

# The Purpose of Business: Working Together for the Common Good

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Why do we go into business? This is a deceptively simple question, to which many people give the simplistic answer: to make money. But how many people *really* think that's all there is? Just two simple observations throw this answer into doubt. Firstly, many people do not want to make money by exploiting or manipulating others, or by unethical means. Secondly, many people want to contribute to society, from which they gain great personal satisfaction. There are some people who say that they are just in business for the money. Our experience is that these people are unhappy with the kind of working life they have, but they feel caught in it as they have no alternative way of supporting their family or making ends meet financially. In a way, it is true for them to say that they are just in the business to make money; they are unfulfilled in their work; and they would not be there if they could help it. Another way of explaining their response is to say that they are trying to distance themselves from the situation in the firm, which they find personally destructive, telling themselves and others that they are only there because they have to make a living somehow.

This thinking is fundamentally different from that of the person who ideologically believes (like Milton Friedman) that the genuine purpose of the business is only to make money. People in the first group are speaking out of their existential situation and experience. They would welcome a better situation in the firm brought about by setting more human goals and purposes and creating a more virtuous community, but in the meantime, they have to keep going and justify their participation in such a system by their genuine need to gain economic goods. Their experience does not contradict the contention of this paper. It too shows that the question as to why we go into business needs a more complete answer than "making money." Money-making is certainly an important part of what we are in business for, but it is not, as they say, the whole story.

In one of the most influential management texts in recent years, *The Seven Habits of Highly Effective People*, Stephen Covey makes much of the habit of "having the end in mind." While all our activities inevitably have a purpose, in developing the habit of "having the end in mind," we become both aware of, and can evaluate, what these purposes are. All too easily, our actions can become "automatic." We can do things without thinking about them, just because they are what we or others have "always done." Keeping the end in mind involves questioning ourselves about why we are doing things. Without this habit of self-questioning and examination, we can very easily contradict ourselves. For instance, we may introduce a new policy in one area of operations, for instance, but we do not think through its consequences elsewhere. Incoherence and

inconsistency can imperceptibly and easily creep in, and fragmentation and disintegration can follow if this incoherence is not addressed. An unexamined life all too easily leads to a fragmented life. Those who develop the habit of "keeping the end in mind" consider whether all their actions taken together work toward a unified end or purpose for the whole of their lives.

To ask the "end" question, "what am I in business for?" or "what I am working for?" is another way of asking: "is my work good?" These questions are equivalent, because we only ever consciously do things that we think will do us some kind of good. We could ask even more fundamentally, "Why do we do anything at all?" We do things because we want to gain something we have not got; we want to provide something we lack, to be fulfilled and developed. The fact that we never do anything unless we want to achieve some end or outcome is something so obvious that most of the time we do not even think about it. On a basic level, we eat in order to satisfy hunger; we think through problems to try to work them out; we spend time with other people in order to deepen our friendships. We are beings with potential; we have not "arrived"; we are always looking for more in our lives. Without much reflection, we can recognize that we are constantly searching for deeper fulfillment, however much we have already received or achieved.

Aristotle called what we seek in order to make up our lack, a "good;" it is for "goods" or "good things," and ultimately "the Good," that we seek and strive. His definition of a "good," therefore, is something that perfects or fulfills a living being (such as a human being). Based on his observations, Aristotle thought that we are ultimately seeking happiness, so he saw happiness as our chief or final good - *the Good*. Along the way, we seek lesser or intermediate goods to help us towards a life of happiness. We take up this idea of a "good," something that we pursue to fulfil ourselves, in this paper.

The main thing that we need to focus on here is the insight that everything we do is motivated by a desire for something good. Without such motivation, we would not act. Often, we can be aiming at more than one end at the same time; we eat a meal with our family to satisfy our hunger, but also to share the food and our time and conversation with those whom we love. When, as in most activities, even simple ones, we are pursuing more than one good at the same time, we may need to decide on some kind of priority between them. For instance, in the use of our income, we may feel that we would like to do improvements on the house or buy new kitchen appliances, but we instead postpone that in order to pay for extra French or music lessons for the children. We recognize that it is good to keep the house in repair, but we may prioritize the education of our children, at least for a short while, over the good of maintaining the house. All goods are worth pursuing, but some we will prioritize over others, at least in the short term.

All these remarks are relevant to management. In an organization, we need to work together towards a number of ends, such as giving a fair return to shareholders, serving the customer well and providing jobs and benefits for employees. Once we have realized what goods we are pursuing, we then have to decide how to prioritize or order them in a way that leads to our ultimate goal and good of happiness. Thus, we need here to deal with two things: "what are the goods that we pursue?" and, "how do we order them?".

To examine these questions more effectively, we have organized this paper around three levels of analysis in what we call the "common good model" of the firm. Firstly, we introduce the idea of a "hierarchy of goods." In this, we distinguish two types of good, those we call "fundamental," like profits, and those we call "excellent," like human development. We argue that we need to act towards the development of both types of good; in some ways, fundamental goods like profits and efficiency are the most important because they provide the basis for everything else we do, but in other ways, the excellent goods of our own development and that of others are what really motivate us and give the most profound reason for why we work. In order to show further the effect of taking both these goods seriously, we use this first part of our analysis to provide the grounds for a critique of the "shareholder model" of the firm. In this model, the goal of the firm is defined as the maximization of shareholder wealth. We attempt to show that to make this the goal of the firm relegates the pursuit of the excellent goods to a secondary position and fundamentally frustrates us at work.

