explains how elite companies were able to produce sustainable results for at least fifteen years. The first key element he describes in his book is that these exceptional companies were led by what Collins calls "Level 5 Leaders". In his *Harvard Business Review* article "Level 5 Leadership" he writes that "Of 1,435 companies that appeared on the Fortune 500 since 1965, only 11 made it into our study. In those 11, all of them had Level 5 leaders in key positions, including the CEO role, at the pivotal time of transition." And, when he sums up what level 5 leaders' character is about, he uses the following terms: "Personal humility"; "Relies principally on inspired standards, not inspiring charisma, to motivate;" "Channels ambition into the company, not the self; sets up successors for even greater success in the next generation." What we read about Joan Bavaria is very close to the description Jim Collins makes of level 5 leaders. Yet he admits there is one key element he has not been able to delve into with his research, and that is what he calls the "black box" of inner development of an individual to Level 5.

The Black Box of Inner Development

Once again, Jim Collins himself has been a "victim" of the disaster of modernity – though by his own recognition – by focusing his research on the exterior dimensions of reality: he used empirical studies to investigate leaders and he concentrated exclusively on the financial bottom line of companies. Indeed, to investigate an individual's inner development requires making use of the appropriate method of inquiry, typically developmental psychology, which is itself influenced by structuralism. For over half a century, developmental theorists such as Jean Piaget, Jane Loevinger, Jenny Wade, Erik Erikson, Susanne Cook-Greuter, Howard Gardner, Robert Kegan, Lawrence Kohlberg, and Carol Gilligan have investigated the interior unfolding of the human being.

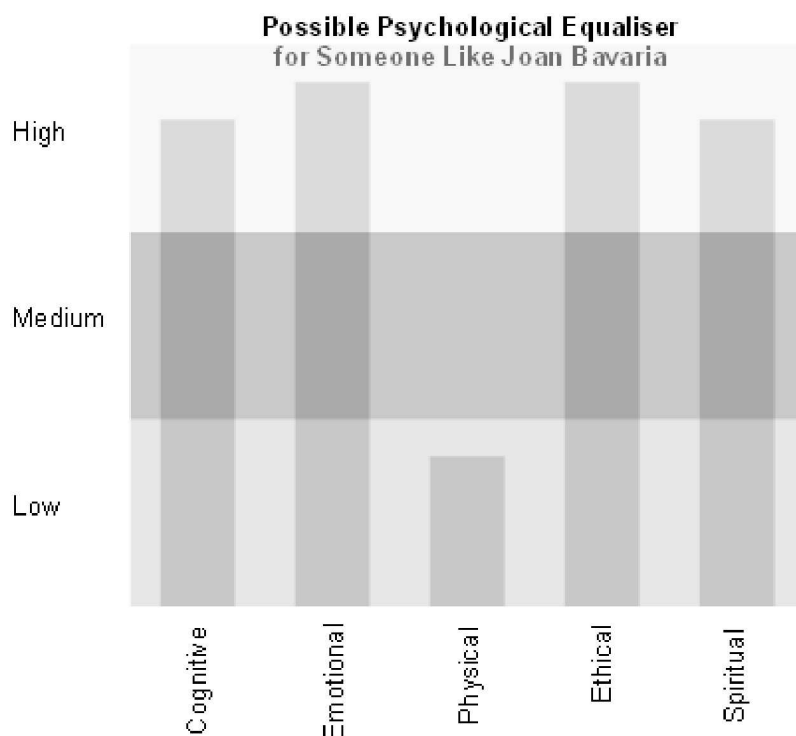
Howard Gardner's work on "theory of multiple intelligences" is particularly helpful when it comes to understanding why individuals with comparable cognitive capacities may display very different ethical behaviours. He explains, "We observe daily that only one kind of talent – say, technological creativity – is being rewarded, and only one measure – say, profitability in the marketplace – is being recognized. These indices are insufficient; other parts of the human spirit merit recognition, respect, and veneration." (Gardner, 1999). While acknowledging the importance of intelligence quotient, Gardner invites us to value other important manifestations of human intelligence (interpersonal, intra-personal, musical, spatial, and bodily-kinaesthetic). He

Étudier le développement intérieur de l'individu nécessite de faire usage de la méthode appropriée d'enquête, la psychologie développementale généralement, qui est elle-même influencée par le structuralisme.

