

Anatomy of Corporate Spiritual and Social Awareness: The Case of Medtronic, Inc.

by

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Abstract

The authors of this paper first clarify spiritual and social awareness in organizational management by analogy with spiritual and social awareness in personal life. They then profile the managerial convictions and practices of Medtronic, Inc., a large American medical products firm, with attention to the main elements of spiritual and social awareness identified in the first part of the paper. In the concluding section, the authors offer some suggestions for other companies that might learn from the Medtronic case analysis.

It is important to note that there are specific differences between the trends of modern society and those of the past, even the recent past. Whereas at one time the decisive factor of production was the land, and later capital – understood as a total complex of the instruments of production – today the decisive factor is increasingly man himself, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization, as well as his ability to perceive the needs of others and to satisfy them.

Part I. Spiritual and Social Aspects of "Knowledge Work"

One of the most far-reaching insights in the literature of management over the past quarter century has been Peter Drucker's observation, congruent with John Paul II's point quoted above, that we are living in an "age of social transformation" in which the new economic order is based no longer on land, or on labor in manufacturing, but on the "knowledge worker."

Alongside this insight travels the corollary also observed by both Drucker and John Paul II that "only the organization can provide the basic community that knowledge workers need in order to be effective. Only the organization can convert the specialized knowledge of the knowledge worker into performance."

Departing from these two insights – the importance of the knowledge worker and the knowledge organization -- we wish to suggest that conscience – in the form of spiritual and social awareness -- is essential to both knowledge workers and their organizations in the future.

John Paul II, in the passage quoted, mentions as *decisive* the knowledge worker's "ability to perceive the needs of others and to satisfy them." Why, one might ask, should this emphasis be necessary? Why not simply assume that knowledge workers possess the ability in question? We think the answer lies in an occupational hazard of business life -- a hazard to which John Paul II is sensitive and which can steal meaning from both knowledge work and corporate purpose.

After exploring the main contours of this hazard, we will then apply these observations about spiritual and social awareness in *Part II* to a case that we have both come to know well – *Medtronic, Inc.* In *Part III*, we will generalize from the *Medtronic, Inc.* case.

A Hazard Confronting Knowledge Workers and their Organizations

Over the last quarter century, we have too-frequently seen knowledge workers and their organizations manifest dysfunctional behavior from Watergate to Whitewater -- and from the career crashes of inside-traders like Ivan Boesky and Martin Siegel to literal crashes, like that of NASA's space shuttle *Challenger*. We have seen some of the most reputable names in American business implicated in questionable behavior: General Electric, Sears, Roebuck, E. F. Hutton, H.J. Heinz, Prudential Insurance, and the list goes on to include companies in Europe and Asia as well.

Goodpaster has labeled this hazard *teleopathy* or *the unbalanced pursuit of goals and objectives*, and has identified its symptoms as fixation, rationalization, and detachment. We here recall by way of illustration the widely quoted *Parable of the Sadhu* in which an executive lost his sense of humanity on a Himalayan mountain-climbing expedition and left a man to die on the slope. We also recall with chagrin the comment of a former Managing Director of McKinsey & Company, who remarked about the kinds of professionals his company sought to hire: "The real competition out there isn't for clients, it's for people. . . And we look to hire people who are first, very smart; second, insecure

and thus driven by their insecurity; and third, competitive." *Teleopathy* afflicts organizations as well as individuals.

In 1997, Jon Krakauer described the consequences of teleopathy in his best seller *Into Thin Air*, a personal account of the Mt. Everest disaster. "To get this far," Krakauer wrote, "one had to have an uncommonly obdurate personality." Then he added:

Unfortunately, the sort of individual who is programmed to ignore personal distress and keep pushing for the top is frequently programmed to disregard signs of grave and imminent danger as well. This forms the nub of a dilemma that every Everest climber eventually comes up against: in order to succeed you must be exceedingly driven, but if you're too driven you're likely to die."

