

# **The Challenge of Translating Catholic Social Values in Business Education**

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We initiate this paper by proposing an answer to several questions that are very important for our programs in Business: Which are the specific characteristics that a School of Business of a Catholic University in Chile should have? What is added by being, besides a Catholic University, a Business School of a Jesuit University? Which additional trends should be developed?

## **I. Specific Characteristics of a School of Business of a Catholic University**

By being a School of Business of a Catholic University the School should present:

### **1. Love for the truth.**

It is said that any university must have a special love for truth; however, this characteristic must have a special emphasis for the Catholic Universities. Following Jesus imposes the need to “be like him” (as much as it is possible) and one main issue is to look for truth, with no other commitment.

### **2. Be open to different approaches in Business.**

There are many different approaches in Business with very different roots of thought and basis of development. A School in a Catholic University must be open to the different approaches. This attitude must allow to examine them with a critic point of view.

### **3. Be able to question usual assumptions that many times are taken as “practical musts”.**

Behind most business and economic models, there are explicit and implicit assumptions that usually are taken as forced choices that can not be challenged. A School at a Catholic University must be able to question those assumptions..

### **4. Be able to identify and criticize the anthropology definitions and assumptions behind business.**

Most of the times, in practice, business and economic models are formulated without any explicit (neither implicit) relationship to the characteristics of the human being for which are being formulated. They are presented as “just technical”. However, very seldom (and may be never) it is the case. Most models have implications that are confronted, in one way or another, with the way we understand the human beings, and they have to be taken in account.

By being a School of Business of a Jesuit University it must also present:

**1. Academic excellence.**

The permanent search for Academic Excellence is an established characteristic of the Jesuit Schools. It is certainly part of a tradition, but also part of the Ignatian Spirituality that looks to reach more (the Magis as it is called). In a Jesuit University there may be failures, but simultaneously, a permanent effort to detect those failures and overcome them.

**2. Openness to different ideas and approaches.**

The objective of listening the voice of Christ and to try to follow and imitate him, forces a Jesuit University to be very attentive to the “signs of times” and, consequently, to new ideas and approaches. These new ideas must be understood and challenged, as a natural way of progress. A vast sense of history must be also present in order to visualize that changes can and must be made with time.

**3. Special Dedication to the Poor and Marginated.**

As the church, and moreover Jesus Christ himself, a special preference and dedication to the poor and marginated must be a characteristic of a catholic and, particularly, of a jesuit school. Following Christ is “ to try to be like him” and his life was a permanent testimony of commitment to the poor and marginated (in any respect) of his time (the poor themselves, the women, the children, the foreigners, etc.)

As a Catholic School of Business, it should be able to question usual assumptions that many times are taken as “practical musts”. Some issues that are very relevant to discuss and to challenge, are the motivations for doing business (many times assumed that it is just making money), and specially, the anthropology definitions behind business: which conception of the human being is behind a certain business theory? Is it a certain theory just “technical”? What are the value assumptions supporting it?

For a Catholic and Jesuit Business School it is very important to achieve that the whole curriculum of each one of its programs gets impregnated with the concepts and practices of (Entrepreneur) Ethics and Corporate Social Responsibility. It is particularly important for the undergraduate programs like the one of “Commercial Engineering” at the Alberto Hurtado University. The challenge of generating activities within the whole program that incorporate the knowledge and values in the students minds is a very important one. For modern companies and institutions to practice actions that are the logical conclusions of their ethical principles, and the incorporation of Social Responsibility in their management, are opportunities of being better companies and institutions, but also of being more competitive and successful, conquering a bigger share market.

There are many ways for addressing such demanding questions and it must be started by one of them. One, particularly relevant for a Jesuit Business School is to improve its Business Ethics courses. We think the Business Ethics courses could represent a leading force of a University that will always be unconditionally committed with social justice, which is, in our opinion, the highest ethical standard we can pursue. It is a response to the call the Catholic Church has been doing throughout the world. "We call on our universities, in particular, to make Catholic Social Teaching, and the social encyclicals of the

popes a part if their curriculum, especially for those whose vocation will call them to an active role in U.S. [Chile's] economic and political decision making."<sup>1</sup>

Even though "Business Ethics" is still a relative recent term, the concern for moral behavior within the boundaries of commerce, trade and the economy in general has a long history. Plato was concerned about our search for selfish ends while taking unfair advantage of our neighbors. His disciple, Aristotle, later equated profits with usury. In the 13<sup>th</sup> century A.D., Thomas Aquinas wrote extensively about the just price. The Enlightenment period brought up the voices of Locke, Smith, Mill, Kant and Marx on topics such as private property and principles of justice. However, the late 20<sup>th</sup> century has given special attention to the study and debate of ethics within the business and economic activities.

The important awareness about the morality or immorality of the decision making process within the business activity it is already a great step forward. The next challenge has been to find the ways to deal and solve those ethical dilemmas we face, according with the values that shape our behavior. That is why it is possible to evidence a growing demand of businessmen and businesswomen for directions in order to guide their decision-making process. Some examples are the uncountable books and articles published lately on the subject, the creation of corporate codes of conduct, the proliferation of seminars about the Business Ethics issue, and the inclusion in the curriculum of the great majority of business schools of at least one course of Business Ethics (or some equivalent).