In the second level of analysis, we explore the relationship between "particular" and "common" goods. Some goods just are common, such as peace in our communities. Unless we all share in peaceful relations with each other, everyone loses the experience of peace; it just takes one person to use violence for the peace of all to be disturbed. Peace, cultural development, justice - these are all things that are, by definition, common to us all or they can't exist at all. Furthermore, we can organize to hold or run other goods in common because they work better if we do, such as transport infrastructure, or a business held in common by members of a cooperative or by partners. In this case, we use certain social structures to organize how we hold these goods in common. They are not common goods *in themselves* (they could in theory be owned by one person or a small group) but they can be shared and held in common if we choose to organize ownership in that way. Thinking about common goods of the second kind requires us to think about structures of ownership and distribution. We use this thinking to provide a qualified critique of the stakeholder model which defines the firm as balancing the interests of major stakeholders. While far better than the shareholder model, the stakeholder model, in its well-known forms, is only able to recognize the individual good of each person, rather than a truly common good. However, the techniques of analysis within the shareholder model can be useful in the application of the goal of promoting the common good in the firm.

Thirdly, we get to the final level of analysis: the idea of "true" as opposed to "apparent" goods, leading us to consider the basis of the common good, our relationship with God as the ultimate common good of all creation. If our lives are to have a deep and profound integration between what we do, what we believe, and who we are, at some stage we have to face up to our responsibility to God in our business decisions, and to see that responsibility as the center of our motivation for what we do. With the increasing interest in "caring for the soul" at work and the "spirituality of work," it is becoming more possible for managers to consider the impact of their faith openly in their business decisions.

While the common good tradition has been particularly developed within the Christian social tradition, it is shared across a wide range of religious perspectives as well as what is called "secular communitarianism." Rather than being narrowly sectarian, the common good model provides a more global philosophical perspective, more amenable to Islamic and Oriental cultures, than one based on the individualistic and liberal perspective of the West from which the shareholder and stakeholder models derive their approaches. For example, Ryuzaburo Kaku, Chairman of Canon Inc., has popularized the Japanese term *kyosei* which he roughly translates as "living and working for the common good" to describe the purpose of Canon. In a somewhat similar approach to ours in this paper, Kaku uses *kyosei* to criticize the shareholder and stakeholder models. Timothy Fort argues that "an international business ethic will not be the result of western logic, but will come through an "overlapping consensus" among comprehensive normative frameworks," and sees solidarity as the basis of that consensus. Thus, if the work of Kaku and others has anything to teach us, a foundation in the idea of the common good for the understanding of business purpose is more necessary than ever, especially in the light of the increasing fragmentation of social life.

### *1. Fundamental and Excellent Goods: A Hierarchy of Goods*

The idea of fundamental and excellent goods is simple and powerful. A fundamental good is one that we need in order to obtain other goods. Many material and practical goods fall into this category, such as money, plant and equipment; to some extent, technical training can also be seen as a fundamental good (see later). We need fundamental goods because without them, the business cannot function. They are fundamental, in the sense that air, food and water are fundamental to our human lives. Without air, we die; without money and the necessary tools of the trade, the business dies. Yet, we all know that breathing and eating are only the basis for the further development of our lives. We seek for the goods of air and food to sustain us *in order that* we can achieve higher goals: friendship with others, participation in the cultural life of our communities, our own self-development. These latter are "excellent" goods, goods that we seek for themselves, as ends in themselves. They may serve a useful purpose as well in our lives, but that is secondary to the main motivation we have for pursuing them. Many of these goods serve no other purpose than to enrich us and our communities in themselves.

In order to understand the way the fundamental and excellent goods relate to each other, we can use the analogy of Abraham Maslow's well-known "hierarchy of needs." As the pyramid below points out, Maslow describes human needs as hierarchically ordered, moving from the physical to the spiritual: physiological, safety, belonging, self-esteem and finally self-actualization. Aquinas described a similar hierarchy in what he called the "inclinations": self-preservation, procreation, to live in society and to know and love God.

While people do not live to eat, one cannot live without taking in nourishment in some form. This hierarchy of needs points out that we do not generate wealth as an end in itself, as something that brings us personal and communal fulfillment and happiness.

People generate wealth as a means to obtain what they really want: food, security, provision for their families, giving support to others in need and so on. For example, while some students who speak of financial success are motivated by pure greed, more of them are motivated by the need for security that financial goods provide, and which are a foundation for relationships. More often than not, students have had a parent lose their job through a downsizing exercise,

### *Maslow's Hierarchy of Needs*

throwing the family into an emotional tailspin. The resulting economic instability often engendered familial instability, leaving students shaken by the experience. People who have been through this sort of experience desire economic stability and security because it serves as an important part of stability in relationships. Yet, people can languish in their physical and security needs, failing to take seriously the needs they have beyond these basic, fundamental ones.

Like Maslow's hierarchy of needs for the person, there is also a hierarchy of goals or goods pursued by the organization, fundamental goods being instrumental to the attainment of the higher, more excellent goods. We have argued for and shown the basic necessity for the promotion of the fundamental goods in the organization. But for the organization to focus on fundamental goods alone would make it like a person who only focused on the physical and security needs on the bottom rungs of Maslow's hierarchy. In our business organizations, we are not simply animals seeking preservation by being more efficient and profitable, who then, outside our workplaces, find our development and fulfillment in life. Simple observation tells us that in every human activity, whether in business or elsewhere, we are both forming ourselves and others, as well as obtaining

external results. In other words, we are both creating external, or instrumental or fundamental, goods and the internal or excellent human good of our human development, both individually and communally. We cannot divorce activity in business from this process of character formation - it happens whether we recognize it or not. If we do not recognize this empirically verifiable process, we can frustrate and distort it; we can organize our businesses as if the creation of these internal, excellent goods were not part of the operation of the business, taking into account solely the promotion of fundamental goods. The point is important to emphasize here. We are not saying that we should take into account the excellent goods of human development in the firm because that is an "ethically good" thing which really "good" firms do. We are saying, rather, that human development happens anyway in the firm, whether we promote it or not. Pursuit of the excellent goods in the organization is not a kind of optional extra - such pursuit recognizes the reality of human activity in the firm and aims to support and develop such goods.