There are two principal ways in which *teleopathy* manifests itself in connection with knowledge work and knowledge organizations. The first has to do with limited attentiveness by knowledge workers *and* their organizations to their contribution to human flourishing. This is due to narrow specializations, fixating on parts rather than wholes and means rather than ends. We speak easily in business life of "goods and services," but too often the worker or work team is far-removed from whether the "goods" are good and the "services" really serve. Let us call this the "value contribution" problem.

The second manifestation of *teleopathy* is not so much about the "value contributed" by knowledge work as about the stakeholders affected by the work of the organization and the sharing of the "value contributed" as widely as possible within the human community. The problem here is fixation on stockholders or investors alone in the management of knowledge work. We will refer to this as the "social responsibility" problem. Both of these manifestations of teleopathy relate not only to the individual knowledge worker but also to the organization, at least to the extent that the organization has a unified culture.

The "Value Contribution" Problem. The first manifestation of *teleopathy* stems from a feature of knowledge work that is perhaps inevitable, namely its tendency to fix the attention of the worker and the organization on specialized strategic tasks without a more holistic reflection of the place of these tasks in a larger human context. Knowledge work has produced innovations in plastics without attention to biodegradability, in pesticides and pharmaceuticals without attention to the agricultural and medical infrastructures of less-developed markets, and in target marketing practices without attention to community impact.

Peter Drucker reminds us that we must ask the question "What *responsibility* does knowledge have? What are the responsibilities of the knowledge worker, and especially of a person with highly specialized knowledge?" John Paul II in *Centessimus* elaborates on Drucker's questions when he writes:

Of itself, an economic system does not possess criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality. Thus a great deal of educational and cultural work is urgently needed, including the education of consumers in the responsible use of their power of choice, the formation of a strong sense of responsibility among producers and among people in the mass media in particular, as well as the necessary intervention by public authorities. . .

We believe that the implications of this insight are significant. The "value contribution" problem must be solved by a shared vision (by workers *and* their managers) of the contribution of the enterprise to "new and higher forms of satisfying human needs." This idea may be implicit in a recent *Harvard Business Review* article by Bartlett and Goshal which concludes:

[S]enior managers must convert the contractual employees of an economic entity into committed members of a purposeful organization. Purpose—not strategy—is the reason an organization exists. Its definition and articulation must be management's first responsibility.

Knowledge workers and their organizations must ultimately come to own their "value contribution" by enlarging their perception to include the full humanity of their consumers (markets) and of themselves as producers. This enlarged perception is, we believe, a form of *spiritual* awareness. As Thomas Bausch recently wrote:

Fulfillment comes through service to a cause, an idea, a mission, or others external to ourselves; best a purpose with a transcendent character. Each of us has the right to the dignity that comes from a job with real purpose. The role of the leader is to create this purpose for the unskilled worker as well as for the highly skilled technical workers or the executives in the organization.

The "Social Responsibility" Problem. The second manifestation of *teleopathy* is related to the first, but on the surface it appears distinct. Even when knowledge workers and their organizations are clear about their true "value contributions," there remain the social needs that the division of labor leaves unmet. How are families and communities to flourish when knowledge workers and organizations focus effort only on their specific missions? Drucker puts the point this way:

We have to think through how to balance two apparently contradictory requirements. Organizations must competently perform the one social function for the sake of which they exist – the school to teach, the hospital to cure the sick, and the business to produce goods, services, or the capital to provide for the risks of the future. They can do so only if they single-mindedly concentrate on their specialized mission. But there is also society's need for these organizations to take social responsibility – to