The Business Ethics challenge acquires particular importance when considering students of business schools. The great majority of those students will become people who will hold a great deal of power. That power will have direct effects on many others: employees, consumers, and community in general. In other words, they will become leaders who will be able to cause important changes.

Business Schools have the tendency to educate very talented and high-skill professionals. However, this traditional compartmentalization does not often help to create men and women prepared to face complicated moral issues; men and women who are often not even aware of broader societal issues and their part of responsibility in them. "The failure to rally around a set of values means that universities are turning out potentially highly skilled barbarians: people who are very expert in the laboratory or at the computer or in surgery or in the law courts, but who have no real understanding of their own society."<sup>2</sup>

The main objective of the Business Ethics courses will be to contribute to the integral formation of the students. It's certainly not enough one semester or two of ethics courses when the University pretends to impress lasting values in its students. That is why the courses will have as its purpose to sow the seed of a set of values by offering different kinds of experiences—reflective and sensible, inside and outside the classroom—that will eventually make those values endure beyond the course period.

## **II. Structure of the Business Ethics Courses we Propose.**

The Business Ethics courses we would like to offer would be divided in four sections. The first part of the course will be devoted to the "Subject" of knowledge. The following three parts will be devoted to the "Object" of knowledge. But, what do we understand when we talk about the object of knowledge? In fact, this is a very sensitive issue. Some argue that teaching values may result in a mere indoctrination, relegating the prominence of the subject in the discernment of what is right and what is wrong. On the

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<sup>1</sup> NATIONAL CONFERENCE OF CATHOLIC BISHOPS, "Economic Justice for All" (10<sup>th</sup> anniversary edition), No. 342, 1998.

<sup>2</sup> MULLER, S., "Universities are Turning Highly Skilled Barbarians", U.S. News and World Report, November 10, 1980, p.57.

contrary, some argue that the "non-judgmental" approach, often seen in ethics teaching, "is no longer committed to moral instruction or moral elevation. It is proudly 'value free'—i.e., committed to radical, rationalist and supposedly scientific skepticism. Many of the older arguments continue, but with no moral fervor and no moral implications."<sup>3</sup>

The main objective of a Business Ethics should be to contribute to the integral formation of the student. It's certainly not enough one semester or two of ethics courses when the University pretends to impress lasting values in its students. That is why the course should have as its purpose to sow the seed of a set of values by offering different kinds of experiences—reflective and sensible, inside and outside the classroom—that will eventually make those values endure beyond the course period.

At the question, "what do you understand for Business Ethics?" a great majority will refer to values such as "not to cheat", "not to deceive", "not to exploit employees", "not to bribe", and so on—at least in Chile. I will call this a "minimalist approach". It has a close resemblance with the ethic code given by God to Moses on the Mount Sinai. It emphasizes a negative-way teaching, easier to understand and, hopefully, to practice, but certainly insufficient. It addresses the possibilities of those who are in an initial stage of ethical development. A line is drawn at a required minimum: "thou shalt not go below that line." That is why many times being ethical is identified or equalized with being legal. "One can conveniently distinguish between an ethics of law and an ethics of achievements. While an ethics of law regards rules of conduct –don't do this, don't do that—an ethics of achievement reveals that there is the world and that there is something for me to do in it (...) An ethics of achievement is more positive than an ethics of law."<sup>4</sup> However, in spite of the insufficiency of this first level, it is a critical one if we want to advance further.

As the National Conference of Catholic Bishops also reminds us that "the transformation of structures begins with and is always accompanied by a conversion of the heart". The evangelization of the culture and an effort in the direction that the faculty and students live on the faith, are lines of initiatives that the school and the university must develop. The contribution of the school to a better society must be always inspired in the gospel, with "Jesus out of the closet". It must show The Savior since to be catholic it is not just to follow a doctrine, but to follow and be with Jesus. The school should strive to form "witnesses" of Jesus and builders of its reign.

Moreover, as a School of Business in a Jesuit university, it must have an emphasis on social programs, so that the students get formation and experience on them. Another element has to be nowadays a big commitment and development of Corporate Social Responsibility (CSR), in a strong relationship with Catholic Social Teaching (CST), considered it in the framework of a management model and not just as an ethical initiative. It will produce several emphasis like, for example, a commitment with quality, not only as a methodology but as a value. Very much related, it will have the need to develop strong international links and activities in which the students get involved.

We want to propose a Business Ethics course that is constructed on the base of three major pillars: the subject's thinking process, new and wider ethical horizons, and an intelligibility beyond rationality.

#### 1) The subject's thinking process

There is, undoubtedly, a basic component of our reality as human beings: that we think. Perhaps the most important element of any teaching process should be to help people to think well. The first objective of

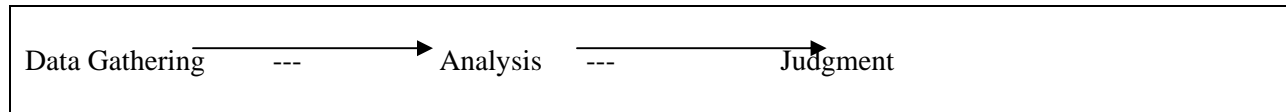
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<sup>3</sup> KRISTOL, I., "Ethics, Anyone? Or Morals?", The Wall Street Journal, September 15, 1987, p. 32.