The founders of Reell Precision Manufacturing try to express this relation between the promotion of fundamental and excellent goods in a welcoming message to new employees:

We do not define profits as the purpose of the company, but we do recognize that reasonable profitability is necessary to continue in business and to reach our full potential. We see profits in much the same way that you could view food in your personal life. You probably do not define food or eating as the purpose of your life, but recognize that it is essential to maintain your health and strength so you can realize your real purpose.

The founders of Reell recognize that if profits and other fundamental goods are not taken seriously, a workplace will soon collapse. Without adequate revenue and profits as well as efficient use of resources, organizations flounder and eventually cease to exist. Yet, if an organization is only concerned about profits and efficiency even if it pays good wages and produces socially useful products, something is deficient in that organization. For the founders of Reell, the growth of people, "the integral development of the person," which is happening in the firm whether we recognize it or not, is the motivating and most excellent good of the organization, and should be recognized as such in the way the company is organized and run. We need to plan and organize for the promotion of excellent goods, which are part of the operation of business, otherwise we may frustrate their development for the sake of the promotion of the fundamental goods alone. People cannot properly develop unless they are motivated by the right purpose which must center around the integral development of the person, including where possible, spiritual development. Furthermore, since it is clear that attainment of the fundamental goods are *for* the excellent goods, the latter should be recognized as providing the highest motivation and fulfillment of business. The integral development of the person needs to be seen as the end and purpose of organizational life if human work is to serve the human person.

This distinction between fundamental and excellence gives us the basis for a working definition of the structural or organizational common good: the creation of those organizational conditions that foster human development. The presence of the fundamental goods, while necessary, cannot ensure that people develop and grow. Like a garden, the gardener can set the conditions for growth, but she cannot make the seeds grow. The external conditions of an organization do not guarantee the internal growth of the employee, but they make that growth possible.

### *1.1 A Critique of the Shareholder Model of Organizational Purpose*

Thus far, we have sketched the first level of the common good model. Although we still have another two stages of explanation of the model, we already have enough ground from which to build a critique of the shareholder model.

The shareholder model, both in practice and theory, has been largely influenced by the discipline of finance (which itself, coming out of classical economics, has been formed within the tradition of classical liberal philosophy). Finance has developed a theory of the firm that explains the firm's reason for being, its purpose, its *ratio*, its ultimate end: maximize shareholder wealth (MSW). Typifying this approach, Brigham and Gapenski in their textbook on financial management define the financial philosophy of the firm in the following way:

management's primary goal is stockholder wealth maximization. . . . This translates into maximizing the price of the firm's common stock. Firms do, of course, have other objectives; managers, who make the actual decision, are interested in their own personal satisfaction, in their employees' welfare, and in the good of the community and of society at large. Still . . . stock price maximization is the most important goal of most corporations, and it is a reasonable operating objective on which to build decision rules.

There are two important things to note about this paragraph: Two types of goods are mentioned: the fundamental or economic goods of shareholders (and the need to develop them through increasing the stock price) and excellent goods (employee welfare and community welfare). Secondly, and more importantly, the order and relationship between these goods inverts the order we have discussed so far: shareholder wealth is the top priority. The excellent good of employee development is relegated to being no more than a fundamental (or instrumental) good, secondary to the shareholders' economic good.

The basic problem with the shareholder model lies in the way it prioritizes the goods of an organization. It takes the excellent goods of employee and community development and instrumentalizes them to one fundamental good--profits and their effect on shareholder wealth. As a result, excellent goods are instrumental to the attainment of what are only really fundamental goods themselves: profits for shareholders. At the same time, shareholder wealth is made to seem the ultimate purpose and most excellent good of the firm.

An example of an ethical problem will illuminate the problem further. When deciding to market "high octane" malt liquor to young, minority, inner city, low income males, proponents of the shareholder model may find it unacceptable not because it takes advantage of a poor, uneducated and vulnerable group of people, but rather because it may tarnish one's corporate image and consequently fail to maximize wealth for shareholders. Within the shareholder model, managers are not responsible to customers or employees in the sense they are responsible to shareholders. They may respect employees or customers as one of their goals, but not because of their dignity as human persons. Rather, they will do so because respecting employees and customers generates more shareholder wealth than not respecting them. Many proponents of the shareholder model maintain that while the excellent good of human development is necessary for organizational life, it is not pursued for its own sake, but for the purpose of MSW.

Proponents of the shareholder perspective may argue, "well, so what? Doesn't it all boil down to the same thing?" Here, we hit the nub of the problem: the end that motivates one's actions makes the meaning and outcome of apparently similar acts quite different. Because the shareholder model centers its purpose on shareholder wealth, its proponents miss that the intention behind what we do gives meaning to our actions, and this meaning affects and changes what are otherwise, from an objective point of view, the same actions. This meaning can have as much, if not more impact, on the organization's culture as the external, objective outcome of what we do. If employees can see that an organizational change billed as empowering them is merely a cover for intensifying their workload as a prelude to laying some of them off, they are going to have a very different attitude to it than to exactly the same change that they can believe is genuinely in their interest. When managers relate to employees, customers or suppliers merely for the purpose of MSW, they have to instrumentalize these people and make them means to achieving their ultimate goal.

This instrumentalist logic is well captured by T.S. Eliot's famous line "to do the right deed for the wrong reason is the greatest treason." It is the greatest treason because the meaning of what is done is the opposite of what it appears to be, and thus the intention of this apparently good action undermines its good, destroying trust between people. Furthermore, although people may do the same physical act--not market high octane alcohol to inner city minority males--the reason why they do the act forms them just as much as the act itself. Our intentions do not only form our actions and give them meaning; they actively form each one of us, the agents of those actions. In the end, not only are employees and customers instrumentalized, but an environment is created in which all people, including top managers, can be used as means rather than respected as ends in their own right.

