The Emancipatory Potential of Narrative Traditions: Humanizing the Governance, Decision Making, and Accountability Practices of Business Organizations

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October 26, 2011

I thank Pala Molisa, Michael Naughton, Susan Ranney, accounting research workshop participants at the University of St. Thomas, and participants at the 2010 Alternative Accounts Conference and Workshop (York University, Toronto) and 2011 Critical Perspectives on Accounting Conference (Clearwater Beach, FL) for their helpful comments and suggestions. Summer research support from the University of St. Thomas Center for Ethical Business Cultures is gratefully acknowledged.
Abstract

This paper examines the potential for narrative traditions to humanize the governance, decision making, and accountability practices of business organizations, even amidst internal and external profit-seeking and lifeworld suppression pressures. A focus on narrative traditions as vehicles to humanize organizations is motivated by the premise that accountability and the very act of giving an account acquire their power from the social traditions in which the account-giving is embedded. A more specific focus on humanizing varieties of narrative traditions is motivated by a concern for human dignity and development, and recognizes that not every feature of every tradition will have humanizing consequences in all contexts. The paper begins with a conceptual analysis of the accountability properties of narrative traditions, and proposes some principles to avoid problems raised by religious proselytization and other features of traditions that do not meet certain humanizing criteria. Next, the paper describes the abstract normative principles in some widely promulgated trans-cultural norms of responsible business practices, argues that the socially detached norms provide insufficient application guidance, and then uses an enterprise risk management framework to systematically explore how narrative traditions can help people translate the abstract norms into organizational practices. The conclusion summarizes the analysis and explores further implications for accounting education and research.

KEY WORDS: Accountability; Culture; Tradition; Narrative
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This paper examines the potential for narrative traditions to humanize the governance, decision making, and accountability practices of business organizations, even amidst internal and external profit-seeking and lifeworld suppression pressures. Narrative traditions frame a community’s normative values and behavioral expectations as stories about human thought and action (MacIntyre, 1984, pp. 223-225; Taylor, 1989, p. 4), and thereby can help people translate the norms into everyday practice (cf. Aronowicz, 1994, p. xiii). This paper’s focus on narrative traditions as vehicles to humanize organizational practices is motivated by the premise that accountability and the very act of giving an account acquire their power from the social traditions in which the account-giving is embedded (cf. Arrington and Francis, 1993; Maltby, 1997, p. 95). The specific focus on humanizing narrative traditions is motivated by a concern for human dignity and development, and recognizes that not every feature of every tradition will have humanizing consequences in all contexts.

Generalizing from Mele’s (2003, p. 3) description of “humanizing organizational cultures”, I define narrative traditions as “humanizing” if they recognize and respect a person’s dignity and capacity for personal growth; respect human rights; promote care and service for others; and help organizations serve the common good rather than only narrow special interests. These humanizing values aim to promote human flourishing and have been expressed in varying degrees in critical theories (e.g., Gallhofer and Haslam, 2011), secular practices (e.g., Office of Economic Cooperation and Development (hereafter, OECD), 2001; United Nations, 1948), modern philosophy (e.g., Buber, 1970; MacIntyre, 1984, Ch. 15), and theology (e.g., John Paul II, 1987, 1991; Levinas, 1994; Soloveitchik, 1965). Business organizations that aim to
operationalize such humanizing principles will encounter various kinds of internal and external resistance. For example, the administrative structures and practices that prevail in most business organizations typically give individuals few opportunities to express and reflect upon their traditional values through their work (cf. Ezzamel, Robson, Stapleton, and McLean, 2007, p. 169), and tend to suppress people’s awareness of their interdependence with others outside their organization (e.g., Roberts, 1991, p. 356). In addition, the varieties of neoclassical economic traditions that dominate modern business organizations tend to promote company-centric and individual-centric concerns about efficiency and profitability, and tend to be less concerned about employee development and the organization’s impact on external parties other than investors. During the past few decades critical accounting research has documented these dehumanizing tendencies and reminds us how far we remain from achieving critical theory’s emancipatory goals. Nonetheless, even though the emancipatory potential of modern business organizations may seem mostly hidden or altogether absent, the lifeworlds of people are never completely destroyed and still can penetrate into the reality of organizations (cf. Habermas, 1987, p. 311). The latter vision of hope motivates this paper’s exploration of how narrative traditions can help organizational agents humanize their organization’s policies and practices, despite the prevailing internal and external dehumanizing pressures.

The remainder of this paper is organized in three sections. The first section discusses the idea of working within a tradition, addresses the tension in critical theory between tradition and innovation, provides a conceptual analysis of the accountability properties of narrative traditions, and proposes some principles to avoid problems raised by religious proselytization and other features of traditions that do not meet certain humanizing criteria. The second section argues that the trans-cultural framing of widely promulgated codes of responsible business conduct are too
abstract to provide sufficient operational guidance, and then uses the COSO (2004) enterprise risk management framework to systematically explore how narrative traditions can help people translate abstract behavioral norms into organizational practice. The third section summarizes the analysis and explores further implications for accounting education and research.

**Tensions between tradition and innovation**

Tensions between tradition and innovation shape the conditions of possibility for human freedom and accountability in organizations and society. Some people are skeptical about the humanizing potential of any cultural traditions and advocate that we must transcend our inherited traditions in order to achieve a meaningful societal transformation. Others believe that a meaningful societal transformation must draw its inspiration from and preserve some properties of a tradition. This paper explores a middle path that sees value in working from within a tradition but also engages with the tension between tradition and innovation.