<sup>4</sup> LONERGAN, B., SJ, "Topics in Education", p.106, University of Toronto Press 1993

the course will be to urge students to assume the responsibility of thinking, of questing—desiring, seeking, choosing. This questing process will be useless if the objects we quest for are not worthwhile (the importance of the objects of questing will be more extensively explored in the next section "The ethical horizons").

In general, professors of business ethics agreed in the kind of pattern students or managers should apply to resolve ethical dilemmas. This scheme can be summarize in:



- i) Data gathering: compilation of facts about the situation
- ii) Analysis: the situation is assessed under the framework of ethical norms (Justice, Utility, Rights, etc.).
- iii) Judgment: decision according to previous analysis.<sup>5</sup>

In the same line, although with a different nuance, Bernard Lonergan, SJ, urges us: Be attentive, be intelligent, be reasonable, be responsible. Only following this dynamic pattern we will be able to be fully authentic. None component by itself is sufficient to find the solution to the dilemma. Each one is necessary.

- i) Be attentive: One pays attention in order to provide a focus for one's wondering
- ii) Be intelligent: One explores intelligently in order to understand what one is wondering about.
- iii) Be reasonable: One discerns critically in order to determine whether one's understanding is correct.
- iv) Be responsible: One decides responsibly so that one's new understanding will issue in actions that contribute to an improved situation.<sup>6</sup>

In summary, the principles of Ignatian Pedagogy may be a very good framework for this teaching.

## 2) The ethical horizons

As It has been already pointed out, the Business Ethics course we propose would be divided in four sections. The first part of the course will be devoted to the "Subject" of knowledge. The following three parts will be devoted to the "Object" of knowledge. But, what do we understand when we talk about the object of knowledge? In fact, this is a very sensitive issue. Some argue that teaching values may result in a mere indoctrination, relegating the prominence of the subject in the discernment of what is right and what is wrong. On the contrary, some argue that the "non-judgmental" approach, often seen in ethics teaching, "is no longer committed to moral instruction or moral elevation. It is proudly 'value free'—i.e., committed to radical, rationalist and supposedly scientific skepticism. Many of the older arguments continue, but with no moral fervor and no moral implications."<sup>7</sup>

By analyzing the basic question, 'What do we understand for Business Ethics?' we discover that the traditional business ethics' horizon has been too short: it has largely remained focused on not doing what

<sup>5</sup> This information has been extracted from CAVANAGH, G.,SJ. , "American Business Values", p. 84, Prentice Hall, 4 Ed., 1998.

<sup>6</sup> Extracted from STEBBINS, M., "Faith and Values at Work", Ch. 2, p. 7, Woodstock Theological Center, 1999.

<sup>7</sup> KRISTOL, I., "Ethics, Anyone? Or Morals?", The Wall Street Journal, September 15, 1987, p. 32.

is wrong. “Horizons limit what we ask questions about and, consequently, what we can know. More significantly for moral life, they delimit the range of what we habitually care about. We can see the limitations of horizons when they break down, and we found ourselves experiencing and caring about things which previously were screened out.”<sup>8</sup> As we pointed out in the previous section, this business ethics course will show new horizons for business ethics. Specifically, stakeholders will open a new horizon where there are opportunities for contributing to the common good; ultimately, society as a whole, particularly the call for social justice will uncover a broader horizon for business ethics.

Each of the following sections will be focused on one level that represents an indispensable dimension of Business Ethics. The three levels indicate a progression of ethical maturity—obviously, under my point of view—and they have an order, so it is not possible to reach a superior level if you have not been previously committed to an inferior one.

a) The Basic Premise: Personal Integrity—The Keyword: Compliance

At the question, “what do you understand for Business Ethics?” a great majority will refer to values such as “not to cheat”, “not to deceive”, “not to exploit employees”, “not to bribe”, and so on—at least in Chile. I will call this a “minimalist approach”. It has a close resemblance with the ethic code given by God to Moses on the Mount Sinai. It emphasizes a negative-way teaching, easier to understand and, hopefully, to practice, but certainly insufficient. It addresses the possibilities of those who are in an initial stage of ethical development. A line is drawn at a required minimum: “thou shalt not go below that line.” That is why many times being ethical is identified or equalized with being legal. “One can conveniently distinguish between an ethics of law and an ethics of achievements. While an ethics of law regards rules of conduct—don’t do this, don’t do that—an ethics of achievement reveals that there is the world and that there is something for me to do in it (...) An ethics of achievement is more positive than an ethics of law.”<sup>9</sup> However, in spite of the insufficiency of this first level, it is a critical one if we want to advance further.

b) One Step Further: Reaching Stakeholders—The Keyword: Responsibility

“There is a widespread and growing feeling that industry owes to its employees not merely the negative duties of refraining from overworking or injuring them, but the affirmative duty of providing them so far as possible with economic security.” This was written in 1932 by E. Merrick Dodd, Jr.<sup>10</sup>, and it’s a good example of a movement that really becomes popular in the 70s and 80s. This corporate socially responsible movement not only considers the interests of corporate employees, but also of other constituencies such as customers, suppliers and community in general. Those groups plus employees and shareholders represent the “stakeholders” of the corporation and thus the groups the corporation must take care of. Undoubtedly, this new broader approach draws a much nicer picture, although the reason why corporations choose to be responsible is generally unclear.<sup>11</sup> An excellent summary of this “stakeholders vision” is found as the first general principle of “The Caux Round Table”: “Business has a role to play in

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<sup>8</sup> MELCHIN, K., “Living with Other People: An introduction to Christian Ethics based on Bernard Lonergan”, p.34, Saint Paul University, Ottawa 1998.