The discipline of finance, through the shareholder model, is the only discipline in business that explicitly defines the end of the organization, namely, MSW. By doing so, finance steps into the arena of social philosophy. Finance here is no longer merely articulating techniques. It is no longer a so-called descriptive science, but rather it is a philosophical statement of what it thinks a business ought to be. We believe it is a deficient philosophy precisely because its *telos*, or end, does not respect the reality of the

human community of which business is a part. While those acting out of the common good and shareholder models may on occasion act in the same way, these actions are radically different, with a difference founded at the level of the first principles on which they understand the purpose of business.

The strength of the shareholder model is in its emphasis on the fundamental goods. The effectiveness and persuasiveness of this model indicates clearly how important it is to treat financial and other instrumental goods as fundamental and of great importance. Although it is not likely to happen in business today, there could be a danger that in pursuit of the excellent goods, managers might not place enough value on the economic foundation of the organization, thus undermining their pursuit of the common good. Non-profit organizations even now can find themselves in this position. Businesses motivated by a vague and misleading idea of the common good could overpay employees, undercharge customers, or spend too much time and effort on community development, thereby going beyond their financial means and competence. Such actions fail to contribute to the common good, especially in the long run. Sensible financial planning and the use of techniques for determining cash flow and cost of capital are prerequisites for any business. Profit, as a fundamental good, is a necessary means, and serves as a "regulator" of an organization. Yet, it remains a means, a reality that proponents of the shareholder model are prone to forget. If money-making is not to frustrate the pursuit of the excellent goods, it must be intended and explicitly ordered towards an end that is greater than maximization of wealth alone. Otherwise, the workplace, at its core, is little more than a profit making machine and the people in it little better than its component parts.

## *2. Common and Particular Goods: Developing an Authentic Community*

So far, we have discussed the ideas of excellent and fundamental goods as the initial elements of the common good model. Now we turn to the next level of the model, the ideas of common and particular goods. At issue here is a different question from the one we asked before. What we are interested in at this level of analysis is the relation between individual and communal good, whether it be fundamental, excellent or both. From a personal point of view, we could ask: "How does one contribute to the good of the community while at the same time striving for one's own good?" In other words, how do we attain the good of the individuals in the firm, without compromising the good of the organization as a whole, and vice versa? The extremes of individualism and collectivism lie on either side of a reasonable answer to this question.

First of all, we need to look at the simple theoretical distinction between common and particular goods. Common goods are in principle open to everyone to share in as fully as they can; in principle, no person's participation in them impedes the participation of others. For example, knowledge, in principle, is a common good. If I explain to you how a piece of software works and you understand it, we can both share in this knowledge fully. The fact that I "gave this knowledge away" does not mean that I now no longer have it; instead we now both have it. This makes knowledge very different from money, where, if I give it to you, I no longer have it. Therefore, another way of describing

common goods is to say that we can share them without diminishing them. Knowledge is a good that is in principle infinitely sharable; it does not diminish in the person who has it if that person shares it with someone else. Common goods arise out of common or shared activity. In the case of the explanation of the software, the common good of our shared knowledge arises because we both work together so that you can understand the program. Common goods include knowledge, virtue, beauty and so forth. All these common goods form the basis of community life.

As can be seen from the above discussion, money and most physical goods, like land and property are, in principle, *particular* goods. At any one point in time, an organization will have a given amount of wealth. It belongs to the organization and not to anyone else; it can only be shared by giving part of it away and thereby diminishing the original amount. In other words, if I have a sum of money, you do not have it; we cannot both have it at the same time (unlike knowledge or virtue). Even though we can talk about growth in the economy and about creating wealth, we still cannot create unlimited wealth and we still have to have ownership structures such that wealth belongs to different people; it could not belong to all of us all of the time. Hopefully the wealth we use in business will lead to higher dividends and higher wages but at any one time, it is not equally open to all to share in it, unlike knowledge by its very nature. Physical and monetary goods must always belong to somebody whether they are wages, profits, capital, products or services; they cannot be infinitely shared. To summarize, goods that cannot be shared without diminishment and which have to belong to particular people, are particular goods.

If particular goods are to serve common, organizational ends, then as we said above, we have to organize how we distribute them. The idea of a "just" or "livable" wage is an example of where the influence of a common understanding of justice can lead to the distribution of income to employees such that this particular good (money) is distributed in a such as way as to protect and promote the fundamental good of all the employees in general - a common, fundamental good across the organization. This indicates that we can organize particular goods in such a way that they serve a common or social dimension. The distinction, thus, between particular and common goods is made less clear-cut by this; particular goods can bear a social dimension. Furthermore, as we work together in the organization towards the production of particular goods, such as products, we develop relationships with each other through which we grow, thus providing another, excellent, social dimension attached to the particular good, the product. Socially useful products and services are particular goods, but they further set up excellent social relationships between the members of the organization and the customer and society in general. It is clear from this discussion, that for common goods to exist, we need particular goods and vice versa. The relationship mirrors that which we discussed between fundamental and excellent goods. Common goods are in some ways more "excellent" than particular goods, but the particular good of each person is fundamental to the common good of all.

We need to keep reminding ourselves that the fullness of the common good does not reside in things but in the quality of relationships established between the people themselves and between each person, in communion with others, and God. As Jacques

Maritain explains, "the common good is not only a set of advantages and utilities, but also integrity of life," an integrity that ultimately lies, in the words of Vaclav Havel, in the person's "relationship to that which transcends him," a transcendence we will explore in the next section. Without certain structural conditions, however, the difficulties of acquiring these relationships, which are integral to the common good, are greatly increased. It is simply more difficult to establish "communions" with others when one's wages are too low, when the ownership of the firm is in the hands of wealth maximizers, when jobs are designed bureaucratically and mindlessly, and when the products produced fail to contribute to the good of society.