Les travaux de Howard Gardner sur la « théorie des intelligences multiples » sont particulièrement utiles quand il s'agit de comprendre pourquoi des individus avec des capacités cognitives comparables peuvent afficher des comportements très différents sur le plan éthique.

agrees that his way of framing his theory is simply one of several legit approaches to look at the different human capacities. His and others' work in the area of developmental psychology form the backbone for a broader comprehension of human interior's unfolding referred to as "developmental streams." Taking Gardner's and his peers' work into consideration, we can point to five human aptitudes most appropriate to understand discrepancies in ethical behaviours: Cognitive aptitude – general intellectual abilities including logic, reason, linguistic, analysing, and decision-making; Emotional aptitude – ability to access one's own emotions and those of others, to derive meaning from them and to manage them; Ethical aptitude – being able to use accessible information, and to take decisions with regard to the needs and wants of others to bring about the highest good for all concerned; Physical aptitude – awareness of one's body and ability to use it in skilled ways; Spiritual aptitude – ability to gather and use wisdom in the investigation of "what matters most."

And so different people display unequal levels of "expertise" in various domains. We can illustrate these discrepancies using a "psychological equaliser."



Let's dive into some *very broad* orienting generalisations around what low, medium, and high levels of ethical aptitudes might look like. We may compare people that exhibit a low - or pre-conventional (Kohlberg, 1973) level of ethical aptitude to children who will determine the rightness or wrongness of their actions on the basis of whether they get caught or not. The main difference between adults and children with a similar ethical capacity lies in

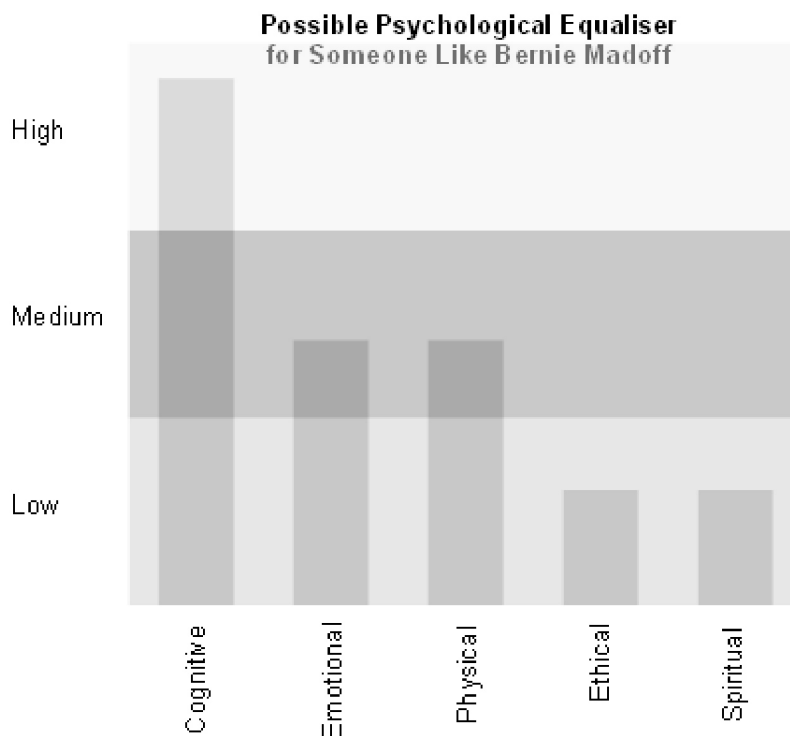
Ses travaux, et ceux des autres, dans le domaine de la psychologie du développement constituent l'épine dorsale d'une plus large compréhension du développement de l'intérieur humain appelé « flux de développement ».

