

INSTITUTIONAL IDENTITY AND ACCOUNTABILITY: CATHOLIC SOCIAL THOUGHT AS A GUIDE TO SELF-ASSESSMENT BY BUSINESS SCHOOLS *[Post-Conference Revision and Expansion, August 2008]*

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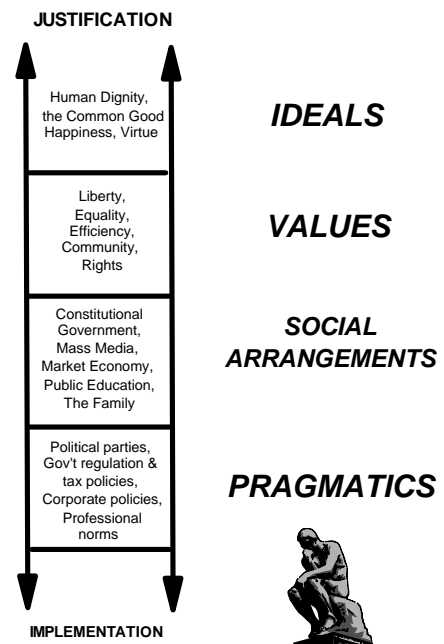
It is our conviction that business schools operating within Catholic universities are called to honor ideals and values rooted in scripture and tradition, including the Church’s social teaching and its broader intellectual tradition. The challenge that this conviction presents is: *How can we ensure that the values and ideals of the Catholic tradition fully inform the operation of a Catholic business school in all its dimensions (education, research, outreach, administration)? How do we shape our business schools to permit an affirmative answer to the question asked by Benedict XVI as he addressed Catholic educators during his recent trip to the U.S.: “Is the faith tangible in our universities?”* For the faith to be *tangible* in a university, it must be discernible to an observer, and to those who learn, teach, and work there. If faith is to *inform* the school’s identity, it cannot be merely a veneer. It must shape both *what* the school teaches and *how* it operates. Ultimately, what is sought is a deep (even if imperfect and incomplete) integration of faith, reason, and practice.

B-Schools are Not Value-Neutral

In the Great Books Seminar that is offered to MBA and law students at the University of St. Thomas, we use a heuristic device for organizing our discussions about modern society and its many institutions. We call it the “Ladder of Reflection.”

The four rungs on the ladder descend from high-level *shared ideals* through *core values* to *social arrangements* and finally to *pragmatics* –concrete policies and guidelines for human cooperation by which individuals and groups “get things done.” If the conversation *descends* the ladder toward concreteness, the objective is usually the implementation of higher order aspirations. If the conversation *ascends* the ladder toward ideals, the objective is usually the justification of lower order policies and social arrangements. (The figure at right depicts the principal features of the “Ladder.”)

The institutions we have known in the 20th Century and now in the 21st Century as *business schools* are dedicated to the furtherance of certain social arrangements – specifically, a market economy – identified on the second rung from the bottom of the Ladder of Reflection. But social arrangements are not *value-neutral* – and neither are the institutions that seek to pass on the expertise required



for their continuation. Just as social arrangements call for *justification* in core social values and ideals, so too do business schools, as vehicles of higher learning in a market economy. We might make similar observations about medical schools and law schools.

Often it is the upper half of the ladder that distinguishes business schools from one another, since the lower half of the ladder is usually about technical expertise in areas like marketing, finance, operations, accounting, and communication. Some business schools, of course, pay little attention to the values and ideals that lie behind the technical education that they provide. Such schools pass on certain values and ideals by default, but they do not do so intentionally and by design. Alasdair MacIntyre characterized the “default position” of the modern university in the following passage from his essay “Catholic Universities: Dangers, Hopes, Choices.”