The notion of the common good poses a particular difficulty that we cannot easily escape: harmonizing the particular good of the person and the common good of the organization. In one sense, people are ends in themselves, and all their development is an inherent good, not to be sacrificed to anything else. In another sense, however, the person is a part of the whole organization or society to which he or she belongs. Insofar as this is true, they must direct their actions to the good of the whole community and see their virtuous behavior as a means to attaining the good of the whole. It is on this basis, for instance, that a country can ask individual people to make the greatest sacrifice of their own good by laying down their lives in defense of the whole community. It might also be the basis on which it could ask individual people to accept the sacrifice of redundancy or downsizing, if that will help save the firm as a whole. In both cases - war and redundancy - this line of action is a last resort when all other reasonable methods have failed. There is clearly a great loss - supreme in the case of war, but still very great in the case of redundancy - to the individual person, who, as we have said, is not merely a part of the group, but also an end in herself with a supernatural destiny. Nevertheless, however, insofar as someone is part of an organization, the common good of its members as a whole may necessitate a reduction in employees - an example of how particular goods need to be oriented to the good of the community. What then becomes critical is *how* the company downsizes.

In order for the common good to be true to the communitarian vision of organizational life, people need to find themselves in a community that fosters their development through structural goods. The community, whether the firm, family or state, must create physical, economic, educational and social structures in which individuals can commit themselves to the common good. In other words, the community must be structured in a way that the individual can participate in and contribute to the common good.

### *2.1 A Qualified Critique of the Stakeholder Model of Organizational Purpose*

Unlike the shareholder model, the stakeholder model is more difficult to define, since its proponents are not as unified as to why stakeholders should be identified, and "for what purpose." Usually, however, the stakeholder model distinguishes itself from that of the shareholder by raising the relevant stakeholders to the level of "quasi-shareholders." Where in the shareholder model management had a fiduciary relationship to shareholders, in the stakeholder model management's trust relationship is to multiple stakeholders.

The stakeholder model has been influenced by rights theory where employees, shareholders, creditors, and consumers are seen to have equal rights that must be respected by the organization. The stakeholder model attempts to professionalize management by widening its responsibilities beyond the agent/principal relationship with shareholders. Proponents of the model argue that today's large organizations yield power to such an extent that one constituent, such as the shareholder, cannot dominate its purpose. Rather, the manager must take seriously a multiplicity of constituencies. As stated in the Council for Economic Development (CED) document that represents the stakeholder perspective, the manager is a "trustee balancing the interests of the many diverse participants and constituents in the enterprise."

The stakeholder model is clearly preferable to the shareholder model from a common good perspective, since it expands the notion of organizational purpose to include more than just the shareholder. The stakeholder model recognizes the conditions necessary for people to develop. As a model it recognizes the importance of livable and equitable wages, distributive ownership structures, human centered job design, and so forth. Yet, we argue, the model still inadequately describes organizational purpose. The stakeholder model is deficient because it treats all goods within the organization as particular, which have to be parcelled out to the different stakeholders, and fails to recognize the way in which the company is bound together with common goods.

The stakeholder model can only conceive of "particular goods" because it is founded on an individualistic view of the human person. According to the stakeholder model, the individual wealth maximizer described above in the shareholder model can become more "human" if the person understands his interests in more enlightened ways ("enlightened self-interest"). If individuals pursue their own particular goods (self-interest), while avoiding the violation of the particular goods of other individuals (enlightened), then everyone's particular goods will be met without having to be concerned about common goods. What results is a strategic calculus in which managers attempt to maximize the sum total of particular goods for each stakeholder by making sure no one violates the other. If everyone pursues their own particular goods to the greatest degree, with each particular good checked by another particular good, then the organization can be more productive and profitable in the long run.

Because the stakeholder model views the organization as a group of autonomous individuals who affect or are affected by the organization, it starts off with what the person has, that is some stake in the company; whereas the common good model begins with who the person is--a social being whose development is intricately connected tied to the good of others. Because the stakeholder model begins with *having* not *being*, its view of the corporation tends toward to be utilitarian, attempting to protect the material interests of the various stakeholders. Although protecting the material interests of stakeholders is good, it is insufficient for building a community where people grow in virtue, especially, the virtue of justice.

To every organization, this poses serious questions of self-identity: Are we, in the words of Robert Bellah et al., an enclave of individuals brought together to pursue our own

particular goods and lifestyles while tolerating others in the process? Or are we a "community of work" brought together to serve a common good that includes, yet, goes beyond our own particular goods? Because the stakeholder approach focuses on individual claims as its starting point, it has tremendous difficulty pursuing a collective notion of a common life in which goods are shared to enhance human development. What proponents of the stakeholder model have done is to turn a valuable technique of analysis, namely, evaluating who affects and is affected by the organization, into a problematic purpose for the organization.

To describe organizational life only in terms of particular goods is to describe a truncated version of the community life of the organization. If we described family life only in terms of the particular goods of each individual with no vision of the common goods of the family, most people would sense a moral and spiritual deprivation of the family. Clearly, a family is not the same type of organization as a business, but its social dimension goes beyond the crude negotiation and maintenance of contracts alone.

For example, in many organizations where employees' particular goods are taken care of, rampant cynicism, lack of commitment, and despair still exist. There are various reasons for this depending on the organization, but when the stakeholder model can only provide individuals with a reason to cling to their own advantages and utilities, however enlightened those may be, nothing binds them in common beyond their individual interests at work. While various stakeholders may benefit from the various rights and contracts in achieving their particular goods, "their contracts will not relieve their lonesomeness." A social contract of individual stakes, claims, and rights by stakeholders each of whom is pursuing his or her particular good does not have the moral force to bind people together where each is concerned for the development of the other.