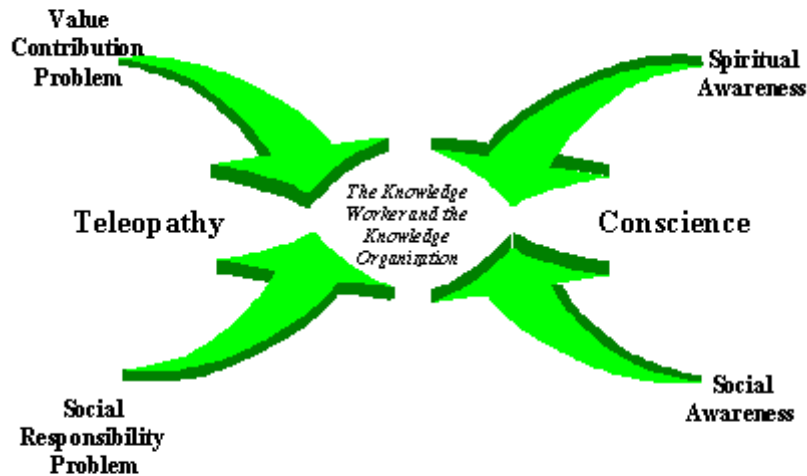
work on the problems and challenges of the community. Together these organizations are the community. The emergence of a strong, independent, capable social sector – neither public nor private sector – is thus a central need of the society of organizations. But by itself it is not enough – the organizations of both the public and the private sector must share the work.

Drucker recognizes the challenge facing knowledge workers and their organizations in relation to a "social sector," and he calls for a kind of perception that, by force of their circumstances, knowledge workers and organizational systems seem to lack.

It is our belief that the knowledge worker (and the knowledge organization) must not only avoid the "value contribution" problem, they must also avoid another kind of fixation that can blind them to their broader social responsibilities. To quote *Centessimus Annus* again:

The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business.

John Paul II's observations (responsive to Drucker's) suggest that if we are to avoid the *social* risks associated with a highly-specialized, knowledge-based society, we need to overcome a problem of *social* awareness in addition to the problem of *spiritual* awareness noted earlier. And we need to overcome this problem not only in relation to *individual* decision making, but also in relation to the decision making of *business firms* themselves.



Conscience as Spiritual and Social Awareness

Anthony DeMello, S.J. was a Jesuit priest-psychologist who needs no introduction in India. DeMello tells a charming story about an eager young disciple who went to the master and said, "Could you give me a word of wisdom? Could you tell me something that would guide me through my days?" Since it was the master's day of silence, he picked up a pad and wrote on it. It said, "Awareness." When the disciple saw it, he said, "This is too brief. Can you expand on it a bit?" So the master took back the pad and wrote, "Awareness, awareness, awareness." The disciple said, "Yes, but what does it mean?" The master took back the pad and wrote, "Awareness, awareness, awareness means -- awareness."

In a series of *New Yorker* articles that appeared 1977, political theorist and philosopher Hannah Arendt wrote about the "banality of evil," the utter *thoughtlessness* of wrongdoing, in contrast to our often dramatic preconceptions. The context of Arendt's remarks was her recollection of the mindset of Adolf Eichmann during his trial in Jerusalem in the early 1960s:

The question that imposed itself was, could the activity of thinking as such, the habit of examining whatever happens to come to pass or to attract attention, regardless of the results and the specific content of the activity, could this activity be among the conditions that make men abstain from evildoing, or even actually "condition" them against it? The very word "conscience," at any rate, points in that direction, insofar as it means

"to know with and by myself," a kind of knowledge that is actualized in every thinking process.

Arendt's idea — that evil resides in a kind of *thoughtlessness* — was rooted in her conviction that *thinking* (awareness) is the *key not only to our relationship to ourselves but to our relationships with others*. Arendt helped us to understand the meaning of psychological and moral integrity. But she also offered us a clue to the meaning of conscience in organizational leadership. It is an attitude that refuses to anesthetize our humanity in the face of what can sometimes be strong temptations to do so, as when people's lives are affected by organizational decisions in adverse ways. Arendt reminded us of our propensity to substitute counterfeits for conscience when she wrote:

Clichés, stock phrases, adherence to conventional, standardized codes of expression and conduct have the socially recognized function of protecting us against reality; that is, against the claim on our thinking attention which all events and facts make by virtue of their existence.

