

# “God’s Project”: A Catholic Vision of Business

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*The world of work has need of reconciliation with “God’s project.” God has called man to be the “lord of created things.” Man cannot be an object dominated by economic or political laws, nor can he be reduced to the level of an instrument. Man must subdue the earth, he must dominate it, because as the image of God he is a person, that is, a subjective being capable of acting in a planned and rational way, capable of deciding for himself and tending to realize himself. As a person, man is therefore the subject of work. There will not be true growth until there is an insistence on the fact that man is the primary foundation of the value of work and that the object of work, any work done by man, is always man himself.*

*Pope John Paul II*

*Address to Workers, Contractors, and Executives*

*Venice, Italy*

*17 June 1985*

It is not an uncommon view that business ethics as an academic discipline was born in the 1970s and given a spirited childhood by the aggressive business practices of the 1980s. This view, however, is quite mistaken. Business ethics is not a new area of study, but the fact that many people believe it to be so is a sign of something that ought to disappoint us here today. The fact of the matter is that the first printed treatment of business ethics dates not from the 1970s, but from the 1470s, and is the work of a German Dominican, Johannes Nider. What we would today readily call business ethics was developed into a rich discussion by, among others, the Jesuits of Salamanca in the 16th and 17th centuries. This discussion continued in subsequent centuries and influenced manuals of moral theology in the 19th and early 20th centuries, to say nothing of a number of 20th-century Catholic writers—Heinrich Pesch, Oswald von Nell-Breuning, Franz Mueller, Hilaire Belloc, Bernard Dempsey, John A Ryan, and many others. By the 1940s and 1950s the most influential textbooks on business ethics were products of Catholic professors and Catholic business schools, and indeed business ethics as a subject taught to business students was a distinctive feature of these schools. With the curricular changes that followed the Second Vatican Council, business ethics gradually disappeared from most Catholic schools, only to be reinvented in secular universities in the later 1970s.

Now I mention all this not to offer you an unexpected history lesson but rather to point out to you that an interest in business ethics is not something new to the Catholic moral tradition. Quite the contrary, Catholic moralists have been deeply interested in the subject for more than 500 years. What is curious is that Catholics working within this moral tradition (which includes the Catholic social tradition) lost interest in the subject just about the time that ethicists in other traditions discovered it. Further, some of the people most intimately involved with the growth of business ethics in the last 20 years are themselves Catholic scholars (e.g., Leo Ryan, Richard DeGeorge, Gerald Cavanaugh, Manuel Velasquez, Ken Goodpaster, Gene Buchholz, Al Gini, Pat Murphy, and many others). Nevertheless, the substantive influence of the Catholic moral and social tradition is notably absent from contemporary business ethics, and it would not be too much to say that Catholic theologians and philosophers generally disdain any involvement with the subject.

This is unfortunate, to say the least, because the Catholic moral tradition has a great deal to offer the modern study of business ethics, both as an academic discipline and as a practical tool for managing organizations and their problems. My purpose in this paper is to offer some suggestions about how that tradition can be brought to bear on the question of how to teach business and business ethics.

### The Present Status of Business Ethics Instruction

The past ten years have really been quite remarkable in the field of business ethics. I would estimate that more than 100 textbooks on the subject have appeared, some in multiple editions. Every textbook publisher feels the need to offer at least one title and some offer a handful of different volumes. By and large, though, the books are quite similar in several important respects and it may be helpful to offer an overview of the common approach to the subject so as to contrast it later with what the Catholic tradition

might contribute. Needless to say, the overview that I offer here is rather general and no single writer represents it in every respect.

My first observation has to do with the view that business ethics scholars have of the nature and purpose of business. Most writers, in my judgment, tend to see business as an amoral (not to say *immoral*) activity. Business ethics, then, constitutes an attempt to impose a set of constraints upon management that is essentially foreign to what is understood to be good management practice. Depending upon their starting points, different writers offer different justifications for paying attention to ethics.