My analysis begins with evidence that critical theories and other humanistic philosophies are at least partly rooted in an inherited tradition even when their moral vision critiques the inherited tradition’s boundaries, proposes to add or substitute new humanizing elements, or advocates outright rejection of the tradition. I then argue that attempts to humanize an organization’s practices must draw from at least one humanizing tradition, and furthermore that narrative traditions expressed as stories about human thought and action can help organizational participants translate abstract ideas into practice. Finally, I propose some interpretation and application principles to improve a tradition’s accessibility, inclusivity, humanizing potential, and positive reception in culturally diverse organizational settings.

*Theory and practice rooted in a tradition*
Various social theorists argue the advantages of working within a tradition, and each challenges the idea that a meaningful social transformation necessarily requires a radical break from the past. For example, Taylor (1989, pp. 274-279) argued that we cannot obtain whatever humanistic outlook we need from reason alone or from scientific study of the natural world, but that we also need to draw from a social tradition. MacIntyre (1990, p. 60) similarly argued that moral and rational inquiry would be sterile if the accountable self is not working from within a tradition. More recently, Eagleton (2009, p. 90) made a related point about the benefits of working with an inherited tradition when he warned that “The ideology of progress, for which the past is so much puerile stuff to be banished to the primeval forests of prehistory, plunders us of our historical legacies, and thus of some of our most precious resources for the future.”

In addition, much historical evidence indicates that even those who have advocated a radical break from certain inherited traditions also drew their inspiration from those very same traditions. For example, Horkheimer advocated a radical break from organized religion in part because he believed that religion’s integration with capitalist ideology promoted the destructive administrative tendencies of modernity (e.g., see Horkheimer and Adorno, 1944, p. 20; Pierson, 2001, p. 125). But he also later acknowledged that his protest against bourgeois society and organized religion was itself inspired by the religious values and attitudes he experienced in his childhood (Pierson, 2001, p. 123). By Horkheimer’s own later account, his humanistic vision would not even have been possible without the religious traditions he inherited from his family and society (cf. Gallhofer and Haslam, 2011, p. 500).

An implication for critical theory and emancipatory praxis is that an emancipatory moment cannot completely detach itself from the preceding social order, but rather must preserve some traces of that social order (cf. Laclau, 1996, p. 1). Another implication is that the existence
of inequality and exploitation in our extant institutions does not by itself logically require a radical break in the name of human freedom. Furthermore, a radical break from inherited traditions and institutions could be counterproductive and socially destructive. As McPhail (2011, p. 517) put it regarding radical critiques of religion, “a radical denunciation of the religious in the name of freedom threatens not religion, but freedom itself.”

Nevertheless, the practical question arises as to what if anything we should do about traditions that have socially destructive or dehumanizing features. Later I discuss two caveats about drawing from a tradition: first, that we must maintain our ability to critically reflect upon the traditions that shape our beliefs and experiences; second, that the parts of a tradition we aim to apply in a particular organizational setting must be humanizing. The latter caveat recognizes that not all features of all traditions are humanizing, and opposes a naïve or sentimental ethical relativism that celebrates all traditions regardless of their social consequences.

*Stories help us translate abstract ideas into practice*

Some moral philosophers consciously draw their ideas and inspiration from a social tradition. For example, Levinas derived his philosophy of our infinite responsibility toward the other from his detailed studies of the Talmud and other classic Jewish texts. Indeed, his philosophy of “coming to face with the other” favors “the direct experience of encountering texts and other human beings” (Macintosh, Shearer, and Riccaboni, 2009, p. 752; see also Shearer, 2002). Narrative traditions that are handed down in the form of stories about human thought and action also can help people translate abstract and tersely worded concepts into their everyday experience. To illustrate, consider Levinas’s (1994, p. 170) assertion that “I am ‘with the others’ means I am ‘for the others’: responsible for the other person.” This is a very abstract and tersely phrased assertion whose general meaning seems somewhat clear but whose specific practical
application is murky. Accordingly, Levinas also drew from and further developed many stories throughout his writings to illustrate the meaning and inspiration behind his otherwise abstract and opaque moral ideas. For instance, to illustrate more concretely his ideas about our infinite duty toward the other, Levinas (1994, p. 99) told the following story from the Jewish written and oral tradition:

Let us recall the biblical and Talmudic tradition relating to Abraham….who knew how to receive and feed men: the one whose tent was wide open on all sides. Through all these openings he looked out for passersby in order to receive them….We know especially of one meal, the one he offered to the three angels – without suspecting their condition as angels…The heirs of Abraham – men to whom their ancestor bequeathed a difficult tradition of duties toward the other man, which one is never done with, an order in which one is never free. In this order, above all else, duty takes the form of obligations toward the body, the obligation of feeding and sheltering. So defined, the heirs of Abraham are of all nations: any man truly man is no doubt of the line of Abraham.

Levinas’s translator Aronowicz (1994, p. xiii) explained that stories like the one about Abraham are “a fight against merely abstract knowledge, a desire to penetrate reality through the concrete and the particular, through the act; texts convey meaning through their “embodied truth – the truth in action” (emphasis in the original). McPhail (2011, p. 526) similarly quoted from Shakespeare (2007, p. 56) to argue the point that post-liberalism mistakenly attempts to “do away with the myths and stories of religion in order to find a universal truth behind them”, and to further argue that stories are not a mere decoration but instead “are necessary, because we give meaning to our life by telling stories about it. In stories we can do justice…to relationships and
to the growth of character and virtues.” Along these lines, the above story about Abraham’s generosity toward others invites organizational participants to reflect upon their interdependencies with and responsibilities toward other people outside the organization’s walls. The metaphor of the open tent evokes an image of opening the corporate doors and board room to let the outside world in, to actively seek to hear and feel what other vulnerable constituents feel and need. How Levinas told the above story also is important: his interpretive gloss is humanizing and he explicitly generalized the story’s originally more parochial message to include all of humankind.