Joining Hannah Arendt's reflections on *thinking* with DeMello's on *awareness*, we come quickly to an understanding of the essence of conscience as an active, engaged, perspective on decision making that in no way allows itself to be co-opted by counterfeits. DeMello would have agreed wholeheartedly with Arendt's observation that "A life without thinking is quite possible, . . .but it is not fully alive. Unthinking men are like sleepwalkers."

Our conclusions in *Part I* of this discussion (depicted in the diagram above) are:

1. that in an age of knowledge workers and knowledge organizations, the avoidance of fixation, rationalization, and eventually a kind of social detachment is essential;
2. that avoiding these hazards calls for individual and organizational conscience, and
3. that this conscience is characterized by two kinds of awareness: *spiritual* (in response to the value-contribution problem) and *social* (in response to the social responsibility problem).

In *Part II*, we shall describe the practices of *Medtronic, Inc.* In *Part III*, we shall generalize, reflecting on the aspects of the Medtronic case that might apply to other companies.

Part II. The Case of Medtronic, Inc.

Medtronic, Inc. is the world's leading medical technology company in implantable and invasive therapies. It endeavors to restore lives through innovation in the manufacture and sale of products for heart arrhythmia and neurological disorders. Headquartered in Minneapolis, Minnesota, USA, the company's products and services are used in treating 1.5 million people each year in more than 120 countries. It employs nearly 14,000

employees. In January, 1998, *Fortune* magazine named Medtronic one of "the 100 best companies to work for in America."

It is our belief that the policies and practices of Medtronic illustrate in useful ways not only the phenomenon of knowledge workers in a knowledge organization, but the ways in which conscience – in the form of spiritual and social awareness – can mitigate the hazards identified in *Part I* as the value-contribution problem and the social responsibility problem. Medtronic from its earliest days has exemplified the observations in our earlier quotations from *Centessimus Annus*:

- that "the decisive factor" in modern capitalism is the knowledge worker and "his ability to perceive the needs of others and to satisfy them,"
- that "the purpose of a business firm is not simply to make a profit," but resides in "its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society," and
- that "profit is a regulator of the life of a business, but. . . *other human and moral factors* must also be considered which. . . are at least equally important for the life of a business."

Company Background and History – Earl Bakken. In 1931, Earl E. Bakken, as a boy, first saw the *Frankenstein* movies. In them, Dr. Frankenstein reanimates a creature using electricity. Since then, Bakken has had a continuing interest in the relationship of electricity to living things. In 1949, he left graduate school in electrical engineering and with his brother-in-law founded Medtronic to repair and sell medical electronic equipment. The company operated out of a garage for automobiles. Bakken reflects when as a boy, he was confirmed in his Lutheran church, his pastor explained that "science is neither good nor bad, but what's important is how it's used." He said "If I pursue a scientific career, I must use it for the benefit of humankind."

In 1957, physicians doing open heart surgery to repair childrens' hearts with a hole between the ventricles would often interrupt the intrinsic electrical conduction. In response to their request Bakken conceived of and built the world's first wearable pacemaker. This initiated an industry of implantation within the body of proactive, life saving electronic devices. Several years later, this evolved into a line of implantable devices, which are used by people of all ages and remain at the core of Medtronic's business.

The Medtronic Mission Statement. In the early 1960s, the company adopted a defining mission statement. It reads as follows:

- * To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life.

* To direct our growth in the areas of biomedical engineering where we display maximum strength and ability; to gather people and facilities that tend to augment these areas; to continuously build on these areas through education and knowledge assimilation; to avoid participation in areas where we cannot make unique and worthy contributions.