<sup>9</sup> LONERGAN, B., SJ, “Topics in Education”, p.106, University of Toronto Press 1993

<sup>10</sup> DODD, E.M., Jr., “For Whom are Corporate Managers Trustees?”, p. 1151, Harvard Law Review, Vol. XLV, No.7, May 8, 1932

<sup>11</sup> “Why” companies decide to become socially responsible is as important as “What” socially responsible policies they adopt. This is particularly relevant when talking about ethics. It’s not irrelevant to understand if profits are the cause or the consequence why companies adopt socially responsible policies. The well being of the different constituencies is an end in itself. We should seek it independently of the outcomes. It’s what Immanuel Kant stated as one of the expressions of the Categorical Imperative: “*you should consider any human being as an end in him/herself and never as a mean..*”

improving the lives of all of its customers, employees, and shareholders by sharing with them the wealth it has created. Suppliers and competitors as well should expect business to honor their obligations in a spirit of honesty and fairness. And as responsible citizens of the local, national, regional, and global communities in which they operate, business share a part in shaping the future of those communities.”<sup>12</sup>

As a whole, CSR represents a strategy to create value for the shareholders and the society, since the last expects that the company generates value “beyond its products and services”; today, the society ask companies for responsible actions in relation to how they make use of natural resources and assume risks, as well as over the quality of employment that generate, the honesty in their relations with the groups of interest in society, and their capacity for participating in an active way in the improvement of the quality of life for the surroundings where they develop activities.

CSR constitutes an alternative for improving the human dimension of organizations through a different form of management that looks to improve the quality of life of the people that belongs to an organization. Such organization, with a total conscience on implementing CSR, is coherent in relation to what is said and is practiced; it is based in a profound respect to everyone of its members, to its community and to the diversity of the society to which it belongs. An organization, and in particular a company, is a change agent for societies besides being a patrimony; it constitutes a nucleus of a chain of relations that nourishes us; it helps to structure and improve.

#### c) The Magis: Social Justice—The Keyword: Solidarity

The limitation of the stakeholder movement is that it is a movement inside a bigger framework that is not questioned. Moreover, socially responsible practices may help to perpetuate it. “The only way to defend capitalism is trough leadership which accepts social responsibility and meets the sound needs of the great majority of our people.”<sup>13</sup> In our opinion, this affirmation is pretty serious: capitalism is out of question. “Ironically, the responsibility movement can make things worse by supporting business initiatives that ‘dilute support for government action while unloading unsustainable expectations onto the private sector.’”<sup>14</sup> Just one example: Americans contributed \$143 billions to the non-profit sector in 1997, reaffirming once again their leadership as the most generous country in the world; however, the number of people living under the poverty line reached a record of 35 million during the same year. Certainly, something is not working. “The responsibility movement (...) has also diverted attention from the fact that true corporate responsibility will require not only well-intentioned executive action but more responsible macroeconomic policy and a new legal and governmental framework that changes the rules and incentives under which corporations and government itself operate.”<sup>15</sup> The point here is that any ethics course and particularly any Business Ethics course remains incomplete as long as it does not consider as inherent to it the critical issue of social justice—or social injustice.

Before any further argumentation, it’s necessary to be aware of two facts. First of all, the concept of “social justice” has been ordinarily associated to “the left”, to socialists, or to communists. Certainly, it is not a term that executives feel very comfortable with. Secondly, the more we demand from business ethics the weaker are the rational arguments we find to sustain our position. While it is true that a great majority is not opposed –at least in theory—to behave under the legal principles named in the first stage,

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<sup>12</sup> MAKOWER, J., “Beyond the Bottom Line”, p. 270, Simon and Schuster, 1994.

<sup>13</sup> DONHAM, “Business Adrift”, p.38 (quoted in DOOD, E.M., Jr., Op.cit., p.1155) .

<sup>14</sup> DERBER, C., “Corporation Nation”, p. 234 (quotation from AVISHAI, B., “Social Contract, Version 2.0”), St. Martin Press, New York 1998.

<sup>15</sup> DERBER, C., Op.cit., p. 234-235.

a good number would disagree with the benefits of the corporate responsible movement<sup>16</sup>; moreover, very few would agree that it is a corporate ethical obligation to promote social justice. Where can we find a firm ground to build our demand? It is indeed not an easy task. Our guess is that if we give the battle in the narrow field of today's rationality, we have no chance to succeed. We have to move the discussion outside the pocket and appeal to something equally compelling to a great number of people. What is such a strong resource? I am sure that many have thought about this and have proposed some alternatives. Our bet is that we must consider "faith." If we do not do that, we are extracting from ourselves such an essential part of our own being that we become unencumbered selves, incapable of accomplishing the best, because the best of us is not in us anymore. We know that we have entered in a very slippery field. I understand the costs this approach implies. However, the cost of not including it seems to me much, but much greater.<sup>17</sup>

We are thinking in Christian faith. In its case, the teaching of the Gospel of Christ is sufficiently clear. Concepts of equality, solidarity, option for the poor, mercy, compassion, and forgiveness are repeated once and again. In one word: LOVE. And because it is love, it is not given in measures, it is not given only to the extent of what is fair. Because it is love, the love that God has communicated to us, it always seeks the magis, it always wants to give more and in a better way. Only then we will be able to help God in the restoration of its original creation, where every human being is equally worthy. Only with such a vital force inside us we will be able to commit ourselves to the ultimate expression of love in our present society: social justice.