*Resistance toward traditions that are not entirely of our own making*

Working within a tradition provides a basis for social accountability but it also imposes certain constraints on human action. Accountable selves must work with an inherited social tradition that is not entirely of their own making:

We are always under certain constraints. We enter upon a stage which we did not design and we find ourselves part of an action that was not of our making. Each of us being a main character in his own drama plays subordinate parts in the dramas of others, and each drama constrains the others (MacIntyre, 1984, p. 213).

In addition to imposing constraints, our inherited social traditions and relationships are enabling inasmuch as they help constitute our social identity:

I am brother, cousin and grandson, member of this household, that village, this tribe. These are not characteristics that belong to human beings accidentally, to be stripped away in order to discover “the real me”. They are part of my substance, defining partially at least and sometimes wholly my obligations and my duties. Individuals inherit a particular space within an interlocking set of social
relationships; lacking that space, they are nobody, or at best a stranger or an outcast (MacIntyre, 1984, pp. 33-34).

In a similar vein, Jacobs (2011, p. 513) referenced various works by Paul Ricoeur who argued that narratives help us recognize how our identities are created through our connection with others. Likewise, Levinas’s (1994) idea that we are responsible for the other person recognizes an obligation that we can freely accept even as it shapes and constrains our social actions.

In contrast to deep feelings of solidarity and obligations toward others, the classical liberal view of the individual actor in market-based societies emphasizes how inherited traditions and other social institutions constrain human liberty. In the theology literature, Smith (2008, p. 33) critiqued this libertarian tendency as follows:

The drive to facilitate private choice produces social atomism because the ability to expand the realm of private choices depends on disentangling oneself from the networks of social obligations that might impinge on one’s ability to choose freely. Family, tradition, community, or religious duties, are all manifestations of dependencies that must be cast off to expand the realm of individual choice.

In the accounting literature, Messner (2009, p. 919) expressed a libertarian view when he emphasized the oppressive nature of the “demand for accountability” and raised concerns about an accountable self who is expected to be “an opaque self that cannot account for everything it has lived through; an exposed self that experiences accountability as an intrusion into its own practice; and a mediated self whose accounts have to rely on a medium that is not of its own making” (emphasis in the original). Messner’s concerns raise the possibility that the power effects of accountability in an inherited social system may become too strong to be justified on ethical grounds. To counter this possibility and other problems that can arise from working
within a tradition, it is important that accountable agents remain able to critically reflect upon and selectively interpret and apply features of the social traditions they inherit. In this vein, the interpretation and application principles outlined below are offered as a way to handle problems raised by traditions that do not meet this paper’s humanizing criteria.

Opening our tents: selective interpretation and application principles

Many traditions that were handed down to us from past societies include beliefs and practices that would offend us today. For this reason, when applying narrative traditions to a business organization’s practices, usually it would not be appropriate to adopt a tradition in its entirety. Below I propose four interpretation and selective application principles to enhance a narrative tradition’s relevance, public accessibility, and inclusivity in diverse organizational settings. The principles advocate figurative rather than literal readings, selective appropriation of narrative elements, creative interpretations, and sensitive applications to an organization’s specific circumstances.

The first principle requires that the interpretations drawn from a narrative tradition have humanizing implications. As defined in this paper’s introduction, humanizing features include recognizing and respecting other people’s dignity and capacity for growth; care and service toward other persons; the avoidance of cruelty toward other people; and a concern for promoting the common good which encompasses the development of individuals. Narrative traditions can promote these humanizing features if they increase our awareness of our interdependence with other people, other species, and the natural environment. This humanizing principle would exclude interpretations that promote (for example) cruelty toward other people or other species, hatred or indifference toward others who are different than ourselves, selfish acts that harm the common good, or irresponsible stewardship of the natural environment.
For some examples, Shapiro (2009, pp. 947-949) drew from Soloveitchik (1965) to describe how the humanizing the principles of human dignity, service toward other people, solidarity with friends and co-workers, and relations among spirituality, land, and work each can be deduced from the two creation stories in Genesis 1 and Genesis 2 of the Hebrew scriptures. For instance, the commandment to “subdue the earth” and its juxtaposition in the same story with the idea that each person is created in the image of God support a humanizing commitment to the inherent dignity of each person and one’s moral obligation to use advances in science and technology to improve other people’s lives. Various theological traditions derive similar humanizing conclusions from Genesis 1 and 2.

While different people may reach different creative interpretations of the same story, a commitment to humanizing goals also entails that not every interpretation is justified or valid. The humanizing principle advanced here should not to be confused with ethical relativism or an uncritical acceptance of all traditions. Many narrative traditions include social norms that would offend our sensibilities today, and thus it may be necessary to selectively appropriate some features of a tradition and reject others. For example, socially or environmentally irresponsible interpretations of Genesis 1 would violate the humanizing principle proposed here and should be rejected. Yet some religious fundamentalists interpret the commandment to “subdue the earth” as a God-given justification to use the earth’s resources to satisfy one’s selfish purposes without due regard to its inconsistency with the other commandment in Genesis 2 to be good stewards of the earth, and without regard to the adverse impact it would have on other people and other species. While such extreme positions are unfortunate, they do not justify wholesale abandonment of religiously inspired narrative traditions.
The second interpretation principle calls for receptivity toward learning from other traditions besides one’s own. This not only expands the set of available narrative resources but also can be more inclusive and welcoming in a diverse workplace. To illustrate what can be learned from an exotic tradition, consider the following account of how Aboriginal Dreamtime creation stories depict human beings as having a special affinity with their spiritual ancestors and with the land:

In Aboriginal belief, the Dreamtime was a Genesis-like epoch in which ancestral creator figures – chief among them the Rainbow Snake, the Lightning Brothers, and, in some areas of the far northwest, the Wandjina, or Cloud-Beings – traveled on epic adventures across earth’s originally featureless topography, giving shape in the course of colossal struggles and battles to each mountain and river and gorge, each jutting rock and billabong, or water hole. In the process they populated the primordial landscape with the founding ancestors – part human, part animal, part divine – of today’s Aboriginal peoples…To this day, Aboriginal groups and individuals trace their particular ancestry, or Dreaming, to one or more of these Dreamtime demigods…[to whom they bear] a special affinity and spiritual relationship (Arden, 1995, pp. 3-4).

Some readers might find the above story’s account of the relation between land and spirituality more inspiring than the Genesis 2 story, while others might find both accounts equally inspiring. Expanding the available set of narratives can increase the potential for each person to find inspiration from at least one narrative tradition, and it can enhance an organization’s ability to adapt narratives to fit their particular circumstances.
In some cases the narratives can be rooted in the traditions of a local indigenous community. For example, perhaps in particular for an Australian company, the Dreamtime stories might be a particularly appropriate vehicle to enhance organizational members’ understanding of some key differences between Western individualist and Aboriginal communitarian concepts of property. More specifically, the Australian Aboriginal spiritual dreaming law emphasizes the communal nature of land custodianship and opposes the parceling and selling of land as a mere commodity (Gallhofer, Gibson, Haslam, McNicholas, and Takiari., 2000, p. 384). Along similar lines, the United Nations Working Party on the Draft Declaration on the Rights of Indigenous Peoples acknowledged the central role of land in the autonomy, self-determination, and communal life of indigenous peoples (Greer and Patel, 2000, p. 317). A broader awareness of a communal approach to land ownership and a spiritual affinity with the natural environment might shape Australian land use policy in a manner that would limit its consumption or destruction to serve private commercial interests.

The third principle requires that narrative traditions be discussed and applied in a manner that respects and welcomes others to participate in a dialogue. Religious proselytization violates this requirement because it does not respect the dignity and freedom of others whose identity may be based on a different faith tradition, and it does not respect the integrity and wisdom in other traditions. Proselytization also violates the second principle’s commitment to learn from other traditions.

The fourth principle recognizes that the humanizing elements of a tradition may not be appropriate for all situations, and therefore their application in particular settings requires careful judgment. This principle recognizes that an uncritical sentimentalism about the virtues of traditional norms can subvert other valid and more contextually appropriate norms. For example,
an organization might adapt and apply traditional kinship norms to enhance employee teamwork and solidarity, but troublesome problems can arise if the kinship norms and practices are inappropriately generalized and applied to market-based or other nontraditional settings. Indeed, Uddin and Choudhury (2008) and Uddin (2009) documented how an inappropriate application of traditionalist Bangladeshi kinship norms subverted the rationalist/legalistic framework of corporate governance in Bangladeshi public companies. More specifically, the boards and owner-managers of certain Bangladeshi public companies subverted internal controls in order to serve the interests of their own families and clans (Uddin and Choudhury, 2008, p. 1034). In this fiduciary context, by honoring their kinship obligations the executives failed to protect the legitimate interests of minority shareholders (Uddin and Choudhury, 2008, p. 1027). In a different setting, Greer and Patel (2000, p. 315) described how kinship obligations raised problems for Australian Aboriginal commercial arrangements, whereby store managers often gave preferential treatment to kin and lacked the authority within their kinship relationships to terminate dishonest employees. The point of these examples is not to suggest that we should abandon traditional kinship norms, but rather that we need to carefully and judiciously apply them.

In sum, the above principles aspire to engage in a critically reflective, sensitive, and humanizing application of narrative traditions in organizational settings. The next section explores in more detail how narrative traditions can be embedded in a business organization’s policies and practices.
A framework for introducing lifeworld values in business organizations

This section explores how narrative traditions can help business organizations humanize their governance, accounting, and decision making practices. The approach outlined below is a response to the internal and external pressures that for-profit organizations typically face in competitive market societies. I first describe the abstract principles in some widely promulgated trans-cultural norms of responsible business practices. While those norms might be interpreted as evidence that specific cultural traditions can be radically transcended without significant loss of fidelity, I instead argue that narrative traditions are necessary for organizational participants to translate those abstract principles into everyday practice. Next, I use the COSO (2004) enterprise risk management framework to systematically explore how narrative traditions can help organizations achieve their humanizing objectives even while they operate amidst internal and external dehumanizing pressures.