Les personnes qui présentent un niveau pré-conventionnel d'aptitude éthique déterminent si leurs actions sont bonnes ou mauvaises sur le fait de se faire « attraper » ou non.

Le niveau conventionnel d'aptitude éthique est ce que la plupart des gens interprètent comme étant éthique quand ils pensent ou utilisent ce terme. À ce stade, il s'agit de se comporter conformément à la règle de la loi.

Le niveau post-conventionnel d'aptitude éthique se réfère plutôt à la tenue de l'espace d'un cadre global pour que la pensée puisse émerger. En effet, un tel cadre est nécessaire pour rendre des jugements nuancés sur des dilemmes très ambigus, pour donner un sens aux différentes structures éthiques des gens et des cultures, et pour prendre une multiplicité de perspectives en compte.

L'éthique post-conventionnelle se concentre sur des intentions plutôt que sur le comportement extérieur : de l'extérieur, vous pouvez observer deux comportements individuels semblant être très similaires, mais ils peuvent en fait être motivés par des intentions très différentes.



adults' cognitive capacity to design complex schemes in order to avoid "getting caught." As long as they can do so, they will act with the purpose of immediate gratification without attending to the impact their behaviours might have on others.

The medium – or conventional – level of ethical aptitude is what most people equal ethics to when they think of, or use this term. At this stage, it is about behaving according to the rule of the law. Or similar to adolescents, it is also about acting in conformity with group expectations. Consequently, people won't break the rules and may even experience guilt by doing so, even if they don't "get caught."

At high – or post-conventional – level of ethical aptitude, it is not about being told how to live, or about how to give precise and definitive answers to moral questions, or about following a textbook. It's rather about holding the space for an overarching framework for thinking to emerge. Indeed, such a framework is needed to make nuanced judgements around highly ambiguous dilemmas, to make sense of people's and cultures' different ethical structures, and to take a multiplicity of perspectives into account. Post-conventional ethics focuses on one's intentions rather than one's outward behaviours: from the outside, you may observe two individual exhibiting very similar behaviours, but they may actually be moved by very different intentions. At this stage, the challenge is about becoming a truly authentic and courageous individual who stays present and centred, holding to

his – world-centric rather ethnocentric or egocentric – principles in the face of difficult and complicated choices.

We have yet to examine how to foster the development of integrated professionals that display excellence in both the exterior (technical) and interior (ethical) dimensions. It is time to move now from epistemology to application.

From Philosophy to Action

Getting back to our main thesis, it is not by merely attempting to apply ethics as a band aid that we'll be able to heal the deep wounds produced by the excesses of finance. For us practitioners, the question is how can we weave ethical concern or the interior dimension into the very fabric of everything we do in relation to ourselves, others, and organisations. In other words, one mode of framing the concept of ethics is that being ethical is about leading oneself with the purpose of being – and staying – in alignment with one's values, thereby demonstrating personal integrity. In relation to others, ethical concern is about cultivating mutuality and engaging with others with the intention of fostering reciprocation and interdependence. Still at an organisational, inter-organisational level and beyond, ethical concern is about being compelled to act with the purpose of advancing sustainability.

One particular *practice* that can blend these three objectives is called 'action inquiry'. "It is a way of simultaneously conducting action and inquiry as a disciplined leadership practice that increases the wider effectiveness of our actions." (Torbert, 2004). The action part refers to our behaviours – what we do, what we say. The inquiry part points to questioning and reflecting – within ourselves, or in relation to others – as we engage in anything that we do.

To ground ourselves, let's dive into the story of Steve Thompson, as he reflects on an incident with his boss, Ron Cedrick (excerpted from Torbert, 2004, pp.14-16):

Pour nous praticiens, la question est de savoir comment pouvons-nous tisser les préoccupations éthiques ou la dimension intérieure dans l'ensemble de tout ce que nous faisons par rapport à nous-mêmes, aux autres et aux organisations.