Love for others, and in the first place love for the poor, in whom the Church sees Christ himself, is made concrete in the promotion of justice. Justice will never be fully attained unless people see in the poor person, who is asking for help in order to survive, not an annoyance or a burden, but an opportunity for showing kindness and a chance for greater enrichment. Only such an awareness can give the courage needed to face the risk and the change involved in every authentic attempt to come to the aid of another. It is not merely a matter of "giving from one's surplus", but of helping entire peoples which are presently excluded or marginalized to enter into the sphere of economic and human development. For this to happen, it is not enough to draw on the surplus goods which in fact our world abundantly produces; it requires above all a change of life-styles, of models of production and consumption, and of the established structures of power which today govern societies. Nor is it a matter of eliminating instruments of social organization which have proved useful, but rather of orienting them according to an adequate notion of the common good in relation to the whole human family.<sup>18</sup>

### 3) Intelligibility beyond rationality

On the one hand, there are some people who argue that business ethics teaching is totally useless, because "the moral character of most university students has been formed and fixed before they take a course in ethics."<sup>19</sup> On the other hand, there are those who, following Lawrence Kohlberg, believe that the ability to think morally and, thus, to deal with moral issues, is developed in stages. Psychologist James Rest summarized the findings of contemporary research in the field of moral development as follows:

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<sup>16</sup> V.gr. FRIEDMANN, M., "The Purpose of a Corporation is to Make a Profit", New York Times Magazine, September 15, 1970.

<sup>17</sup> This is certainly an issue of extreme importance. However, it's beyond of the length limitation of this paper to expand on it.

<sup>18</sup> JOHN PAUL II, "Centessimus Annus" n. 58.

<sup>19</sup> KRISTOL, I., op. cit.

- Dramatic changes occur in young adults in their 20s and 30s in terms of the basic problem-solving strategies they use to deal with ethical issues.
- These changes are linked to fundamental changes in how a person perceives society and his or her role in society.
- The extent to which change occurs is associated with the number of years of formal education (college or professional school).
- Deliberate educational attempts (formal curriculum) to influence awareness of moral problems and to influence the reasoning or judgment process have been demonstrated to be effective.
- Studies indicate that a person's behavior is influenced by his or her moral perception and moral judgments.<sup>20</sup>

Even though we agree with the latter position, I also to realize that what we as University are expecting from our students is not little thing. We are not just asking for personal integrity within the 8-hours / 5-days a week job our current students will have in the future. We dream our graduates being committed to social justice. Is it possible to achieve that kind of commitment?

The most honest answer to the last question is "We don't know." However, at the same time, it is here where our hope resides. The idea of the ethical horizons becomes key. By discovering new ranges of vision and decision, each individual can fully exercise his or her freedom. This is the distinction that Bernard Lonergan made between essential freedom (our free will) and effective freedom, "the range of possible options over which a particular individual can exercise his essential freedom".<sup>21</sup> Following Lonergan's view, effective freedom is conditioned by physical, psychological, and intellectual development, and by the person's habits. Lasting values can hardly be learned only by attending lectures. It may help, but other kinds of experiences have to be put in place. Therefore, the contents of the course will not only be taught rationally, but also experientially. The learning process will not only remain inside the classroom lectures, but also will be built on "outside—the—classroom" experiences.

This does not mean, however, that we are dismissing the importance of rational analysis and the study of ethical models. The first section of this chapter was specifically devoted to that purpose, acknowledging its essentiality in the whole learning process. But now we have to briefly explain what kind of teaching methods and experiences will we use for each of these three sections. In the first level, students will learn the basics of ethical conduct in relation to the business world. Following a more traditional way of teaching, some fundamental philosophical theories will be taught in the first place (Rights, Justice, Virtue and Utilitarianism theories with Locke/Kant, Rawls, Aristotle and Mill as the philosophers supporting those theories, respectively). Additionally, issues such as business ethics in the context of a global economy and the revolution of Internet will be addressed.

The second level, where the horizon is extended to the stakeholders of the firm, students will learn two driving ideas. Firstly, by doing business corporations enter in a complex societal web of relationships and duties; and relationships imply responsibility. Secondly, omission is unacceptable. No corporation should only seek its own benefit without considering how its constituencies are affected by what it does, and more important, by what it does not do. Power also implies responsibility because it provides means that can do good. At this level, students will have the opportunity to: first, role playing the stakeholders situation on a real-life case, where different groups will represent the different constituencies in play. In a subsequent experience, students will have the opportunity to know at least two cases of corporations committed to social responsible practices. One special session will be set up for each case, where students

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<sup>20</sup> REST, J., "Moral Development: Advances in Research and Theory", Praeger, 1976, p. 176.  
<http://www.scu.edu/SCU/Centers/Ethics/practicing/decision/canethicsbetaught.shtml>

<sup>21</sup> KOMONCHAK, J., "Foundations in Ecclesiology", Boston College 1995, p. 113.

will meet not only corporate executives, but also representatives of the corporation's constituencies: suppliers, shareholders, community, and employees. These special sessions will provide a unique opportunity to understand the multiple forces in play, recognizing the advantages and challenges of this approach.