Abstract norms for responsible business practices provide incomplete guidance

The most widely promulgated principles for responsible business practices are couched in abstract language that is almost completely detached from any specific social tradition. While this high level of abstraction reflects a conscious and deliberate approach to give the principles universal appeal and greater public accessibility, it also gives organizational participants little specific guidance as to how they might translate those principles into concrete everyday practices. Below I give examples from two widely promulgated codes of ethical business conduct: the Caux Round Table (2010) Principles for Business and the OECD (2008) Guidelines for Multinational Enterprise. Later I illustrate how narrative traditions can mediate the relation between those abstract principles and organizational practices.
The Caux Round Table (2010; hereafter, CRT) was founded in 1986 with the goal of reducing international trade tensions. It is composed of global business leaders who are committed to promoting a moral, sustainable, fair, and transparent foundation for a global society. The CRT *Principles for Business* are based on three ethical foundations that the CRT asserted represent “a shared perspective on business behavior acceptable to all”: (1) responsible stewardship; (2) the Japanese concept of *kyosei* - living and working for mutual advantage (cf. the concept of the common good in Western social traditions); and (3) respecting and protecting human dignity. The CRT used that foundation to further lay out what it calls seven core principles: (1) Respect stakeholders beyond shareholders, (2) Contribute to economic, social and environmental development, (3) Build trust by going beyond the letter of the law, (4) Respect rules and conventions, (5) Support responsible globalization, (6) Respect the environment, and (7) Avoid illicit activities. The seven principles have been published in twelve languages and are utilized in business school curricula around the world. In addition, in order to provide more specific examples for each of the seven core principles, the CRT has published further guidelines on stakeholder management and employee development. For example, some guidelines listed under the heading “Communities” includes “Support peace, security and the rule of law” and “Respect social diversity including local cultures and minority communities.” Other guidelines give similarly abstract examples of best practices for such activities as providing opportunities for the personal development of employees and supporting freedom from coercion and harassment at work. These guidelines clearly are not very specific. Moreover, while they arguably express substantive moral commitments that are widely shared by social traditions around the globe, except for a fleeting reference to the Japanese concept of *kyosei* they don’t embed those commitments in any specific social tradition.
Other codes of business conduct employ similar abstractions. For example, the OECD (2008, p. 14) Guidelines for Multinational Enterprises claim to provide the most comprehensive policy for corporate responsibility multilaterally agreed upon by governments from all regions of the world. Similar to the CRT principles, the OECD guidelines are formulated as abstract principles detached from any specific social tradition. For example, one OECD guideline states “Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.” Such guidelines do not prescribe any particular formal or informal organizational processes or practices to achieve those outcomes, and do not define the operational meaning of substantive human development outcomes such as “human capital formation.” Even the more specific OECD guidelines, such as those involving the right of employees to be represented by trade unions and the effective abolition of child labor (OECD, 2008, p. 17), do not prescribe specific organizational practices that could reasonably be expected to achieve the guidelines’ objectives.

To summarize, the abstract principles describe worthy organizational and social goals, but provide little social context or guidance for achieving them. The resulting abstractions are like telling the punch-line of a joke without first telling the story that makes the punch-line funny, telling the moral of a story without first telling the story itself, or reporting a company’s bottom-line net income without reporting the revenue and expense details. Below I use an enterprise risk management framework to systematically explore how narrative traditions can supply the missing context.
Translating abstractions into practice: narrative traditions embedded in an enterprise risk management framework

The internal and external dehumanizing pressures that business organizations typically face motivates the idea that narrative traditions can help people humanize their organization’s practices. A systematic approach to embedding narrative traditions in an enterprise’s risk management processes can reduce the risk that an organization will fail to achieve its humanizing objectives, and it can provide a basis for outside parties to critically and fairly evaluate management’s humanizing commitments. COSO (2004) defines enterprise risk management (ERM) as “a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives” (COSO, 2004, p. 6). The ERM components include the organization’s internal environment, objective setting, event identification, risk assessment and risk response, control activities, information and communication, and monitoring. ERM is an interdependent process in which almost any component can influence another component. If managers are truly committed to “walk the talk” they will invest significant resources in each ERM component so they can effectively identify, manage, and monitor the events that affect their organization’s humanizing objectives.

The following examples illustrate how narrative traditions can be explicitly linked to each ERM component and provide a basis to reflect upon and communicate how each component is related to the organization’s humanizing objectives. Some examples have been implemented by actual organizations and others describe possibilities.
Internal environment. The internal environment includes the entity’s risk culture and appetite, board of directors, ethical values, management philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices. The internal environment has a pervasive influence on the organization’s activities, employee development, and outside parties. An organization’s mission or direction statement is a public document that sets the organization’s overall tone and purpose. It holds people together, represents what they most want to do through their business activities, and establishes boundaries between what people will and will not do (cf. Bookman and Kahn, 2006, p. 9). It also can give organizational participants a substantive alternative to the belief espoused by Friedman (1970) and other financial economists that the only legitimate purpose of business is to maximize shareholder wealth.

A diverse workforce presents a challenge to organizations that seek to encourage their employees to draw from their spiritual traditions when working toward personal and organizational goals. Reell Precision Manufacturing, Inc. (a manufacturer of custom hinges, wrap spring clutches, torque inserts, precision springs, and wire forms) has an inclusive Statement of Belief that concludes with the following statement (Table 1 reproduces the full statement):

Because many spiritual traditions speak powerfully regarding the conditions necessary to provide for the common good, foster individual development and respect human dignity, we will encourage each other to draw wisdom from these traditions and from individual expressions of spirituality.

[Insert Table 1 about here]
As Table 1 indicates, Reell Precision Manufacturing’s (hereafter, RPM) Statement of Belief values human dignity, individual development, and the common good, but it also recognizes that efficiency and profitability are necessary to achieve those humanizing goals. These principles reflect the three RPM founders’ shared beliefs about the priority of family over job, financial and job security for employees, and the opportunity for each employee to develop themselves and experience pride in his or her work (Goodpaster, 1999, pp. 2-3). The three founders each drew inspiration from their own Christian tradition to formulate and take steps to implement their company’s vision of employee development:

Reell is founded on the belief that life’s highest purpose is for each person to fulfill his or her true potential. To this end, Reell is committed to providing an environment that supports and encourages the development and advancement of each coworker. Reell offers training, experience and career opportunities to help coworkers achieve their goals (http://www.reell.com/index.php?page=careers’ last accessed September 5, 2011).