A defining feature of the common good is "that it be of such nature as to cause, among those who pursue it . . . a common life of desire and action." The particular goods of an individual need to be intended for the development of the community in such a way that the person is developed through community life. Because of our social nature, we can only authentically develop through our participation and contribution to the communities in which we reside (family, school, work, church, state, etc.). This "firm and persevering determination to commit oneself to the common good" is the virtue of solidarity. Yet, if we fail to order our own particular goods to a common life, our lack of communal intention is not somehow neutral, but actually makes us selfish. As Aquinas puts it, "a man's will is not right in willing a particular good, unless he refer it to the common as an end." It is in "my" personal and intentional response to see "my" work in "this" organization as a commitment "to the good of all." If "I" fail to respond in this communal way, "I" fail to realize my own particular good by denying my social nature as a human being.

When a person begins to order their particular goods to a common life of desire and action, they begin to establish relationships that are real communions and not merely contracts or mutual self-serving actions. As members of a community begin to see their overall purpose as a common activity for the good of all, they exchange between

themselves "‘communications’ or signs aimed at producing ‘communions’" such as the virtues of solidarity, justice, loyalty, trust, patience, and so forth. It is these communions where we become who we are. In Martin Buber's language, between the ‘I’ and the ‘Thou’ is a moral reality that cannot be exhausted in contracts or self-interests. It is the place where the social development of each of us takes place, where we begin to experience the deep profound truth of interdependence, not in a mere physical way where we see ‘others’ as an instruments of utility; but an interdependence that sees the other as part of a community of work for the common good. It is the place where we experience an interior conversion of intentions. But when individuals lack "knowledge or love with regard to the object of common action, the community is poorly integrated, incompletely constituted, and its efficiency is uncertain." Or in a more day to day sense, employees in the business "are not on board." They are not committed to the organization's purpose and mission.

In the stakeholder framework, the ends of the organization are subordinated to the particular goods of each stakeholder. Because it stems from highly individualistic liberal philosophical root, it is an extension of the shareholder model, but in this case, the ends of the organization are instrumentalized to the particular ends of the stakeholders. There is still an inversion of ends going on: here, it is particular goods over common goods that make these particular goods possible, whereas in the shareholder model it was fundamental over excellent goods.

The stakeholder model, however, does point to a key weakness of the common good model: the possible overemphasis on unity. The common good is often expressed, as here, in organic or communitarian language, that can be used to abuse individual rights in ordering goods hierarchically. At different times, the common good and the defense of community have been used by people to justify all sorts of unacceptable practices, such as slavery, religious oppression, and the subordination of women. A danger exists within the common good tradition of seeking unity at the expense of diversity, solidarity at the expense of opposition, and community at the expense of individuality, all of which eventually undermine the common good. History is always a sobering reality. States have used the idea of the common good in a completely distorted way, so that we always have to be conscious of how the term is being used. Josef Pieper writes about his time growing up in Nazi Germany:

The new masters’ slogan, ‘the common good before the good of the individual’, which was proclaimed at all turns and like everything [the Nazis] took up, was quickly worn-out and denatured, rapidly unmasked itself as a mere pretext and a propaganda trick.

If the common good model is to flourish as a possible alternative within today's organization, it cannot do so without an emphasis on human rights and freedom, nor can it flourish without a critical eye toward those who consciously or unconsciously coopt the term. Nonetheless, while freedom and autonomy are essential factors in the common good, they cannot serve as substitutes for the common good. As Ryuzaburo Kaku stated, while rights and liberty are essential, "these ideals alone will be insufficient for resolving

the problems emerging on this planet." He goes on to argue that what is needed is a "comprehensive yet fundamental guiding principle" that he describes as *kyosei* or, in English, the common good.

### *Putting the Goods Together*

We have thus far covered a good deal of ground in explaining what we mean by the common good. We need to bring the two levels of analysis that we have introduced so far together. In other words, how do the fundamental/excellent and common/particular distinctions work together in helping us to understand the purpose of business? In both these pairings, there is a hierarchy between the goods. The fundamental and particular goods are essential to the proper functioning of an organization, but in a sense they serve the excellent and common goods. There is a significant overlap between the idea of a fundamental and a particular good: money is fundamental, but it is also particular, as are property, plant and equipment and products. Some fundamental goods, like air, are common, and some excellent goods, like the human development of a particular person, are particular. One way of showing the relation between the particular/common distinction and the fundamental/excellent one is to use the well-known four-quadrant diagram.

The diagram helps us organize the goods that we need to pursue in the organization into some kind of pattern. We can now see that there are four types of good that we pursue: fundamental and particular, excellent and particular, fundamental and common, excellent and common. Some goods seem to straddle the distinction between fundamental and excellent, such as technical training of employees. In some ways, technical training gives employees a fundamental good that they need to do their specific job, like giving them the equipment to do so. On the other hand, through being trained, people are developed in themselves, which is an excellent good. There are two ways of looking at this type of good, and it depends what the context is in which it is being discussed whether it is better to think of it as an excellent or fundamental good. The same goes for ownership structures. Using this diagram helps us to see what goods are in question and how they relate to each other. We need to keep them all in mind and to pursue them in an ordered way, recognizing that they all have their importance. Common excellent goods are our highest goals, but they are unachievable without the particular goods, both excellent and fundamental, and the policies which constitute the common fundamental goods. We have come along way from the simplistic thinking of "making money" or maximizing shareholder wealth. Although the model is more complex and more difficult to apply - no easy, straightforward decision-rules here - it is more true to the realistic decision-making situation of most managers.

