

# II

## THE CALLING OF BUSINESS

### *Fostering a Community of Work<sup>1</sup>*

*It is characteristic of work that it first and foremost unites people. In this consists its social power: the power to build a community. In the final analysis, both those who work and those who manage the means of production or who own them must in some way be united in this community.*

*John Paul II*

The relentless revelations of corruption within profit organizations such as Enron, WorldCom, Arthur Andersen, Tyco, Vivendi Universal and Parmalat, as well as non-profit organizations such as the United Way, the Red Cross and the Catholic Church have indicated that those who manage and govern such organizations have not attended to what John Paul II calls “the power to build a community.” They have either ignored or answered poorly an important set of questions regarding community: What holds us together? What do we share in common that brings us unity? What is the glue that binds us? Behind these

questions lie the perennial question of the many and the one— How do we fashion one people out of many? How do we get the many to act like one toward a good that includes yet goes beyond the collective many?

For those governing and managing corporations, whether profit or non-profit, these questions pose some fundamental challenges to their own self-understanding of work: Are they controlling a herd of interests in competition to the interests they represent? Or are they leading a community toward a good they can share in together? Or, put in another way, is a corporation a *life-style enclave* of individual interests, where each particular person serves his particular interests and uses others to get his “due”?<sup>2</sup> In such enclaves, the person’s concern for others is determined by their effect on his interests or “stake.” Or is a corporation a *community of work* where members are in the pursuit of goods in common that build real communions? A community of work is only authentic when it *serves* those outside it, which is the basis of *developing* those within it.<sup>3</sup>

If businesses are communities of work, can we move from this moral and social meaning of business to a spiritual and religious one and speak of a “calling” for the business enterprise itself? If so, what is the nature of this calling? Can one speak of a corporate or organizational calling? How can business be understood as an integral part of the comprehensive and general call of humanity to holiness? Or is business an area of life exempted from this sort of thing? What would it be called to be, do or become, that is, what vision, policies and practices might managers pursue, advocate and use if they accepted the idea that a given business enterprise was itself called? Is there a connection between the mission of an organization and its calling? What does the Catholic social tradition contribute to the view of the “business with a calling?”

This move to a more a theological understanding of the corporation may be appear to some as the beginning of a theocracy of the modern corporation. There is no doubt that such questions can lead to an abusive and inappropriate theologizing of the contemporary business organization; but such questions can also lead to a more honest appraisal For leaders of organizations, these questions, often unknowingly, are answered within particular philosophical and theological frameworks. We can see these frameworks come to light when explanations of human motivation, the nature of the person, the end of work, and the purpose of property/capital are put forward. In a modern liberal perspective these questions are often driven by a very practical question, especially as it relates to for-profit corporations:

*In whose interest is the corporation operated* or even more specifically “Who should receive the profits of industry?”<sup>4</sup> Within modern liberal economic life, these questions have been answered in one of two ways.

In the first view the corporation as a “society of shares” favors the *shareholder* as the central player in the corporation. Those who manage these assets do not have the power to choose among values. They manage resources in the service of the values of shareholders. Within this “society of shares,” this collection of capital goods, the firm serves as an exchange of outputs and inputs, where managers seek among the various uses of those goods to maximize returns for shareholders. Management is expected to discern the best means to achieve these returns, but they have no voice in the end for which they act. Here the firm is largely seen as a “governance mechanism.”<sup>5</sup> Management orders the resources of the firm toward the interests of shareholders, which under normal circumstances in the publicly traded firm is the maximization of shareholder wealth, creating what we might call maximizing mentalities.<sup>6</sup>

In the second view, the corporation as a “society of interests” favors a balanced mediation among various *stakeholders* within the corporation such as employees, customers, suppliers, the broader community and shareholders. One finds this perspective in profit as well as non-profit organizations. In their classic work on the corporation, Berle and Means argue that for profit corporations “the ‘control’ of the great corporations should develop into a purely *neutral technocracy*, balancing a variety of claims by various groups in the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity.”<sup>7</sup> Management is charged with balancing the competing interests of a variety of groups that participate in corporations. While there are various types of interests in the corporation, for the most part interests are understood in terms of external goods such as monetary wealth. Here the firm is largely seen as an “equilibrating mechanism.” Management arbitrates the conflicting claims and interests of the multiple stakeholders in the firm keeping the firm “in balance” which is seen as the optimum state of the firm, creating what we might call balancing or procedural mentalities.

These two visions of the corporation are largely what liberalism has given us. While they answer the question “who gets the profits” differently, they share several presuppositions, but one in particular for this section of the book is of particular interest. Both view the corporation as an aggregate of material assets for the benefits of either the

shareholder or the various stakeholders associated with the business. In other words, the business organization is largely understood as a material/instrumental reality. When the first question for a business is *In whose interest is the corporation operated?* it will be rather difficult to move out of an individualistic and material worldview.

Catholic social thought starts with a different question for the modern corporation. Its first question *Is the corporation a community of persons?* which assumes a communitarian and ultimately a theological worldview. The question is not such much about whose interests are to be maximized, but what kind of relationships ought to be fostered. This worldview, which is shared by other religious traditions and perspectives, sets up a direct challenge to the material and individualistic worldview of liberalism which tends to seek autonomy rather than community. Such materialism and individualism denies the fundamental premises of the Christian faith, which cannot authentically guide the decisions of people in a third or more of their waking hours.

Many people, and especially businesspeople, are uncomfortable speaking in theological categories about their organizations. This is understandable especially since theological categories are so often misunderstood in a pluralistic environment. Businesspeople have to speak in an accessible language for the people in their organization. But what too often happens is that businesspeople assimilate a language and thought process that is antithetical to their religious tradition. What the following essays help the businessperson to do is to explore some of these foundational questions as well as begin to explore what a corporation begins to look like when it takes seriously its call to be an authentic community of work. Of course it is not the corporation that acts upon this call, but the individuals within it. But individuals need to act in an institutional manner through policies, systems, processes, etc. that move the organization as a whole toward this community of work. If the calling of the individuals within business are to thrive, there needs to be a culture that fosters the conditions and structures that allow such individuals to act upon their vocation.

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<sup>1</sup> Material from this section was taken from a forthcoming article I wrote, *The Corporation as a Community of Work: Understanding the Firm Within the Catholic Social Tradition*, 4 *Ave Maria L. Rev.* \_\_\_ (2006).

<sup>2</sup> Robert Bellah, et al., *Habits of the Heart* (Berkeley: University of California Press, 1985), 72.

<sup>3</sup> Philip J. Chmielewski, *Bettering Our Condition* (New York: Peter Lang, 1992), 188.

<sup>4</sup> Adolph A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property* (New York: Macmillan, 1932; rev. ed. New York: Harcourt, Brace and World, 1967), 293.

<sup>5</sup> S. Ramakrishna Velamuri, "Entrepreneurship, Altruism, and the Good Society," *Business Ethics Quarterly*, The Ruffin Series No. 3 (2002): 47.

<sup>6</sup> For a classic example of this kind of maximizing mentality as it relates to executive compensation, see Michael C. Jensen and Kevin J. Murphy, "CEO Incentives—It's Not How Much You Pay, But How," *Harvard Business Review* (May-June 1990): 138-153.

<sup>7</sup> Berle and Means, *The Modern Corporation*, 312-13.