What the Catholic faith confronts today in American higher education . . . is not primarily some range of alternative beliefs about the order of things, but rather a belief that there is no such thing as the order of things of which there could be a unified, if complex understanding, or even a movement towards such an understanding. There is in this contemporary view nothing to understanding except what is supplied by the specialized professionalized disciplines and sub-disciplines. Higher education has become a set of assorted and heterogeneous specialized enquiries into a set of introductions to these enquiries together with a teaching of the basic skills necessary for initiation into them, something to be got through in order to advance beyond it into the specialized disciplines. (cf., Sullivan (ed.), *Higher Learning & Catholic Traditions*, University of Notre Dame Press, 2001.)

It is important to emphasize that in pursuing the full realization of the values and ideals of the Catholic tradition, business schools are in no way asked to compromise their commitment to quality when it comes to the art of management. Competence in the arenas of accounting, finance, marketing, human resources and operations management are essential to an effective business education. Our emphasis in this paper is on the “upper” half of the ladder described below, but with no implication that high quality in the lower half should be ignored. There is an implication, however, that high quality in the lower part of the ladder is insufficient.

Schools that are mindful that their educational programs span the *entire* ladder of reflection appreciate that behind the social arrangements of a market economy lie particular views of the human person, of the moral ideals that should guide individuals toward virtue and organizations toward a just and prosperous society. Explicitness about these behind-the-scenes convictions can and should be a trademark of business schools at Catholic universities. For without explicitness, a kind of vagueness about higher purposes can set in that eventually leads to indifference.

A Self-Assessment and Improvement Process for Catholic Business Schools

We believe that Catholic business schools need a process that helps them shape their operations mindfully, in light of the ideals and values which are their inheritance as Catholic institutions. While it is beyond the scope of this article to give a full account of such a process, we will sketch what its structure might look like and suggest some of its features.

Our approach is based upon the *Self-Assessment and Improvement Process* (SAIP), a method designed to help leaders institutionalize ethically responsible conduct within organizations. Building upon the Malcolm Baldrige National Quality Program, the SAIP extends the tools of total quality management to corporate ethics. The SAIP is a multistage process, involving evidence collection, scoring, feedback, and action. It provides institutions with a structured inventory of questions that address issues of ethics, compliance, and social responsibility. Indeed, the SAIP in its most general conception is a *cultural* audit of organizations with special emphasis on their core values.

Answering these queries, and then scoring the responses using a set of evaluation guidelines, helps reveal the degree to which an organization has integrated higher level aspirations into its policies and practices. By highlighting strengths and deficiencies, the SAIP enables leaders to launch initiatives that can help their firms realize these higher level aspirations more fully.

The SAIP is flexible, and can employ different sets of core values. To date, the method has been used by approximately 25 organizations, drawn from both the for-profit and not-for-profit sectors. Their workforces range in size from less than ten to over 100,000 employees.

The SAIP Institute was founded in 2007 at the University of St. Thomas' Opus College of Business. The Institute promotes the utilization of the SAIP, improves it based on client feedback, and extends the process to new uses. Since its inception, the Institute has also been collaborating with a set of partners to apply the method to the needs of Catholic healthcare institutions. The goal has been to develop an approach that will help these organizations strengthen their identity as Roman Catholic ministries. The resulting process allows Catholic healthcare systems and facilities to evaluate how well relationships with patients, employees, and other stakeholders are shaped by the core values articulated by Catholic social principles. A modified version of the process was implemented recently within Ascension Health, the largest Catholic healthcare system in the United States. The outcomes of this application are both positive and promising.

Moving From Aspirations to Assessment...

There is reason to believe, then, that an assessment and improvement process patterned after the SAIP could help Catholic business schools transform their intellectual, moral, and spiritual heritage into a presence that is tangible and animating. Like the assessment for Catholic healthcare institutions, the method we envision for business schools would use principles drawn from the Catholic social tradition. This tradition is especially relevant here, for business schools are themselves social institutions which serve a set of social arrangements, i.e., enterprises operating within a market-based economic system. But these social principles point toward a particular view of the human person and of human flourishing within community – in other words, they supply the guiding ideals and values which occupy the higher rungs on the Ladder of Reflection. Explicitly brought to bear upon a business school, these ideals and values would shape both how the school conducts its affairs and how its students understand the role of business leaders and institutions within a market economy.