* To strive without reserve for the greatest possible reliability and quality in our products; to be the unsurpassed standard of comparison and to be recognized as a company of dedication, honesty, integrity, and service.

* To make a fair profit on current operations to meet our obligations, sustain our growth, and reach our goals.

* To recognize the personal worth of employees by providing an employment

framework that allows personal satisfaction in work accomplished, security, advancement opportunity, and means to share in the company's success.

* To maintain good citizenship as a company.

In an abbreviated form, this mission encompasses six ordered priorities: *1) contribution to human welfare; 2) focused growth; 3) unsurpassed quality; 4) fair profit; 5) the personal worth of employees; and 6) good citizenship in its communities.* Implicitly, these priorities anticipate the value-contribution and social responsibility problems mentioned earlier, and it is our belief that they manifest the kinds of awareness needed to avoid them. The first three of the six elements of the mission statement relate primarily to the value-contribution problem, highlighting the nature of the company's contribution, its technological focus, and the primacy of quality in the service of its key stakeholder: *the patient.* These three elements convey the company's *spiritual* awareness. The last three elements of the mission statement relate primarily to the social responsibility problem, conveying the company's *social* awareness. They highlight obligations to the investment community, the employee community, and the common good of each community in which the company does business.

Almost 35 years later, on the occasion of Bakken's retirement, the mission statement remained essentially unchanged. It is inscribed in a stone wall at the entrance of the corporate headquarters as evidence of its enduring centrality.

Spiritual Awareness: Value Contribution at Medtronic. Over its 50 years of existence, Medtronic's management has recognized the need for each of its employees through their work to serve the human community. The ways in which employees are encouraged to understand the profound way in which they touch the lives of those that wear or use the products they create and produce are numerous:

- The mission of the company in its human dimension is emphasized *repeatedly*;
- A large *mural* depicting restoration to health (a recumbent figure arising and moving forward in better health) is painted in a prominent place in the corporate complex (see color reproduction appended to this paper);
- Soon after employment, the chairman or president presents each employee with a *medallion* which depicts the "Rising Figure" mural on the front the company's mission on the reverse side (see *Figure 2*, below);
- Each year prior to Christmas, five or six patients, accompanied by their physicians, describe at a *holiday celebration* for employees how the efforts of those who work for Medtronic have changed their lives. Their sincere gratitude enhances the significance of employees' work. Bakken has said, "We want our employees to have the reward of seeing patients restored to health."
- Corporate headquarters and other facilities have a *meditation room* where workers can find a quiet moment removed from the stress of their jobs. The rooms have literature from the many religions practiced by the company's employees;
- Twice annually, 25 of the approximately 250 director-level executives in Medtronic gather together from around the world for a one-week *retreat*, "The Medtronic Leader," focused on the ethical challenges of leadership, the need for spiritual reflection, and the meaning of the Mission Statement. The Chief Executive Officer and the Chief Operating Officer speak to the participants each time, and one member of the company's Executive Committee attends for the entire week to help communicate company history, culture, and values.
- Bill George, the present chairman and chief executive officer (and a committed Christian) has frequently *witnessed* to the community by participating in an MBA class at St. Thomas's Graduate School of Business entitled *Spirituality and the Modern Manager*. George summarizes his attitudes toward spiritual awareness in the workplace: "The mission describes a 'standard of behavior' for the entire organization. It is about *having a sense of purpose and a set of values* which guide our everyday actions."
- Often the mission statement has played an integral part in decisions by management and the Board of Directors regarding acquisitions or divestitures.



Figure 2. Medtronic Medallion (beside U.S. "dime" for size comparison).

Social Awareness: Employee Compensation and Benefits at Medtronic. "We don't pay top dollar," said Janet Fiola, Senior Vice President for Human Resources. "People come looking for purpose, and our mission provides that. It helps initially to draw, to stabilize, and to retain our work force." She continued, "We have a very stringent hiring process. We thoroughly screen and have multiple interviews with multiple Medtronic people. We try to avoid people with egos and those who see making a lot of money as their primary goal. Competitors find it hard to hire away from us even with offers of significantly more compensation. Why? People are looking for more in life than money."