## The Goods of the Organization organized by the first two levels of analysis of the Common Good Model

### *3. True and Apparent Goods: Conversion to the Common Good*

This is the last, most important and yet most controverted and controversial level of the common good model. In the other two pairings of good, both members of the pair (fundamental/ excellent, common/particular) were real and needed in the development of human persons. At this third level, however, this is not the case, as the names of the goods indicate. "True" goods foster genuine human development; apparent goods do not. Indeed, the latter foster "anti-development," and work towards destroying the true good of society. As noted earlier, we act towards an end we find desirable (good), otherwise, we would not act. However, we did not consider whether we always make good judgements of what is the good for which we should aim. It seems clear that we can do things which, while at the time they seem good to us, are not true goods. Hence, we have many people convicted in law courts for doing wrong. For Aquinas, when we do something wrong, we do not do it because it is wrong, but because it seems at that moment to have some benefit for us. So, we lie because we want to protect our reputations; we treat a supplier or an employee unjustly because it will save us money;

we steal a proprietary idea from another company because we hope we can make a lot of money out of it. In other words, we aim for a deficient or apparent good. Because of our fallen condition, whether doctor, mechanic, teacher, monk or nun, lawyer or manager, the deficient pursuit of what is good lies always on the horizon.

Sometimes, it is difficult to say whether a good is true or apparent and sometimes our evaluation of a good changes. Thus, in the pioneer days, tobacco was seen as a good that could be sold because it gave pleasure to those using it, whereas increasingly today, we would see it as an apparent good because we have mounting evidence that it leads directly to the breakdown of human health through a number of diseases. This is not to say that we cannot know the good, but just the opposite, that we can grow and develop in knowing the good more completely.

While sometimes our deficiency in understanding what is good lies in inadequate science, perhaps more often, it lies in our failure to pursue our ultimate and final good, which is God. We have been created in the image of God, an image to be reflected in all we do, especially our work. We have to put on the mind of God, to begin to see the organization from the longest-term perspective--eternity. Too often we see our work in short-term goals of wealth maximization or narrowly defined self-interests. Because of our great capacity for self-deception and rationalization, we need to look beyond our own individual interests and abilities, and open ourselves to sources that continually call us out of ourselves--a perspective the stakeholder model fails to consider. Through reading Scripture or other sacred writings, through attentiveness to well-tried traditional teaching, through prayer, worship, mentoring, discernment, we can open ourselves to be challenged over our judgement of what is good. Through them, we may see more clearly our limitations and sinfulness in the work we do, and experience a call for daily repentance and conversion. As we seek to avoid and overcome our "apparent goods" and embrace and live our "true goods," we must look to the source of all goodness, God.

People can start to get nervous here: who is going to say what is a true and what is an apparent good? They fear a kind of totalitarian imposition of "right" and "wrong." While such fears are legitimate, they also stem from a moral naivete that assumes organizations can be somehow neutral in their activities. Take for example the shareholder. The shareholder model presents a narrow, not to say one-track, totalitarian view of the purpose of business, one of the most powerful institutions in the world, by subordinating all activities to MSW. The common good model, on the other hand, is ever developing, inexhaustible in its search for a better understanding of the good, "for no one can state with complete finality what the potentialities of the human community are." When we recognize God as the Common Good towards which we are all ultimately striving, a total absorption in a fundamental good such as wealth maximization for shareholders becomes less likely. Rather than being oppressive, then, the recognition of God as the common good becomes liberating.

However, having argued that not to refer to a religious tradition is to make a moral and religious option - with as many, if not more, potential dangers than to make such option explicitly - we would also recognize that the fears people have about the role of religious

belief are not without some justification. People have not forgotten the terrible things that have been and continue to be done in the name of God or religious belief. They rightly fear the kind of religious fundamentalism which is the opposite of a true openness to the inexhaustible mystery of God and our need to grow in understanding what is good. The trouble is that one does not avoid fundamentalism, narrow-mindedness and oppression by avoiding religion - fundamentalism can be found anywhere, and, if anything, religious faith helps to keep people wary of such narrowness. Nevertheless, such oppressive narrowness can occur amongst deeply religious people. No-one is suggesting that business institutions should be subject to the control of religious leaders; recent church documents are quite clear on the autonomy of the economic and political spheres of life in this sense. What we are arguing for here is not that everyone should be compelled to hold certain religious beliefs, but that all of us should allow ourselves to be challenged by a tradition greater than ourselves. Without some kind of profound challenge - deeper than merely "what the customer wants" - we are all too likely to succumb to the pursuit of apparent rather than true goods. History is full of businesses and people who have done just that.

The central idea that grounds all the others in the Christian (as well as most other religions) communitarian tradition is that God is the universal common good, the ultimate Good to which all creation is ordered and in whom all creation finds its complete fulfillment and its final end. By our very nature, we are made to find our full happiness in God and even our very existence is only made complete in God. All living beings find their end in God, but human beings, possessing a rational mind, can furthermore contemplate and know God. Above all, they can love God, and be drawn into the love of the members of the Trinity, one for another. It is actually the Trinity that becomes our supreme analogue for the common good. "God is not a monad but a Trinitarian communion of `subsistent relations'." The Trinity is a "whole" composed of "wholes." With respect to the Trinity, "the Three who compose the society of the Trinity are by no means parts, since they are perfectly identical with it. They are three Wholes who are the Whole." Like a hologram, where each part is contained in the whole, a person is not a part of society, but is a whole in society.

God is the Good that all of us can share together, in common. God is the Common Good - the Good we infinitely share without diminishment. God is our universal common good because God's union with us in heaven is open to all of us equally. We are all drawn into and share in the shared love of the Father, Son and Holy Spirit. We see here that both common and particular or individual goods converge and become integrated in God, without our particular identity and fulfillment being absorbed into a "life force" and losing its meaning. The common good, which is God himself, is the source of fulfillment for each particular person.