While there is no universally-accepted list of Catholic social principles, it is possible to identify plausible candidates for such a canon. Drawing upon our work with colleagues at the University of St. Thomas, we will suggest a few of these “core” principles and briefly describe them. This list is only partial and our explanation of each principle is only illustrative.

The principles of *human dignity* and the *common good* serve as first order principles within the Catholic social tradition. The former articulates the tradition’s conviction that each human being possesses intrinsic worth simply by virtue of his or her existence as a human. We possess this inherent dignity precisely because we are made in God’s image. This God is personal, so every human is a *who*, not a *what*, a *someone*, not a *something*. The dignity of the human person finds its most radical confirmation in the fact that, though fallen, we are called through Christ for union with God. The common good highlights two realities about human existence. The first is that human persons, made in the image of the Trinitarian God, are by their very nature relational: we are born into communities, and we develop through communities and institutions. The second is that whatever our current state of division and fragmentation, God intends humanity to form a community in which persons work together for goods held in common (e.g., security, strong families, a vibrant culture, etc.). Thus, we are created with an orientation both toward our own good and toward the good of others. When we begin to order our particular or individual goods to a common life, we begin to form relationships that transcend contractual or mutually self-serving exchanges.

From these two primary principles flow standards which provide more specific guidance for institutions. The principle of *subsidiarity* guides the distribution of authority, responsibility and accountability: It insists that decisions in hierarchical institutions should be made at the most appropriate level, and that higher-level authorities should help those at lower levels exercise their responsibility effectively. Subsidiarity is implied by the principle of human dignity: Created in the image of God, humans develop authentically only if they are allowed to use the intelligence and freedom God has bestowed upon them.

The common good also implies certain organizational principles. The *community of work* principle challenges leaders to treat their organizations as more than a mere collection of interests that must be balanced and managed. Rather, they are to foster a genuine community by helping their employees engage with others in a common task that is directed toward serving the authentic needs of those in the broader society. The principle of the *universal destination of material goods* stresses that God’s gift of creation is intended for all people. It calls organizations to serve as effective stewards of the resources entrusted to them, e.g., by generating greater outputs from inputs and by constantly reducing waste. It also suggests that those who lack material goods have a special claim on our moral attention. Most organizations honor this claim through the work they create and the products and services they provide. But they also may act in solidarity with the poor through advocacy, or through philanthropic actions that directly mitigate poverty or ameliorate its consequences.

Our assessment process would bring principles such as these to bear upon a business school by juxtaposing them against the three tasks which constitute the moral agenda of leadership: *orienting* the institution toward a set of ethical values and aspirations; *institutionalizing* those values within operating processes and practices; and *sustaining* those values over time, so they

become an enduring part of the institution's identity. The result is a matrix that can provide a systematic examination of how the principles of the Catholic social tradition inform a school's operations (Exhibit 1).

...And from Assessment to Improvement

With the leadership tasks and principles of the Catholic social tradition arrayed in a matrix, the self-assessment tool is constructed by fashioning a set of questions for each intersecting cell. Exhibit 2 breaks out for illustration the preliminary content of one of the cells. Cell 2.1 is at the intersection of the leadership task of "orienting" the organization and the principle of concern for the common good.

This cell illustrates a general point about the "mirroring" nature of self-assessment as it applies to Schools and Colleges of Business: The school needs to orient itself toward the principles in the cells of the matrix, but it also needs to incorporate this orientation in the content of its courses and other interactions with students. It needs to *live* CST and *teach* CST – holding itself accountable for both in concrete ways.

Thus the questions in Exhibit 2 focus on: (a) the behavior of *the school itself*; and (b) the behavior of the organizations *about which* the school educates its students. The first is on the way in which the school understands and communicates to faculty, staff, and students *its own* commitment to the common good. The second is on the curricular content reflected in each *department's* approach to the common good (e.g., in marketing, accounting, human resources, etc.).