Those who accept a neo-classical economic perspective tend to see ethics as an obstacle to optimal organizational performance, but one that is justified on non-economic grounds, such as a theory of corporate social responsibility. Other writers would argue that business is a value-neutral activity that requires ethical rules in order to avoid harming individuals and groups in its single-minded pursuit of profitability. Still others argue, but not very convincingly, that ethics gives a firm a competitive advantage or, to put it differently, ethics is a powerful tool for maximizing profitability. Whatever their perspective, most authors tend to agree that the overriding purpose of business is to create a profit and that, at the end of the day, this is the unavoidable measure of business success. The result, of course, is to turn things upside down. Instead of subordinating business activities to genuine human goods (as an Aristotle or Aquinas might say), we instrumentalize ethics (the study of genuine human goods) and make it serve as a tool for the acquisition of money, the instrumental good *par excellence*. This is rather like saying that the ultimate purpose of building a house is to give the carpenter practice in using his hammer.

My second observation is that business ethicists almost universally buy into the late 20th-century, Anglo-American taxonomy of ethical theories. Alisdair MacIntyre and others have offered a devastating critique of the hodge-podge of ethical theories that form the everyday offering of countless Philosophy departments from coast to coast. This critique, however, has had little impact on the teaching of business ethics. Quite commonly students are told that there are three (or perhaps four or five) categories of ethical theory, each inadequate by itself, but which, taken as a whole, can provide some reasonable framework for analyzing ethical problems.

There are many variations on this theme offered in business ethics texts and I will make no attempt to sing the different versions. I have often wondered, though, what sense students are to make to the attempt to harmonize such radically opposed ethical theories as Kant's and Mill's. Kant, as you will recall, insists that the moral value of an act is grounded in the rule according to which the act proceeds, and is not derived from the intention of the agent or consequences of the act. Mill, on the other hand, explicitly rejects Kant's view and insists that only the consequences of an act make it morally good. These are not different facets of the same jewel. They are theories of morality opposed to one another at the deepest level, and it is a sign of the poverty of contemporary moral philosophy (at least to the extent that it finds its way into business ethics texts) that this opposition is portrayed as complementarity. Business ethics desperately needs to find a

framework of ethical theory that is comprehensive enough and robust enough to provide practical and reasonable guidance for decision makers.

My third observation has to do with the common reliance upon cases in the teaching of business ethics. A number of popular texts are little more than collections of cases, often patterned after the Harvard Business School model. These cases present the student with considerable detail about the business context and place the student in the position of a manager confronted with a difficult decision. Usually they are factual accounts of actual incidents. So far, so good. The problem arises when we look more closely at the sort of question posed to the student. Case writers often subscribe to what some scholars call a “quandary model” for teaching ethics. This approach sees ethical decision making as ordinarily situated in the context of a crisis of some sort and frequently at odds with what might be considered sound business judgment.

As a result, most cases commonly used in teaching business ethics implicitly assume that the business in question was moving along smoothly until it stumbled over an ethical problem. At this point the decision maker must consider whether to choose a course of action that makes good business sense or one that is morally sound. Ethical theories function, as one philosopher has put it, as little more than the chains used by referees in a football game to determine whether a team has earned a first down. For the most part the theories are silent as companies pursue their morally neutral activities, but occasionally they are trotted out onto the field to deal with a certain sort of problem, and then stored away until the next issue arises. The difficulty of using such cases is exaggerated because the ethical theories can offer relatively little support for the reasonableness of choosing the morally sound course of action (if, indeed, they can even identify it). The Kantian is likely to say that an action is unethical if it proceeds from, or is consistent with, self-interest (implying that genuinely ethical choices must hurt a bit), while the utilitarian must offer the consolation that things will turn out well in the long run—a sort of deferred gratification approach to ethics.