Human development comes ultimately and completely through union with God. Consequently, friendship with God is the ultimate end of the common good. As Hollenbach points out, "Everything human beings are to do, in both personal and social life, is directed to one end: union with the God who is their maker and redeemer." We are not meant simply to live virtuously in an organization "but through virtuous living to

attain the possession of God." Therefore, while the organization should already be a sign and foretaste of the City of God, it is not the City of God. The full theological vision of the common good cannot be manifested in the organization, since the organization is not our ultimate end. One must take care not to expect more out of an organization than it can give. With the increasing demands and work hours of managers, a real danger exists for those who identify their lives totally with their work, even when they think their work is socially useful. Yet, at the same time, it is through the organization, in part, that our ultimate end, namely union with God, is reached. God is our image for community, even our work community.

Our perfect happiness resides only in heaven in our union with God, sharing in his love and wisdom. This union, however, begins today with the world God has given us. God invites us to participate in his ongoing creative and redemptive activity in all that we do whether work, bringing up children, relationships, use of our property and so forth. These activities can only promise imperfect happiness. Imperfect here does not mean bad or damaged; it just means that our happiness has not reached its complete fulfillment. In practice, this describes what we all actually experience: however much we attain the goods of this life, we always yearn for more. There is something incomplete about the happiness and fulfillment we find here, even though it is real and genuine as far as it goes. Students can, for example, think that once they get the ideal job, they will be happy. Single people dream that once they find the ideal partner, they will be happy. But we always experience a desire for something more. Aquinas sees the imperfect beatitude of this life as attained through the life of virtue. In the sense that virtue is something that is good for all of us, it is a common good, but it is precisely this participation in the common good that we develop as individuals. Yet, we develop our lives of virtue in communion with others, with their help and for them. There is something about the nature of human beings that makes us want to go beyond ourselves and share with others. We also have need of them for our full development - some people parent us and feed and protect us in our most vulnerable years; others teach us, guide us, support us financially, inspire us to develop in certain ways and so on. We need the community to grow in virtue, both to give us the goods necessary to grow and develop and to show us how to grow in virtue. In other words, without the human community around us, we would not be able to grow in virtue and hence, we would not be able to participate in any temporal common good. Yet, at the end of the day even ideal temporal communities cannot fulfill the spiritual yearning of the human soul.

#### *4. Conclusion: The Common Good and the Mission of Business*

Promoting the common, excellent good can serve as the over-arching organizational principle for a business. This book examines the concrete implications of how this common good informs the practices of a business such as in ownership structures, wages, production processes and product development. But more immediately, the common good as we have outlined it in this paper can concretely influence how organizations write their mission statements.

Bartlett and Ghoshal explain that the mission of a company is its "moral response to what it sees as its responsibilities." Some mission statements focus on fundamental goods (shareholder model). For example, Pepsi states clearly that its "overall mission is to increase the value of our shareholder's investment." Everything they do is directed to this end. Many more companies, however, focus on balancing a multiple of fundamental goods (stakeholder model). Companies like Dist. Co attempt to see all stakeholders on an equal plane. Neither, however, respect the full reality of the corporation's purpose as we have outlined here.

For mission statements to give meaning to organizations that connect and respond to the human spirit, they need to be informed by the three distinctions of the common good model:

- 1) Recognize an ordered relationship between fundamental and excellent goods: In its mission statement, Cargill explains that the mission "is to raise living standards around the world by delivering increased value to producers and consumers." By connecting its productive activity to the good of society, Cargill is moving towards this kind of ordering, as well as inspiring the imagination, attention and interests of its employees. This is done in a language that is accessible and personal, without neglecting strategic and financial objectives.
- 2) Ordering particular goods to common goods: Common goods are in one sense more abstract than particular goods such as increasing shareholder wealth, but can they stimulate employees to think and discuss what a company ought to be in far more interesting ways. Common goods such as knowledge, beauty, and virtue make the culture of an organization healthy and vibrant. Bartlett and Ghoshal argue that today's effective and successful corporations have placed less emphasis on a particular strategic plan with various individual interests, and more emphasis on building and maintaining a rich engaging common purpose.
- 3) Point to a higher wisdom than the organization for the source of true goods: In their mission statement, Reell states: "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." Other companies such as ServiceMaster, the old Johnson and Johnson mission statement as well as the increasing growth of non-profit organizations provide examples of similar statements. By locating true goods of work within God's created order, rather than in the competitive pressures of an organization, companies recognize that they are in service to something larger than themselves.

While the language of the common good does not come easily, in "modern" societies at least, it is precisely the language we need in order to reconnect our work to the social and spiritual aspects of our humanity. While many mission statements serve better as wall decorations than reminders of identity, language nonetheless influences how we see ourselves and others.

In terms of its application, the common good model is less developed than the other two in the business arena for obvious reasons - people have not been applying it explicitly. In some technical respects, therefore, it is bound to appear somewhat crude and undeveloped. This, however, is the same with any perspective that has not been widely applied. Yet, in our research we have found some companies working out of an explicit communitarian and Christian view of work and business, where their faith has inspired a view of the company that cannot be captured by the shareholder or stakeholder model. Throughout this book we will introduce you to these companies and their practices. Some have incorporated their faith in a pluralistic manner others in a more normative manner, but they all share in common a desire to create an authentic community of work where people can develop through and with each other.

We hope we have shown that this model has enough potential to make it worth applying in real business situations. We hope this will inspire innovative and thoughtful managers, interested in more than just the latest management fad, to develop its application to their own situation. In this way, the model will become more useful to managers in general and its clear theoretical advantages made available in a very practical way to managers in practical situations.

(This paper is part of a larger book project that we are working on which will examine in more detail what the common good means as it relates to ownership structures, wages, job design, and product development.)