In the final level of social justice, students will be asked to commit to this ideal in two very different ways. The first one, maybe the most obvious one, is to create and promote social consciousness among them. This means getting involved in initiatives (already in existence or creating new ones) that the class group decides to support. It means to spend time planning, protesting, proposing, reflecting, dialoging, etc. The second one, as important as the first one, is social justice by practicing solidarity. What does this mean? It means to get involved with those that are displaced by society, not in a paternalistic way, but in a more deeply way, getting to know their names, their families, spending some time with them, listening to them, sharing with them, learning from them. If this becomes true, it will be the miracle of love.

### **III. THE RECEIPIENTS OF CHANGE: PRIMARY AND SECONDARY IMPACT**

#### **1. Primary impact: Individual level**

Business schools have had the tendency to educate very talented and high-skill professionals. However, this traditional compartmentalization does not often help to create men and women prepared to face complicated moral issues; men and women who are often not even aware of broader societal issues and their part of responsibility in them. "The failure to rally around a set of values means that universities are turning out potentially highly skilled barbarians: people who are very expert in the laboratory or at the computer or in surgery or in the law courts, but who have no real understanding of their own society."<sup>22</sup>

Neither organizational change nor societal change can be possible if individuals are not first transformed. "The transformation of social structures begins with and is always accompanied by a conversion of the heart."<sup>23</sup> Therefore, the first objective of the business ethics course is to help students in their moral development process. As we have discussed earlier, this "moral formation" goes more in the direction of moral awareness rather than in moral indoctrination. By presenting new horizons for business ethics dilemmas and opportunities, students will be compelled to include new situations, new people, and new values as part of their responsibility as managers. In other words, the main objective of our efforts with this initiative is to awake and commit future leaders to change, but not to any kind of change, but to a change that always seeks the more and the better common good. This task is an invitation for anyone, but particularly fundamental for those who will hold a great deal of power over means and over people. And, without a doubt, that will be the reality of the great majority of the current students of our business school.

Following D. Fischer's and W. Torbert's categorization of managerial styles, we could say that business schools tend to educate "technicians", people who "...focus almost exclusively on the internal logic and

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<sup>22</sup> MULLER, S., "Universities are Turning Highly Skilled Barbarians", U.S. News and World Report, November 10, 1980, p.57.

<sup>23</sup> NATIONAL CONFERENCE OF CATHOLIC BISHOPS, op. cit., N. 328.

integrity of their area of expertise..."<sup>24</sup> However, we want to educate another kind of leader. A leader who is able to practice double-loop approach on many issues. A leader who is able to be aware of his/her place and of his/her organizational in the broader spectrum of stakeholders and societal relationships. A leader who will ultimately be committed to the common good. To achieve this kind of leadership, we have to depart from the technician model and target the strategist model of manager. The great levels of change we expect to produce will be only possible with strategists in command.

In concrete, how can we educate strategists instead of technicians? How can we open new horizons for them? Certainly, there is no detailed formula to give answers to those questions. However, as the old philosophical statement asserts, rather than answers, questions will enrich our knowledge. But questing alone is not enough either. It matters what we are questing about. Fischer and Torbert, as well as Lonergan, give key importance to good questions. Good questions open us to new horizons, they show how many facts are still to be aware of. Therefore, one of the first objectives of the course (and all the experiences it will include) will be to give students the opportunity to quest well, but also to quest about what is really worthwhile.

We believe that is our obligation to extend and deepen the ethical debate in our society. We have to reformulate the essential questions because maybe as society we have been answering the wrong questions. It is necessary to clarify the image of men and women that we want, the kind of country we want. It is necessary to put one the table the big grieves that broke the soul apart, so together we may find a solution.<sup>25</sup>

## 2. Secondary impact

### a) Organizational level

Leadership for change toward the common good implies the building of relationships. Leading for the common good means developing broad-base understanding of our human and ecological environments and working toward ways of sustaining human society through the work of organizations' as well as individuals' actions. It means thinking about consequences or organizational action on a variety of stakeholders in their qualitative as well as their quantitative dimensions, about their impacts on people as individuals, on communities, on whole societies, and on the earth as a living system in which we are intrinsically embedded.<sup>26</sup>

It may seem too early to advocate for change at the organizational level. The UAH was founded just 3 years ago. In fact, these three years have been a day to day experience of change. Change seems to be needed when there is something that needs to be fixed. Or when something needs to be improved. At least, that is the common understanding of the purpose of change. However, change is being increasingly understood as a process rather than a single situation. "It is not that the business environment is changing. Change is the business environment. And it's not that every company is undergoing change. Change has overtaken every company. Creating change , managing it, mastering it, and surviving it is the agenda for anyone in business that aims to make a difference."<sup>27</sup> This is a very scary statement for those organizations that are not used to change a lot. Even though, as we said before, it is still too early to make any judgment about the ability of the UAH to adapt itself to continuous change, there is no sin in creating some mechanisms that could prepare it to do better in this big challenge.