The loose-leaf binder that describes Medtronic's key policies, practices, compensation and benefits program starts with the Mission Statement. In addition to cash compensation, benefits include medical coverage, a dental plan, flexible spending accounts (used in the United States to set aside pre-tax dollars for an employee's portion of medical and dental premiums), salary continuation in the event of disability, life insurance, and retirement plans. There are also several plans that provide for employee ownership of the company's common stock.

- A Supplemental Retirement Plan allows an employee to contribute into a trust up to 12% of one's income. Medtronic will match, in shares of its stock, a minimum of \$.50 to a maximum of \$1.50 for each dollar contributed up to six percent of pay. The amount of contribution is based on annual published performance goals. The employee can invest the cash contribution in one or more of eleven alternatives managed by a large public mutual fund company.
- Annually, in an Employee Stock Ownership Plan (ESOP) Medtronic stock is allocated to an employee's account. The number of shares allocated is based on annual performance goals. The minimum allocation is two and one-half percent of an employee's annual earnings and the maximum four-percent. The stock allocated remains in trust until an employee leaves the company.
- An Employee Stock Purchase Plan allows purchase of Medtronic stock at a discount by contributing throughout the year two to ten percent of the employee's

earnings. At the end of the plan year, the employee may elect to take back the contributed money, purchase shares at 85 percent of the market value of the lesser of the price at the beginning or end of the year. In years of a rising market this has been a remarkable benefit.

These plans are aimed at supporting item five in Medtronic's Mission Statement – the belief that it is important for employees to share in the company's success. Currently, the average retirement account contains \$90,000, with all retirement accounts in the aggregate exceeding \$1 billion.

Social Awareness: Working Conditions and Employee Development at Medtronic.

Most employees work a thirty-seven and one-half hour week, are granted eight holidays and three personal days off. Vacations range from two to five weeks depending upon years of service. Employees are eligible for paid time off for personal or family illness and personal business up to four percent of hours worked. (Pay for time off after four percent is discretionary.) In keeping with John Paul II's reminder that alongside profits a business must also be "a *community of persons* who in various ways are endeavoring to satisfy their basic needs," Medtronic makes the following provisions:

- The company has contracted for the services of several professional organizations, which provide care for mildly ill children when parents need to work. Adoption assistance is available up to \$2,500 per child.
- There is a broad tuition aid program under which many employees pursue undergraduate or graduate degrees. There are also a limited number of scholarships to aid and encourage employees' children in their academic pursuits.
- The Medtronic Employee Assistance Program is designed to help employees and their families with personal counseling, individual development and conflict resolution. Assistance on a short-term basis is provided confidentially by a wide network of helping professionals external to the company.
- The Medtronic Activities Committee is a volunteer organization of employees who coordinate social and recreational activities including picnics, children's parties, sports teams, group travel and discount entertainment tickets.
- A Full Life program is intended to assist in developing and maintaining health and fitness and is focused on raising awareness of health risk factors.

It is the intention of the company that benefits be uniform throughout the company. However, variations of custom, tax law, and work group size result in some variation from locale to locale.

Social Awareness: Listening to Employees at Medtronic. Biannually, Medtronic surveys its employees worldwide to obtain an overall measure of employee satisfaction; to seek feedback regarding management, work environment and Medtronic as a whole;

and to provide a tool to assess progress and improve effectiveness. The last report was in March of 1997, which recorded 8985 responses to 122 questions from approximately 12,000 employees' worldwide.

The independent firm conducting the evaluation recommended that the company see as "strengths" those items for which 60% or more responded favorably combined and less than 20% responded unfavorably. Company "concerns" were defined as items for which less than 50% responded favorably and 25% or more responded unfavorably. A remarkable 92% of Medtronic employees reported a clear understanding of the company's mission.