Une pratique particulière qui peut combiner ces trois objectifs est appelée « questionnement action ».

La partie action se réfère à nos comportements – ce que nous faisons, ce que nous disons. Le questionnement se réfère au fait de s'interroger et de réfléchir – en nous-mêmes, ou par rapport aux autres – étant donné que nous nous engageons dans tout ce que nous faisons.

Pour utiliser une terminologie empruntée à la théorie des systèmes, les professionnels de la finance doivent s'engager dans un apprentissage en triple boucle. Non seulement ils doivent surveiller leurs actions (boucle simple) et adapter leur stratégie (boucle double) dans le but d'atteindre certains des résultats escomptés, mais ils doivent également développer ce que Torbert appelle une « super-vision » (triple boucle) qui leur permet de prendre du recul afin de donner, si nécessaire, de l'espace pour que la préoccupation éthique puisse émerger.

Steve's story

“Steve's team is laying underwater pipeline when a storm begins to blow around their (...) platform.

The most critical part of this dangerous procedure is the launch and recovery of the six-man bell through the “interface” - the wave-affected first 25 feet below the ocean surface. Rough seas have separated more than one diving bell from its winch. When this happens, there is little hope of returning the divers alive.

It was my first job as project manager, so it was of particular importance to me that the crew was doing an outstanding job and Cedrick was extremely pleased with our performance. (...) And, no matter how difficult, his projects always came in ahead of schedule.

The bell had just gone into the water for an anticipated 12-hour run when the wind changed direction and was coming at us from the same direction as the moderate swell, just as it does before it really blows. I alerted the shift supervisor to keep an eye on the weather and went up to the bridge for a look at the most recent forecast and facsimile, which confirmed my suspicions.

Just then, Cedrick came up to me, “I personally appreciate the fine job you and your boys are doing and I know it'll continue. I know the weather's getting up a bit, but we have to complete the flow line connection today to stay ahead, so we need to keep that bell in the water as long as we can before we let a little ole weather shut us down. I've seen the respect those boys have for you and I know they'll do what you ask.”

“Yes, sir” I responded confidently. What was going on inside me at that moment sounded different though. The moment I reviewed the weather on the bridge, I became tense with fear. I was afraid I wouldn't have the strength of character to shut down the operation in the face of my overwhelming desire to succeed objectively and in Cedrick's eyes. I was also afraid I would have to deceive my people into thinking that pushing our operating limits was justified.

The outcome was all too predictable. I kept the bell in the water too long. The weather blew a gale. The recovery of the bell through 20-foot seas was perilous. I compromised the safety of the divers and set a poor precedent for the permissible operating parameters. I received no satisfaction from the major bonus Cedrick gave me for “pulling it off” - we did complete the flow-line connection. Inside me, the awareness that I had manipulated and jeopardized the safety of my fellow workers galled my illusion that I was an honest, ethical man.”

Now let's just replace Steve Thompson with a portfolio manager or a trader who is subject to an intense pressure coming from every corner, clients, colleagues, and his or her institution. Now let's just add the constraint that he or she has to act and take decision moment to moment. How can ethical concern be put into the equation, not only before or after the fact, but as any situation unfolds second after second?

Here are some learning that we can derive from Steve's story:

To use a terminology borrowed from systems theory, finance professionals have to engage in triple-loop learning. In other words, not only do they have to monitor their actions (single-loop) and adapt their strategy (double-loop) with the purpose of achieving some desired results, they also have to develop what Torbert calls a 'super-vision' (triple-loop) that allows them to take a step back in the moment in order to, when necessary, give space for ethical concern to emerge. When recounting his experience, Steve Thompson shares how he felt tension and fear because he was facing multiple conflicts of interest as Cedrick pushed him to resume the operations: he wanted to stay true to the image his boss had of him; he wanted to perform well – who does not want to? - he wanted to attend to the well-being of his team; and he wanted to view himself as an ethical man. What he lacked during his encounter with Cedrick was a capacity to not only be aware of the incongruity that was happening in himself, but also to maintain this awareness in order for him to change his course of action.