Furthermore, the cases themselves are often chosen and written in such a way as to present virtually intractable problems to the student, problems for which there may be no acceptable answer. Indeed, students are often inserted into the narrative at the end of a series of bad decisions that are no longer amendable. Faced with a set of bad choices, students readily come to conclude that there are no right answers and that ethics may be more a matter of intuition than analysis. Ethical theories are invoked in case discussions more often to rationalize a decision already made than to provide a reliable guide to making tough choices.

In sum, none of the ethical theories commonly offered to students as part of a comprehensive list—deontology, utilitarianism, contractarianism, and so on—is sufficiently robust to provide a thoroughly reasonable account of the ethical life in business. Nor can they really provide a sound framework for analyzing business and management problems. Fortunately, another option is available, which we might call Classical Moral Philosophy. This option, with its integration of natural law theory and virtue, is fully capable, in my judgment, of providing a much richer explanation of ethical

decision making in business on both the descriptive (why we do what we do) and normative (what we should do) levels. It can also provide a toolkit for making good decisions and a perspective which can direct the composition of more effective classroom cases. Fragments of this approach have begun to receive some attention in recent business ethics texts, but it is usually presented as one more rival theory to be integrated with the rest.

Catholic scholars working in this area have something to contribute. We have what I believe to be a more practical account of the moral life to offer, as well as centuries of reflection on concrete problems in commerce. Furthermore, while these theories and reflections have been well integrated with our faith commitments, they, like the Catholic social tradition itself, are not so doctrinally specific that they are inaccessible to persons of other faiths, or no faith at all. There is work to be done and I have some suggestions about directions in which that work might proceed.

### A Catholic Vision of Business

One of the principal criteria for a sound conception of business is successful integration. In other words, a Catholic vision of business will fail if it cannot explicitly find a place for business within the larger framework of a human life lived well. The integration of Catholic social thought and business will fail if the only contribution the tradition can make is to scold business for its misbehavior and try to impose constraints on business that are foreign to its nature. It will succeed, on my view, if it can explain where business legitimately fits in the larger life of the individual and the community, and if it can reconcile sound management practice with the pursuit of genuine human goods. Management has a certain logic of its own, grasped through accumulated experiences, and this logic must be respected. (Catholic moralists have done a better job of understanding and respecting the internal logic of other professions, such as medicine and law.) Of course, this respect for the soundness of management practice as a whole does not preclude a constructive critique, that is, showing that some common management practices are really unsound, and explaining why they are so.

Pope John Paul has devoted more attention to questions of work and enterprise than any of his successors. From his various homilies, addresses, messages, and encyclicals a well-integrated and comprehensive picture of business can be pieced together that is deeply embedded in the Catholic social tradition. Moreover, this vision is consistent with sound management practice and helps to explain why good practices are good.

Within the framework he has articulated, John Paul understands business to be a vital and positive element of social life. Far from being an evil—even a necessary one—business is a natural and appropriate way for persons to make their livings, to engage in fruitful collaborations and develop friendships, to create goods and services to meet the needs of others, and to contribute to the general prosperity of human life. Precisely because business and enterprise are so important to the human community at every level, it is critical that managers conduct their professional activities within the framework of the moral life and according to its highest standards. Though not indifferent to the harm

business may do, John Paul is far more alive to the human goods it may produce. Following are eight basic principles that I have abstracted from his work, and that I think capture in summary fashion what the Catholic social tradition has to say about business. Such principles can readily be used, explicitly or implicitly, to structure a course in business ethics.

**1. The *Imago Dei* Principle:** *Human beings are made in the image of God, and like God they work; indeed, they are collaborators with God and one another in the perfecting of creation.*

Human persons are called to work, and are fulfilled through their work. As a reflection of the persons of the Trinity, human persons are created for life in community with others. The irreducible dignity (value) of each person is a benchmark against which activities and structures must be measured. The workplace is *dehumanized* when productivity becomes the highest value and the effect of the work upon the worker is neglected. Furthermore, as an *imago Dei*, each person in an organization deserves a share in the fruits of the organization's success that, at minimum, supports a decent human life.