Cell 1.2 stands at the intersection of the leadership task of "institutionalizing" with the principle of respect for human dignity (see Exhibit 3). The three questions in this cell are *how*-questions. The first leads the school to examine the specific ways in which its own administration, faculty, and staff weave respect for human dignity into the institution's processes and practices, those which *directly* affect the curriculum and those which are *wrapped around* the curriculum. It underscores the multidimensional nature of the institutionalization task, explicitly calling out the various operational aspects which must be considered if a Catholic understanding of human dignity is to suffuse the organization. The second question calls the school to reflect upon how it identifies points of divergence between its belief and practice, between what it espouses and what it does. This question signals the dynamic nature of the transformation the assessment is intended to foster. What is being undertaken here is not a once-and-for-all event, but an ongoing process – specifically, the process of an institution growing into the fullness of its vocation. And a vital part of this process is a willingness to examine practices systematically and honestly and acknowledge where shortcomings lie, so that the steps necessary for improvement can be identified and pursued. And, as we saw in Exhibit 2, the final question has to do with the affirmation of human dignity in the departmental curricula – relating it to the practices of the organizations in which students will eventually assume management roles.

Exhibit 4 displays the content of cell 1.31. This cell is drawn from the third column of the matrix, which addresses the leadership task of "sustaining." Sustaining a set of moral values through time requires an institution to impart them to successive generations of leaders –here,

faculty members and administrators, especially those who play a prominent role in the life of a business school or are being groomed to assume such roles. Decisions to hire, promote, or appoint to senior positions are all integral to this task of sustaining moral values.

The questions contained in cell 1.31 examine these activities through the lens of subsidiarity. They require the institution to consider the organizational level at which personnel decisions critical to its Catholic identity are handled. The answers to these questions will be influenced by the institution's historical context, specifically, where it stands at a given point in time on the question of Catholic identity. Within a college that is attempting to revitalize or recover its Catholic identity, such decisions typically would be made at higher organizational levels, perhaps even by representatives of the university as a whole. Over time, however, they may gravitate to positions lower within the organization, for example, as efforts aimed at educating faculty and staff about the nature and implications of the institution's Catholic identity begin to take hold. Such a migration is common within organizations undergoing a cultural transformation, whether the focus of that change is moral or more instrumental in nature (e.g., implementing total quality management). As the desired changes begin to take place, decisions once made centrally are gradually decentralized, or decisions once taken by higher ranking authorities are shifted to less senior officials.

This discussion suggests another important dimension of the assessment process: It engenders an engagement between the theological and philosophical insights of Catholic social thought and institutional realities. This engagement enables the institution to forge explicit and dynamic linkages between the principles and its practices, connections which help leaders both reflect on the current state of organizational processes and shape those processes over time. In this way, the assessment fosters "middle level thinking," that is, a practical wisdom that enables practitioners to discern both the good to be done in specific circumstances and the best way to realize this good.

Each of the other cells of the matrix is constructed in a similar way, and we will propose contents for those cells in a future version of this paper. The cells corresponding to the subordinate principles (subsidiarity [cell 1.31], work community, stewardship, and solidarity with the poor) are, in effect, deeper specifications of the operational meaning from the Catholic tradition of the two main principles of human dignity and the common good.

Responses to the questions would be articulated in empirical terms – that is, based on evidence that indicates the state of the school's current practices. Following the model of the SAIP, data collection is succeeded by evaluation. In other words, a school's responses would be compared against a set of evaluation guidelines to determine its relative performance level. This evaluation could be either quantitative or qualitative in nature – that is, it could yield either a numeric score or a more qualitative index (e.g., "needs improvement," "making good progress," or "significant success"). Either way, the evaluation helps the organization detect areas of strength and weakness, thereby enabling it to acknowledge where it has made progress and where further progress is needed. Periodic use of this process – for example, on an annual or biannual basis – could establish it as an organizational discipline and would facilitate ongoing, continuous improvement.