Torbert suggests several practices to advance one's capacity to sustain inquiry in the midst of action: Noticing how we feel as we move from one activity to another, or after interactions we have with any interlocutor; keeping a journal to investigate the various territories of our experience – our achievements, our behaviours, our strategies, and our intentionality; attending to the way we speak – are we sharing our intent behind a conversation; are we elaborating on our thinking; are we inquiring into others' opinions, and so forth?

Unilateral Power

Steve's story brings out another issue, that of unilateral power. In the story, we can witness how Cedrick made use of his cognitive and interpersonal abilities to slyly put pressure on Steve. First, he relied on his primary positional authority as Steve's superior; then he used his secondary positional authority as an expert; and finally, he minimized the situation by reducing the storm to some "little ole weather." On a larger scale, we can see how such approaches resting on unilateral power – action without inquiry – can give birth to major scandals. Symmetrically,

Torbert suggère plusieurs pratiques pour faire progresser la capacité à soutenir le questionnement dans le milieu de l'action.

Remarquer comment nous nous sentons quand nous nous dirigeons d'une activité à une autre, ou après les interactions que nous avons avec tout interlocuteur ; tenir un journal pour analyser les différents aspects de notre expérience - nos réalisations, nos comportements, nos stratégies et notre intentionnalité ; participer à la façon dont nous parlons - partageons-nous notre intention derrière une conversation ; notre façon de penser est-elle élaborée? Questionnons-nous les opinions des autres ?

L'ensemble du mouvement de l'investissement socialement responsable (ISR) pratique un type d'apprentissage en triple boucle. Stratégiquement, il a déployé de nouvelles approches telles que l'engagement des entreprises, l'investissement communautaire et la défense des politiques publiques (boucle double). Le mouvement ISR est également un pionnier de nouvelles méthodologies pour évaluer la performance des entreprises en prenant en compte des aspects économiques, sociaux et environnementaux.

Le mouvement ISR est un bon indicateur de la façon dont tout un domaine d'activités peut évoluer en mettant l'éthique directement dans l'équation des finances, en intégrant les dimensions intérieure et extérieure de toute situation, et par le tissage de l'action et du questionnement ensemble.

Nous pouvons seulement espérer que le mouvement ISR se diffusera davantage afin que les entreprises abandonnent la seule poursuite du profit dépourvue d'éthique et embrassent pleinement une approche complète (triple boucle) concernant les préoccupations éthiques.

inquiry without action might lead to parapraxis – in the case of Steve Thompson, he had a glimpse of awareness that allowed him to feel some tension within himself, but not sufficiently to engage in a mutual conversation with his manager.

The SRI movement

Moving from the personal to the institutional, we can say that the whole socially responsible investing (SRI) movement is practising a type of triple-loop learning. Strategically, it has deployed new approaches such as corporate engagement, community investing, and public policy advocacy (double-loop). The SRI movement also pioneered new methodologies to assess companies' performance by taking economic, social, and environmental aspects into account. And it has enunciated a new purpose for investing. For instance, we saw previously that Trillium Asset Management Corporation's raison d'être is to Invest for a Better World.

The SRI movement is a good indicator of how a whole domain of activities can evolve by putting ethics directly into the finance equation, by integrating the interior and exterior dimensions of any issue, and by weaving action and inquiry together. Companies are then invited to not only engage in single-loop operational changes, double-loop strategical adaptations, but also in a triple-loop reflection on their raison d'être. We can only hope for the SRI movement to spread so that corporations abandon a pursuit of profit devoid of ethics to fully embrace a triple bottom line approach full of ethical concern.

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