RPM’s Direction Statement (see Table 2) further articulates these values and describes the spiritual commitments that guide its relationships with all of its stakeholders. Unlike the abstract principles of responsible business discussed earlier, this Direction Statement explicitly links its substantive commitments to specific spiritual traditions. While the Direction Statement explicitly recognizes the founders’ Judeo-Christian values, it also welcomes other spiritual traditions.

[Insert Table 2 about here]
In addition, narrative traditions can be explicitly incorporated into an organization’s governance processes on an ongoing and decision-centered basis. For example, a narrative reflection at the beginning of a board meeting might remind board members of their organization’s mission and the broader social meaning of the organization’s work. Such reflections also can support creative insight into the practical problems of running a business. Along these lines, the Seeing Things Whole organization (http://www.seeingthingswhole.org; last accessed September 5, 2011) holds weekend retreats where businesspersons and scholars representing different faith traditions meet to discuss the intersection of spirituality, values, and organizational life and performance. During the earlier part of the retreats participants discuss sacred texts and other literature. Toward the end of the retreats the participants hear from representatives of a business that is facing a difficult problem, and then use the sacred texts or other literature to explore insights into the business problem.

Internal resistance. Employees can be a source of internal resistance to tradition-inspired belief and direction statements. For example, an earlier version of RPM’s Direction Statement was more exclusively focused on Judeo-Christian concepts and alienated a small but vocal minority of employees. One employee made the following comments after a teamwork orientation session:

I would like to request that Reell be considerate of note trying to proselytize religion; I feel that religion is a personal thing and should not be imposed on anyone. When we state Judeo-Christian values we may be offending our fellow man by not stating Hindu, Moslem, skeptics and agnostics as part of that statement. It could be interpreted that only people who adhere to Judeo-Christian values have good character and principles (or that
they have a preferred place or status within the organization (Goodpaster and Naughton, 2004, p. 1).

Based on the above kind of feedback, RPM’s founders realized they needed to revise the wording of the Direction Statement. The revised version which appears in Table 2 was produced after seeking the advice of legal counsel and after engaging in extensive discussion and debate with employees (for more detail about the revision process, see Goodpaster and Naughton, 2005). In a response to attempts by a minority of employees to completely remove all references to religion and spirituality, Robert Wahlstedt, one of the three RPM founders, expressed his concerns in a memo:

I believe that there is, as we say, a ditch on either side of the road. There is a danger that the company may become “secularized”, that is, future generations could lose any conscious intention of spiritual inspiration. There is also a danger that the Company may become “religiously exclusive.” I think that, either way, the end result is the same. In the first case, spiritual values would be abandoned through neglect and, in the second case, they would be abandoned because they will become divisive” (Goodpaster and Naughton, 2005, p. 9).

The revised document in Table 2 represents Reell’s attempt to find a road between the two ditches.

*Impact of the internal environment on other organizational policies and practices.* The above kinds of statements will remain just talk if they do not shape other organizational policies and practices. One human resource practice might be to provide a meditation or prayer room for employees from all faith traditions, as was done for example by former Medtronic, Inc. CEO Bill George. Other practices include flexible work arrangements that enable employees to participate
in their families’ life cycle events and religious observances, and employee hiring and orientation practices that support the company’s mission. Some types of organizations in the non-profit and NGO sector might with relatively little effort attract employees whose beliefs and commitments are already aligned with the organization’s public service mission. However, most for-profit organizations probably will need to work harder to advertise their mission and the underlying humanizing values that mobilize and rationalize it.

Executives can demonstrate their commitment to the principles expressed in their organization’s mission and direction statements through their employee hiring, evaluation, and compensation practices, in both favorable and unfavorable economic climates. For example, RPM introduced an employee stock ownership plan in 1985 (whereby in 1990 employees owned more than 30% of RPM stock), were committed to the goal of full employment, and implemented a policy whereby executive compensation would not exceed six times the lowest pay of five year employees or ten times the pay of new employees (Goodpaster, 1999, p. 4). During its first thirty years of existence RPM did not implement any layoffs. In 1995-1996, when Apple Inc. cut significantly back on its orders of metal hinges, RPM reduced wages and salaries instead of laying people off. Moreover, RPM senior executives took the biggest cuts and employees who were at or under the company’s target wage were exempt from the wage cuts (see Alford and Naughton, 2001, p. 147). More recently, in the face of steeper losses caused by broader economic factors beyond RPM’s control and after a long and difficult deliberative process, RPM’s board reluctantly laid off some employees for the first time in its history. This example illustrates that a commitment to humanizing values cannot (and should not be expected to) insulate an organization from external competitive pressures or guarantee its long-term
survival. An organization’s humanizing commitments can, however, shape how they respond to those pressures.

**Objective setting.** The ERM framework focuses on the conventional operational, financial reporting, and compliance objectives that emphasize efficiency, profitability, and adherence to applicable legal norms. The substantive moral commitments of narrative traditions can expand the set of objectives to include such goals as promoting greater solidarity among employees, greater awareness of interdependencies with external constituents, socially beneficial products and services, and environmentally sustainable practices. An organization’s particular objectives and manner of implementing them will vary depending on the organization’s particular circumstances. For example, companies in industries that tend to leave large environmental footprints might draw inspiration from narrative traditions that emphasize environmental stewardship and sustainable business practices, whereas companies that provide health services or produce medical products might draw their inspiration from narrative traditions that emphasize caring for the poor, ill, and other disadvantaged members of society. Effective objective setting will link the organization’s top level objectives, such as those expressed in its mission and value statements, with lower level objectives framed around specific policies and practices. Some further examples are discussed next.