Questions were asked regarding work and home/job stress:

* I have the flexibility that I need to balance work and home life.

[favorable
67%,
moderate
21%,
unfavorable
12%.]

* To what extent does job stress interfere with your personal life?

[favorable 55%, moderate 30%, unfavorable 15%.]

And questions were asked regarding senior management:

* Senior management demonstrates that employees are important to the success of the company.

[favorable 69%, moderate 22%, unfavorable
10%]

* Senior management has the leadership ability to deal with the challenges facing Medtronic.

[favorable 75%, moderate 20%, unfavorable 6%]

* Overall, how would you rate the job being done by Medtronic senior management?

[favorable 72%, moderate 22%, unfavorable 5%]

Social Awareness: Return to Investors. Medtronic's revenues for its fiscal year ending in 1997 were \$2.6 billion and its after tax profits \$594 million. In the United States among industrial companies, it ranks 80th in market value and 168th in profits. Approximately twenty percent of its after tax profits are paid as a common stock

dividend. For the last 10 years, its average annual rate of return to its investors has been 35 percent.

Social Awareness: Medtronic Contributing to the Community. Medtronic seeks to improve the conditions of communities globally both by locating its operations in developing markets, (thereby providing both products and employment) and by making contributions to the communities in which it already does business.

For over 25 years, Medtronic has had significant manufacturing operations in Puerto Rico. The loyal, productive work force there is considered by management to be a major human resource asset. And the company continues to expand its manufacturing and product distribution to less-developed markets. It is assembling, for the local market, oxygenators for open heart surgery in India and implantable pacemakers for implantation in the Peoples' Republic of China. Reductions in profit margins, but not quality, are acceptable to the company in these markets.

Over twenty years ago, Medtronic set out to structure a charitable giving program. These efforts are intended to take seriously the mandate within the Mission Statement: "To maintain good citizenship as a company."

The company cites reasons for creating a focused practice of community citizenship. "We believe it is Medtronic's ethical obligation to share profits and resources with people in need. As we experience business success, sharing that success with our communities is the right thing to do.... Besides financial means, Medtronic offers unique resources in the form of talented employees and breakthrough medical products." To illustrate this commitment:

- For the fiscal year ending April 30, 1998 total giving was \$10.5 million. This was split \$9 million in cash and \$1.3 million in product donations. The cash was divided by focus areas: education 37%, community 35% and health 28%. There were 515 individual grants, 86% of which were under \$20,000.
- More than 80 employees actively participated in the grant-making process. Employees may request a \$200 annual donation to organizations for which they give at least 40 volunteer hours. In 1998, 79 grants of this type were made. Also, 347 employee gifts to educational institutions, from kindergarten through graduate schools, were matched in the amount of \$377 thousand.
- In 1998, a new program, *Healthy Countries*, focused on health programs in Kenya, Mexico and parts of China and India. The thrust of the program is to fund programs that increase the capacity of the countries to meet their health needs. Included will be programs in health literacy and accessibility to care. The program will utilize Medtronic employees local to the countries involved.
- Product donations of \$1.3 million in pacemakers and equipment for cardiac surgery were primarily to organizations serving children in developing countries.

It is an effort to restore full-life to hundreds of children in communities most in need.

- Within the past year, Medtronic's chairman- CEO and vice chairman each made personal contributions in the amount of \$1million to Minneapolis *United Way* (a comprehensive array of charities local to the company's headquarters).



Conclusion to Part II. In our opinion, these practices of Medtronic demonstrate both spiritual and social awareness. Because the company addresses systematically both the value contribution problem and the social responsibility problem, it demonstrates, in John Paul II's words, that besides profit "*other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business."