**2. The Labor Principle:** *Work is for man; man is not for work.*

In its orientation, work must be directed toward genuine human goods in particular, and to the common good in general. It may never be directed toward products and services destructive of human goods, nor may productivity take priority over labor. In its development, attention should be given to the fact that human work has both subjective and objective dimensions. The objective dimension (the product of work) can never have priority over the subjective dimension (the effect of the work on the worker). As far as possible, work must be deliberately organized so as to contribute to the development and fulfillment of the person doing the work.

**3. The Community Principle:** *Since human persons are social by nature, the organizations in which they work ought to be not merely collections of individuals, but rather true communities of work.*

Not all work is done within the context of an organization. Some work, perhaps even a great deal of work is quite legitimately done in the context of specific performance contracts and temporary associations. This principle concerns organizations, or more or less permanent associations, which ought to aim at becoming true communities. A true community of work is one in which each of the members is permitted an opportunity to participate in the governance of the organization, as appropriate to his abilities and position. A true community of work is one in which a principle of unity and authority is present and respected. A true community of work is one in which the principle of subsidiarity is respected, i.e., persons in positions of authority do not needlessly interfere with the actions and decisions of subordinates.

**4. The Talent Principle:** *All abilities and skills are gifts of God given to individuals for the sake of the common good and the building of the Kingdom.*

No person may use his abilities and skills simply for personal reward. Each person must earnestly seek his vocation, i.e., the way in which he may best develop his abilities and skills and bring them to bear on the needs of the community in ways consistent with his responsibilities. Persons of greater talent have greater obligations to the community.

**5. The Solidarity Principle:** *Each individual, and by extension each organization, must act so as to create and sustain the common goods of their communities.*

The common good may be said to be that set of conditions in a community that maximizes the possibility of well-being for each and every member of the community. Work, whether done individually or within an organization, must be done with an eye on the needs of others, and the consequences of that work upon others. That is, the economic activities of individuals and organizations must not compromise the common good of the community. Furthermore, the activities of individuals within organizations must not undermine the common good of the organization itself. This receives further emphasis in the recognition that one of the key characteristics of modern life is interdependence, at the personal level, the organizational level, and the national level. The response to this interdependence ought to be greater cooperation. Competition, understood as a striving to bring the best goods and services to market, has a place within this cooperation, but competition understood as simply an effort to defeat others does not.

**6. The Stewardship Principle:** *Human persons are the heirs of a patrimony that includes the natural resources of the earth as well as the fruits of the work of their predecessors. All work should carefully augment and not exhaust this patrimony.*

Waste of all sorts must be avoided, whether it is a waste of natural resources, of financial resources, or of human resources. Workers and managers share the responsibility to assemble the appropriate resources (of whatever kind) for a task, and to insure that they are used effectively and efficiently to accomplish that task.

**7. The Service Principle:** *A business is an association of persons engaged in creative activity in the service of others. This activity simultaneously aims at, and seeks a balance between, the creation of wealth, the creation of good work, and the creation of goods and services that satisfy genuine human needs.*

The focus of economic activity should always be the human person. Business activity should always aim to produce genuine human goods, as opposed to merely addressing apparent goods or wants.

**8. The Evangelization Principle:** *In their collaboration with God to build the Kingdom, human persons should seek to remake both the culture and the workplace in the light of the Gospel.*

An evangelized culture would be one in which all human virtues are modeled, encouraged and supported, which would include a real openness to the development of the theological virtues of faith, hope, and charity. An evangelized workplace would not

be one in which prayer and liturgy were integrated into the daily schedule, but rather one in which the work of every member would genuinely contribute to the perfection of creation in collaboration with the Creator.

While these principles have a real value in helping us to understand what commitments ought to animate the creation and operation of a business, they remain fairly abstract. We can do better. The following is a sort of checklist that we might use to determine how well we are doing in concrete circumstances. It does not follow our list of principles directly but is an attempt to identify areas in which the application of the principles might be measured in some practical and meaningful way. Other lists could certainly be generated. This one, coincidentally, has eight items that can be represented by the acronym PARTNERS.