**Risk appetite and risk tolerance.** Effective risk management is important because risks involve events that can prevent a company from achieving its objectives. Senior management and the board of directors should bear the most responsibility for determining how much risk the organization should tolerate in pursuing its objectives, how it should manage conflicting objectives, and what kinds of risks the organization will not accept. An organization’s leaders can be justifiably criticized as lacking sincerity if they publicly declare their commitment to
certain social objectives but then expose those objectives to an unacceptably high risk of failure, for example by neglecting to adopt appropriate incentives.

Event identification; risk assessment; risk response; information and communication; monitoring. Considerably more has been written about the role of faith, tradition, and other humanizing principles in organizations’ internal environments than about their role in most other ERM components. The following examples provide a general illustration of how narrative traditions could shape the other components.

For example, if executives and the board of directors are sincerely committed to achieving their publicly stated humanizing objectives they will actively invest in the design and implementation of an accounting information system that can capture timely and relevant information about events that could have a positive or negative impact on those professed objectives. They also would adopt an appropriate and socially responsible risk response strategy. Furthermore, the accountants who design and operate such systems need not only technical expertise but also need to understand the underlying objectives the information system must support. Finally, people with the appropriate expertise and authority need to periodically review the event information and monitor the organization’s risk responses. Executives who do not invest in these activities cannot legitimately claim to be committed to achieving their professed humanizing objectives.

Business organizations’ financial reporting, disclosure, and auditing technologies could be expanded and applied to the organization’s humanizing objectives to produce additional relevant internal reports and external disclosures. For example, Gallhofer et al. (2000) proposed an expanded list of assets (resources), liabilities (obligations), and narrative disclosures about the organization’s specific activities during the reporting period that enabled employees to develop
themselves spiritually, find larger meaning in their work, and maintain sufficient autonomy to pursue other important life activities outside of work. Such reports could be prepared for top-level management reviews, the employees who are described in the reports, and external constituents, all of whom should be encouraged to read the reports and raise any objections or concerns they might have about their content and accuracy. Finally, the ERM information and communication component can be designed to actively gather information directly from the organization’s constituents. For example, Medtronic, Inc., a medical device company, has held holiday parties at which some of its customers and their physicians explain how the company’s products saved or improved their lives. This face-to-face interaction with customers can give employees a deeper sense of the broader social meaning and purpose of their work.

In summary, the above examples explored how the humanizing values of narrative traditions can be embedded in an organization’s interdependent ERM components. The approach is an intentional response to the internal and external pressures that tend to dehumanize organizational processes, and it provides a verifiable blueprint for evaluating management’s commitment to its professed humanizing objectives. A comprehensive commitment to humanizing values can shape how organizations respond to internal and external pressures, but it cannot insulate organizations from competitive pressures or guarantee their long-term survival.

**Discussion**

This paper explored how narrative traditions can help business organizations humanize their policies and practices. The approach is a deliberate response to the internal and external pressures that tend to dehumanize organizational processes. External pressures in the broader economy include an emphasis on operational efficiency and profit, bolstered by neoclassical economic theories that do not grant cultural traditions a meaningful role in solving a business
organization’s problems. Internal pressures include employee resistance to using spiritual or faith-based themes to frame an organization’s mission or purpose. Amidst these pressures, the challenge is to encourage employees to develop a deeper sense of personal meaning and social purpose in their work, a greater awareness of their interdependencies with others, and a vivid moral imagination about how their organization can better serve the common good.

Maltby (1997, p. 95) observed that accounting derives its persuasiveness “not from the ‘facts’ it presents, but from its place in a pre-existing moral calculus of obligations and entitlements.” This paper’s conceptual analysis argued that humanizing narrative traditions can provide such a “moral calculus” and are good candidates for introducing and sustaining lifeworld values in business organizations. Moreover, the analysis argued that narrative traditions expressed as stories about human life within a community can help organizational participants translate abstract and trans-culturally framed norms of responsible business into concrete organizational practice. But the approach advocated in this paper also recognizes that in most cases, the wholesale application of a narrative tradition would not be appropriate or feasible. Most traditions inherited from the past include elements that would offend us today, and many include elements that may be appropriate in traditional societies but not in market-based societies. Accordingly, this paper advocated some interpretation and application principles to enhance a candidate narrative tradition’s humanizing potential in specific organizational settings. Finally, an ad hoc and piecemeal approach to humanizing organizational cultures is not likely to effectively manage an organization’s risks and opportunities, and it would expose its executives to the frequent criticism that they never really were committed to achieving their organization’s professed humanizing objectives. This paper used the COSO (2004) enterprise risk management framework to explore how narrative traditions can be more systematically embedded in an
organization’s interdependent processes to better achieve such humanizing goals as fostering employee development, caring about the organization’s impact on vulnerable parties outside the organization, meeting broader social needs, and engaging in responsible environmental stewardship.

While this paper used several examples to illustrate how narrative traditions can shape an organization’s practices, the intent is not to promote any particular narrative tradition as necessarily best. Different organizations would need to determine for themselves which narrative traditions best fit their diverse workforce and external environment. This openness to cultural diversity is not inspired by an ethical relativism but rather reflects a commitment to the humanistic principles of mutual respect, dignity, human solidarity, and human development. An organization’s openness to apply and learn from different traditions also can address the concern that some employees may otherwise have about the organization’s underlying agenda vis-à-vis a particular tradition. Moreover, employees who may be less interested to engage with religious or spiritual traditions could instead be encouraged to draw their humanistic inspiration from other branches of literature (for examples in accounting education, see Lister, 2010).