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<sup>24</sup> FISCHER, D., TORBERT, W., "Personal and Organizational Transformations", McGraw-Hill 1995, p. 68.

<sup>25</sup> MONTES, F., SJ, "Sueños y Misión de Nuestra Universidad", speech at the UAH's inauguration, October 20, 1997. <http://www.uahurtado.cl>

<sup>26</sup> WADDOCK, S., "Leadership for Change", Organizational Module readings packet, p. 1.

<sup>27</sup> FISHMAN, C., "Change", Fast Company, April/May 1997, p.65.

In concrete, what kind of change should be expected at the organizational level from the Business Ethics initiative? Who will be the change agents? In the previous section, we talk about primary impact, meaning the direct impact that, hopefully, the Business ethics course will produce in the individual students. However, there are secondary impacts or ramifications of this previous change. One of them is expected to happen at the organizational level, that is, at the level of the UAH as an organization. Specifically, there are two functions in which the business ethics course can be helpful:

- The Business Ethics course will serve as a concrete way to express the UAH's commitment to its mission. This will be mainly achieved from the different experiences the course will offer to its students.
- Through the creation of the Business Ethics Society, to which the business ethics course will be its main source of people. This association will serve as an official space from where students and faculty will be able to watch the University's fulfillment to its commitment to the common good.

In fact, these two potential repercussions of the business ethics course in the organization are coherent with what the own University has set as part of its mission.

Ethics quest about the good the man seeks; ethics defines an ideal; it is a desire and a hope that lead our steps. What are we dreaming about? Where do we put the human realization? What dreams have we formed for our society? Or as St Ignatius would say, what are our big desires? Everything must contribute to answer these questions, that is why our knowledge and work must be filled with ethical meaning. All our teaching lacks signification if we don't teach before self-giving, the sacrifice of oneself for others, to worry for others' pain, solidarity, the need of transcendence, to live a meaningful life, and the final encounter with God. Ethics is a big project of humanization and in that project we wish to engage as university.<sup>28</sup>

#### b) Societal level

Ideally, the Business Ethics course laid out by this project will have a final impact in the Chilean society, insofar the business leaders educated in the University Alberto Hurtado will have a new and different way of approaching their responsibilities, where the common good will be at the top of their values. However, it becomes somewhat difficult to clearly devise the concrete expression of this societal contribution. Our hope is that our graduates will be able to put in practice, not only what was learned (if any!) in the business ethics course, but what was learned throughout their entire formation at the UAH. At the inauguration ceremony back in October of 1997, Fr. Montes, the current president of the UAH titled the essential part of his speech "The Decalogue of the Man and the Woman We Want to Educate", in which he pointed out,

In second place, we hope to educate men and women, God's collaborators, who understand their profession as a mission and possibility of service, who exist for others and who seek neither their own realization nor their own prestige in the first place...

In sixth place, it is good to recall that the graduate of this institution have to have a real passion for justice, seeking with all their strengths to create a society with more solidarity, more just and more human. That is why it is essential to study the mechanisms that promote injustice and to have a real contact with those who are marginalized, with the poorest and with those who suffered the most...with the truth of Chile.<sup>29</sup>

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<sup>28</sup> MONTES, F., op. cit.

<sup>29</sup> MONTES, F., op. cit.

Being consistent with the third level of ethical horizons pointed out in page 11, the measure of the success of our teaching efforts in the business ethics course will be the extent to which these future leaders will be committed to social justice. Our expectations are indeed high. We expect from them to take into account all the stakeholders involved in the life of their organizations. But we would like to see that commitment in good as well as in hard times. "It is vital that corporations act responsibly when it is consistent with profits—but it is equally important that they do so when it is not."<sup>30</sup>

It may seem utopian. It may seem that we are expecting too much from those who will graduate from our University. It may even seem that we are forcing people to conform to some values that could be debatable. However, as a University we find ourselves founded on those principles. We will be failing if we are not able to be faithful to our mission. Our graduates will be the best agents of the change we want to promote.

Certainly, this will be a very difficult level to evaluate change. What kind of measurements can we use for this purpose? This is a very complicated point, due particularly to the nature of the change for the common good we are pursuing. It would be relatively easy if we could come up with some sort of quantitative measure. But that is far from possible. However, attempts such as "social auditing" could show the feasibility of coming up with some kind of measurement to see how well we are accomplishing our objectives.

#### **IV. THE SYLLABUS**

The program of the Business Ethics course I intend to offer is one concrete expression of it. The syllabus is not only very useful, but a good exercise of integration and systematization of so many different ideas, initiatives, readings, researching, interviews, writing, lectures, conferences, and experiences in general.

Although, we followed a traditional syllabus format, we are presenting in Anexo 1 only the lectures, readings, and assignments schedule and the grading criteria. The course is supposed to run for 14 weeks. Each module consists in a 3 hour period, divided in two parts of 1 hour and 20 minutes each (plus the necessary break in between).

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<sup>30</sup> DERBER, C., op. cit., p. 234

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**ANEXO 1**  
**COURSE SYLLABUS**

**BUSINESS ETHICS**

1<sup>st</sup> Session:

- (a) Introduction and First Business Ethics Question
- (b) What Do We Understand by "Business Ethics?"
  - Dienhart, J., Curnutt, J., "Business Ethics", Ch. 1 "What is Business Ethics?"