Medtronic's practices have provided satisfaction in work, an opportunity for knowledge workers to serve others, and fair financial rewards to employees around the world. The company's culture is transnational, and for its employees, it affords Christian fulfillment in a large, publicly-owned, for-profit enterprise. Under such conditions, knowledge work is the work of the Spirit, as reflected in the *Catechism of the Catholic Church* (2428): "Everyone should be able to draw from work the means of providing for his life and that of his family, and of serving the human community."

Part III. Transferring the Medtronic Experience to Other Organizations

Not all companies are connected to the improvement of human life in the way that Medtronic is. And not all companies have the resources that Medtronic has to develop

employees and contribute to communities. But there are certain characteristics of the way that Medtronic seeks to institutionalize spiritual and social awareness that are, in our opinion, generalizable to many, if not all, knowledge worker organizations. In this concluding section, we will highlight those characteristics.

Goodpaster has identified three imperatives that companies serious about integrating ethical awareness into their operations should follow. He refers to them as *orienting*, *institutionalizing*, and *sustaining* corporate conscience. These imperatives, together with the two challenges or problems confronting knowledge workers and their organizations – the value contribution problem and the social responsibility problem offer a framework for *generalizing* the policies and practices illustrated by the *Medtronic, Inc.* case. While the specifics of any company’s responses to these challenges are bound to be different, *Figure 3* (below) depicts some of the features that they might have in common. All of these features presuppose a continuing leadership role of management, prevailing through successive CEOs with strong support and oversight from an independent, involved board of directors.

Conclusion. It has been our objective in this paper to take seriously the insights of Peter Drucker and John Paul II regarding the importance of the knowledge worker and the knowledge organization. We have built upon those insights – using *Medtronic* as a case in point – a set of recommendations that call for both spiritual and social awareness. Knowledge-based global business in the twenty-first century calls for attention to value contribution and social responsibility as never before. We can think of no more eloquent way to summarize this need than to quote from Stephen Carter’s recent book *Civility*, in which he reflects on the deep connection between spiritual and social awareness:

Our reconstruction of civility, and thus the salvation of our civilization, requires an appreciation of the transcendent – whether or not stated in explicitly religious terms. The task will require finding, and helping others to find, the silences in which we can catch our emotional breath and take our moral bearings, remembering, at peace what we owe, and to whom. . . and remembering that a part of our obligation is simple gratitude for the gifts of life and of our fellow humans. Sometimes the need is for a physical space in which to find peace, which is why it is so outrageous that most of our churches keep their doors closed most of the week – and why the last part of the local budget to be cut should be funding for libraries, museums, and parks, the places where we can share the silence with our fellow citizens.

<i>Corporate Conscience</i>	<i>Spiritual Awareness</i>	<i>Social Awareness</i>
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Contra: <i>Teleopathy</i>	Re: Value Contribution	Re: Social Responsibility
<i>ORIENTING</i>	<ul style="list-style-type: none"> • Defining the business in human terms: mission • Symbolizing value contribution (e.g., mural, medallion) • Emphasizing the mission to new employees 	<ul style="list-style-type: none"> • Identifying key stakeholders in addition to stockholders • Decisions to locate jobs and make product or service available to less advantaged markets
<i>INSTITUTIONALIZING</i>	<ul style="list-style-type: none"> • Regular celebrations of value contribution (e.g., holiday event) • Audits of employees on value contribution (e.g., regular employee survey) • Spaces and places for reflection on value contribution (e.g., meditation room) 	<ul style="list-style-type: none"> • Attention to employees' fair compensation, benefits, and working conditions • Audits of employees on social responsibility factors • Provision for employees' personal and family development
<i>SUSTAINING</i>	<ul style="list-style-type: none"> • Leadership development retreats to reinforce mission, values, and culture • Care in hiring and promotion decisions • Succession and acquisition planning with the mission in mind 	<ul style="list-style-type: none"> • Regular involvement of employees in community giving • Support of employees' education • Modeling by senior leaders of social responsibility