Most previous research on faith and spirituality and business organizations has documented their role in mission statements, direction statements, and other dimensions of a corporation’s internal environment. Relatively little previous research in management and accounting has documented how faith, spirituality, and other cultural traditions can shape other organizational processes. While this paper has provided some examples of how narrative traditions could shape a business organization’s risk management and accounting processes, more research is needed to document both what already exists in some organizations and what could exist if conditions were different. Accounting researchers are in a unique position to
further explore how narrative traditions and cultural resources can be systematically and comprehensively embedded in an organization’s risk management processes.

Accounting researchers also can play an important stewardship role by helping to document and preserve historical and contemporary narrative traditions that can address our collective interest in the cultural bases of accountability. An information systems approach to preserving narrative traditions would include recording, archiving, analyzing, and interpreting oral and written stories, historical and socio-economic data, photos, art, and other cultural resources. An argument to document and preserve a tradition for the benefit of some future society can be made by analogy to a general justification for preserving natural resources:

We can never know how a future generation might have used an exhaustible resource, if we had not used it up. We should attach a considerable value to leaving resources untouched in the ground, and not presume to value them solely by their uses now and in the foreseeable future (Hay, 1989, p. 306).

Finally, in the spirit of adopting a more comprehensive and systematic approach toward applying narrative traditions in organizational settings, accounting educators could seek ways to engage students not only to acquire technical accounting knowledge but also engage them to reflect on the emotional, spiritual, and public interest dimensions of their chosen profession. McPhail (1999, p. 836) noted that the prevailing emphasis on neoclassical economics and neoliberal views of business in accounting education can lead students to conclude without further reflection that morally good actions are simply those which maximize shareholder wealth. To encourage students to consider how the purpose of business and other social practices could be envisioned in more humanistic terms, McPhail (2001, pp. 489-490) suggested that
accounting education needs to engage students with their existential situation by drawing upon “themes from the life experiences of those students (perhaps from their national/religious/cultural/class backgrounds)”. McPhail (1999, p. 859) also suggested that students might be more imaginatively creative if they are encouraged to reflect on their own personal experiences, feelings, and emotions, and that literature and film might help accounting educators achieve these learning objectives. Reflective engagement with different narrative traditions and other literature in the humanities can help students achieve these accounting education objectives.

In conclusion, the cultural bases of accountability in organizations and society raise interesting questions about the tensions between tradition and innovation in organizational life; about the tensions between the broader society and organizations that seek to humanize their processes; and about whether a radical break from the past is required to achieve a meaningful societal transformation. This article indicates that a humanizing and accountable organizational culture must be rooted in some kind social tradition, and it explores how narrative traditions can achieve this purpose.
References


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**Declaration of Belief**

We believe the dignity of every individual to be sacred...

We believe life's highest purpose for each individual is to become all that she or he is created to be, and...

We believe the highest purpose for the Corporation is to make worthy contributions to the common good, therefore...

All activities, objectives and policies are to be ordered toward individual development and the common good.

Because economic success is essential for an environment that fosters human development and provides for the common good, we must maintain an orderly, efficient and profitable organization and respect the dignity of every individual.

Because many spiritual traditions speak powerfully regarding the conditions necessary to provide for the common good, foster individual development and respect human dignity, we will encourage each other to draw wisdom from these traditions and from individual expressions of spirituality.
Direction Statement

Reell is a team united in the operation of a business based on the practical application of spiritual values to promote the growth of individuals and advance the common good for the benefit of co-workers and their families, customers, shareholders, suppliers and community. Rooted in Judeo-Christian values, we welcome and draw on the richness of our spiritually diverse community. We are committed to provide an environment where there is harmony between work and our moral/ethical values and family responsibilities and where everyone is treated justly.

The tradition of excellence at Reell was founded on a commitment to excellence rooted in the character of our Creator. Instead of driving each other toward excellence, we strive to free each other to grow and express the excellence that is within all of us.

By adhering to the following four common spiritual principles, we are challenged to work and make decisions consistent with God's purpose for creation according to our individual understanding.

Do what is right
We are committed to do what is right, even when it does not seem to be profitable, expedient, or conventional.

Do our best
In our understanding of excellence we embrace a commitment to continuous improvement in everything we do. It is our commitment to encourage, teach, equip, and free each other to do and become all that we were intended to be.

Treat others as we would like to be treated

Seek Inspirational Wisdom
By looking outside ourselves, especially with respect to decisions having far-reaching and unpredictable consequences, but we will act only when the action is confirmed unanimously by others concerned.

We currently design and manufacture innovative products for a global market. Our goal is to continually improve our ability to meet customer needs. How we accomplish our mission is important to us. The following groups are fundamental to our success:

Coworkers
People are the heart of Reell. We are committed to provide a secure opportunity to earn a livelihood and pursue personal growth.
Customers
Customers are the lifeblood of Reell. Our products and services must be the best in meeting and exceeding customer expectations.

Shareholders
We recognize that profitability is necessary to continue in business, reach our full potential, and fulfill our responsibilities to shareholders. We expect profits, but our commitments to coworkers and customers come before short term profits.

Suppliers
We will treat our suppliers as valuable partners in all our activities.

Community
We will use a share of our energy and resources to meet the needs of our local and global community.

We find that in following these principles we can experience enjoyment, happiness, and peace of mind in our work and in our individual lives.