**I. THE SUBJECT AND THE QUEST FOR KNOWLEDGE**

2<sup>nd</sup> Session: (a) The Dynamic Pattern of Our Questing

- Stebbins, M., "Faith & Values at Work", Ch. 2 "Personal Authenticity"
- Melchin, K., "Living with Other People", Ch. 2 "The Social Structure of our Knowledge."

(b) Discernment

- Badaracco, J., "Defining Moments", Ch. 4 "Sleep-Test Ethics"
- St. Ignatius of Loyola, "Spiritual Exercises", "Rules for the Discernment of Spirits", n. 313-336.

❖ ASSIGNMENT DUE: (Appendix 4)

**II. THE ETHICAL HORIZONS—BASIC LEVEL: PERSONAL AND ORGANIZATIONAL INTEGRITY**

3<sup>rd</sup> Session: (a) From Person to Manager

- Solomon, R., "Ethics and Excellence", Ch. 11 "The Aristotelian Approach to Business Ethics."

(b) Guest Speaker: Defining Moments

4<sup>th</sup> Session: (a) Principles Approach to Ethics I: Rights/Duties and Utilitarianism

- Carroll, A., "Ethics and Stakeholder Management", Ch. 4 "Business Ethics Fundamentals."

(b) Principles Approach to Ethics II: Justice and Golden Rule

- Carroll, A., "Ethics and Stakeholder Management", Ch. 5 "Personal and Organizational Ethics."

5<sup>th</sup> Session: Ethical Dilemmas in the Globalization of Business

- Vesicol-Chemical Corporation Case
- Stackhouse, M. (Ed.), "On Moral Business", Lacznia, G., Naor, J., "Global Ethics: Wrestling with the Corporate Conscience."

6<sup>th</sup> Session: (a) Internet

- Spinello, R., "Cyber Ethics", Ch. 4 "Intellectual Property in Cyberspace."

- (b) Guest Speaker: The Internet Ethical Challenge
- Using Cookies at Greatcareers.com Case

### III. THE ETHICAL HORIZONS—SUPERIOR LEVEL: STAKEHOLDERS

7<sup>th</sup> Session: (a) Is there a social responsibility of business?

- Friedman, M., "The Social Responsibility of Business is to Increase its Profits."
- Waddock, S., "Leading Corporate Citizens: Meeting the Business in Society Challenge", Ch. 1 "Corporate Global Citizenship: Vision, Values, Value Added."
- Boatright, J., "Ethics and the Conduct of Business", Ch. 14 "The Corporation and Society."

(b) Employees

- Harvey, B., "Business Ethics. A European Approach", Ch. 3 Van Gerwen, J., "Employers' and Employees' Rights and Duties."
- Markower, J., "Beyond the Bottom Line", Ch. 7 "The Workable Workplace."

8<sup>th</sup> Session: (a) Environment

- Carroll, A., "Ethics and Stakeholder Management", Ch. 11 "The Natural Environment as Stakeholder: Issues and Challenges."

(b) Guest Speaker: environmentalist

- ❖ CASE DUE: Building Trust at Warner Gear

9<sup>th</sup> Session: (a) Customers

- Harvey, B.(Ed.), "Business Ethics. A European Approach", Ch. 5 Kuhlmann, E., "Customers."

(b) Community

- Harvey, B.(Ed.), "Business Ethics. A European Approach", Ch. 7 Bouckaert, L., "Business and Community."
- Markower, J., "Beyond the Bottom Line", Ch. 8 "Thinking Corporately, Acting Locally."

10<sup>th</sup> Session: Mid-Term

11<sup>th</sup> Session: Stakeholders Panel

- ❖ CASE DUE: The Body Shop International Case

### IV. THE ETHICAL HORIZONS—MAGIS LEVEL: SOCIAL JUSTICE

12<sup>th</sup> Session: (a) The Critique to the Social Responsibility Movement

- Derber, C., "Corporation Nation", Ch. 12 "What's Right and Wrong with Corporate Responsibility"; Ch. 13 "How to Be Against Corporate Power and For Business."

(b) What Can Business Do About It?

- Sen, A., "Development as Freedom", Ch. 2 "The Ends and the Means of Development."

13<sup>th</sup> Session: In Situ Experience

14<sup>th</sup> Session: Social Justice and Human Dignity

- Singer, P., "Famine, Affluence, and Morality."
- John Paul II, "Centessimus Annus", n. 12-61

❖ ASSIGNMENT DUE: Personal Reflection Paper on the In Situ Experience

## V. THE ETHICAL INITIATIVES

Final Session: Presentations of Projects.

### ➤ GRADING

- Assignments (2) 10%
- Class Participation 10%
- Cases (2) 20%
- Mid-Term Exam 20%
- Final Project 40%

- ◆ Cases: Individual Assignments. Extension: 2 pages, single space, 12 pt font.  
Structure: Statement of the Problem, Facts, Analysis, Options and Recommendations.
- ◆ Class Participation: Attendance and quality of observations.

Final Project: Group Assignment. One different corporation will be assigned to each team. The objective of each team will be to explore how the corporation can expand its ethical impact to the stakeholder level. The ethical initiative will consist in a written report of no more than 5 pages, single space, 12 pt. font and the oral presentation.