Conclusion

We have offered some preliminary reflections on a process for *practical awareness* on the part of mission-driven business schools. This process allows institutions to identify salient intersections between Catholic social principles and key leadership tasks. Next steps will focus upon giving fuller definition to the assessment matrix, the contents of each cell, and the overall application of the process, working from the template provided by the SAIP's method. It is our hope that eventually, this tool will offer a platform for business schools at Catholic universities to grow into the fullness of their unique calling – intentionally and courageously. It also is our hope that this process will promote greater accountability for this growth, at all levels of a business school and within all of its functional units.

One reason for these hopes is that we have seen a similar process drive improvements within a major Catholic healthcare institution. By generating a systematic assessment of the organization's operations, the process helped Ascension Health identify how some of its practices needed to be modified to embody more fully the aspirations of the Catholic social tradition. Ascension Health launched a set of improvement initiatives in the wake of the assessment, and these efforts are now beginning to impact its clinical and administrative procedures. We see no reason to believe ~~There is no reason to suspect~~ that Catholic business schools, aided by an SAIP-like tool, could not successfully undertake a similar process of reflection and self-improvement.

As mission-driven business schools complete self-assessment journeys, journeys mapped by Catholic social principles and leadership tasks, something much more than a "score" will be the result. For during such a process, if it is done honestly, carefully, and regularly, a new kind of culture is likely to emerge. Just as Plato's cave dweller found a less shadowy, more three-dimensional world at the conclusion of his upward trek, the ascent of the "Ladder of Reflection" will allow schools to see their policies and operations in a "new light." And like the escapee from the cave, such institutions may eventually want to share their experience with others.

***Institutional Identity and Accountability:
Catholic Social Thought as a Guide to Self-Assessment by Business Schools***

Exhibit 1

<i>Principles</i>		<i>Leadership Tasks</i>		
		<i>Orient</i>	<i>Institution- alize</i>	<i>Sustain</i>
<i>The Catholic Social Tradition</i>	<i>Human Dignity</i>	1.1	1.2 ↓ (see cell content in Exhibit 3)	1.3
	• Subsidiarity	1.11	1.21	1.31 ↓ (see cell content in Exhibit 4)
	<i>Common Good</i>	2.1 ↓ (see cell content in Exhibit 2)	2.2	2.3
	• Community of Work	2.11	2.21	2.31
	• Universal Destination: Stewardship	2.12	2.22	2.32
	• Universal Destination: Solidarity with the Poor	2.13	2.23	2.33

***Institutional Identity and Accountability:
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Exhibit 2



Cell 2.1

How does the school *understand* the common good in the context of the Catholic identity of its college or university?

How does the school *communicate* its concern internally for the common good (of faculty, students, and staff, as groups and as a whole)?

How does the school identify the importance of the common good among its values?

How does the school signal the importance of business's contribution to the common good of society?

How do departments signal to faculty the importance of the common good as a theme in core courses?

- Accounting
- Finance
- Operations
- Marketing
- Human Resources Mgmt.
- Etc.

***Institutional Identity and Accountability:
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Exhibit 3



Cell 1.2

How does the school embed and reinforce the importance of human dignity in its operating processes?

- Published literature
- Student and Faculty handbooks
 - Honor codes
 - Grievance procedures
- Ethics in the curriculum
 - Specific courses
- Special faculty/staff seminars on the Catholic intellectual tradition
 - Invited speakers
 - Research incentives
 - Service incentives
- Faculty, Staff, and Student recognition programs
 - Student career/vocation services
 - Etc.

How does the school identify and improve upon gaps between aspiration and practice in relation to human dignity (as understood within the Catholic tradition)?

Finally, how does the school weave into its departmental offerings a strong affirmation of human dignity in the norms behind accounting, marketing, human resources management, etc.?

*Institutional Identity and Accountability:
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Exhibit 4



Cell 1.31

How is the principle of subsidiarity *practiced* in the school's:
admissions,
hiring,
promotion, and
leadership appointments?

How does the principle of subsidiarity enter into the coursework of
students as a principle of effective corporate decision making?