**Participation:** Persons responsible for organizing work have a duty to solicit and permit the *participation* of all employees, as far as their competence permits, in deliberations and decision making.

**Access:** Persons responsible for organizing work have a duty to make it *accessible* to as many people as possible. Sharing work has a higher priority than maximizing individual productivity.

**Respect:** The structure of work in general and the design of specific jobs in particular must always *respect* the dignity of the worker. Jobs, and the placement of individuals in specific jobs, must always take into account, as far as possible, the gifts and vocations of the individuals.

**Trust:** Persons responsible for organizing work have a duty to develop *trust*, that is, make employment as stable and permanent as possible, and not to regard workers as variable expenses, to be dismissed merely as a means of controlling costs.

**Needs:** Work is for meeting the genuine *needs* of oneself and others; that is, it is in service of participation in the basic human goods (= meaningful work; work that supports the common good). Employees have a right to work that genuinely is, and can be seen to be, meaningful, and not merely pursued without meaning or detached from meaning.

**Expression:** Human beings are free and self-defining persons. (This is what makes morality possible.) As employees, they have a right to an appropriate level of freedom in the execution of their jobs to enable them to *express* themselves through their work, to exercise their talents and their judgment, and to make the work their own.

**Rewards:** Persons who work have a right to a level of compensation that permit them to lead a decent human life in their community, and is fairly *rewards* them for the contribution they make to the organization in which they work.

**Success:** Persons responsible for organizing work and those actually engaged in doing the work both have a duty to see that the work is *successful* in achieving its legitimate objectives. This means that, while being mindful of moral constraints, they seek efficiency and optimal productivity and eliminate, as far as possible, laziness and all other forms of waste.

### The Business Ethics Course Animated by Catholic Social Thought

Assuming that the principles I have mentioned are a reasonable summary of the implications of the Catholic social tradition for business and management, how might they be integrated into a course on business ethics? And particularly how might such a course be structured and presented so that it is accessible to Catholics and non-Catholics alike? The answer is that it could probably be designed in a number of ways, but it seems to me that a business ethics course animated by Catholic social thought should probably include the following six elements.

First, it should include a consideration of the theories about business that dominate current discussions in the business disciplines. This means above all a discussion of the Economic Theory of the Firm and its premise that the overriding purpose of a business is to maximize the wealth of shareholders or owners. This theory necessarily instrumentalizes every other good that may be pursued by a business and puts it at the service of wealth maximization. While the creation of wealth is a good and noble achievement, wealth is itself merely an instrument for the attainment of other human goods. Students should be encouraged to see that businesses pursue and create wealth in order to facilitate the secure possession of these other goods.

Another theory is based on the mistaken assumption that managers are the legal agents of shareholders and are therefore legally obligated to make decisions for the primary benefit of these shareholders, i.e., the decisions shareholders may be presumed to make if they were in a position to do so. Coupled with the further assumption that shareholders always want nothing further than the maximization of their wealth, this theory constrains managers to instrumentalize other collaborators in the enterprise. A third theory posits that managers have neither competence nor standing to make decisions about the moral worthiness of their products and services. In other words, managers must restrict their judgment to technical questions such as whether a sufficient number of customers would be willing to buy the product, whether it is legal to sell, and whether the company can actually produce at a profit. Questions such as whether pornography, radar detectors, abortifacient drugs, or cheap handguns are good for customers and for the society are ruled out of bounds by this theory. Indeed, taking the three together (and these are quite commonly held views) there is little room left for ethical considerations, and even then they would appear to be quite foreign to sound business practice. Students need to see that such theories, while containing some elements of truth, are nevertheless seriously misleading.

Second, a course should include a discussion of the nature and importance of human work. This discussion should call attention to the objective and subjective dimensions of

work and place the integral development of the person in a position of primacy. People work not merely because they need to make a living, but because it fulfills them in a variety of ways. Managers, whose principal role is to organize the people and resources needed for work to become productive, must be attentive not only to accomplishing a certain set of tasks, but also to the impact of the work itself upon the persons doing the work. Recognition of the importance of this entails acknowledging both the critical role of management as well as its immense responsibility. For a variety of reasons, it is quite reasonable to conclude that managers can be genuine professionals (as authentically so as physicians, attorneys, priests, architects, and professors), and students can be alerted to the implications of this.

Third, a business ethics course should introduce the concept of common goods, both at the societal and organizational levels, and explore with students the implications of this idea. My colleague, Michael Naughton, points out that managers become distributors of justice in organizations, and therefore protectors of the common good of the organization. Furthermore, the idea of common goods provides a foundation for discussing whether businesses are merely loose associations of people (or the nexus of myriad contracts, as some scholars put it) or whether they can genuinely be communities. Pope John Paul and the Catholic social tradition insist that the more human associations are, the more they become communities that instantiate the real human good of friendship. Students can be fruitfully engaged in a discussion about how organizations can become communities (as well as what false forms of community ought to be avoided).

Fourth, the course should provide the basics of an adequate theoretical framework in ethics. Needless to say, it will avoid presenting students with a capsule history of competing ethical theories and instead offer a comprehensive and unified approach to the very practical business of decision making in organizations. My own very strong preference (reinforced the more I become familiar with it) is for the unapologetic presentation of the key elements of Classical Moral Philosophy. This means a discussion of the cardinal virtues as well as some treatment of natural law. This need not be done by compelling students to plow through Aristotle and Aquinas. The cardinal virtues lend themselves quite readily to application to business situations. Students can easily understand why practical wisdom is critical to commercial success, and why justice is indispensable. They are also well disposed to see the place of courage and discipline in a success business career. And I find that natural law concepts can be successfully introduced by focusing on questions about genuine human goods and by exploring the sorts of duties that managers have toward the principal collaborators in an enterprise.

Fifth, the course should bring the principles and insights of the Catholic tradition to bear on specific categories of problems likely to be encountered in business. This means, first of all, that students should be encouraged to see business not as a private project sealed off from the rest of society, but as a thoroughly interdependent element of what Pope John Paul calls "God's project." Though it is an association with limited objectives, it is still an integral part of the society. From one perspective we might quite profitably see a business as a set of managed partnerships, or collaborations. The collaborators may be thought of as stakeholders, and the rights of the stakeholders can be explored.

For a business, the most important (though not the only) stakeholders are employees, customers, shareholders and creditors, and communities. In many cases the Catholic moral and social traditions have some specific tools to offer for analyzing common issues. For example, with respect to the employee partnership, there is a fairly well-developed framework for considering questions of fairness in compensation, as well as a rich theory of authority and subsidiarity which can be applied to governance within an organization. With respect to the customer partnership, the tradition offers a sophisticated theory of fairness in pricing as well as tools to address questions about product development and genuine human needs (as distinct from wants). There are also resources for considering the relationship and obligations of a business to the communities in which it functions that go well beyond the rather superficial modern discussions of corporate social responsibility. On a broader level, we can also explore the implications of human dignity and justice (e.g., in the execution of contracts), as well as introduce particular conceptual tools, such as formal and material cooperation.

Sixth, and finally, a good business course ought to present and to demonstrate a proactive model for business decision making. By “proactive” here I mean one that is genuinely useful for guiding decisions before they are made, as opposed to one that is merely useful for evaluating past decisions. Such a model may incorporate on one way or another many of the ideas mentioned above but, since most questions in business are questions of justice, it should probably include some tools to identifying the rights and duties involved in a situation and evaluating their relative importance. Furthermore, the course should include a healthy element of practice in decision making. Cases that are crafted with an analytical model in mind, and that emerge from a framework that is clear about what is and is not a significant ethical question, will be critically important.

Much work remains to be done on this project, but it can be fruitful work. The resources that the Catholic moral tradition offers, including the elements of the Catholic social tradition are powerful and promising. Both business and society need them, and will be the richer for them.