Rationale for a Proposal to the Pontifical Council for Justice and Peace to develop a document on “Catholic Social Principles for Business Professionals and Business Educators”

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In the last several years, a wide variety of organizations have developed principles for business and business education (UN Social Compact, Caux Principles, Sullivan Principles, etc.). The Church can learn from such organizations and from their experience in communicating ideas to a larger public. The Church, however, has at least two unique resources that would enable it to help shape the growing awareness of the moral and social responsibility of business. The first is the Church’s social tradition itself, in which the Church has engaged business theory and practice and articulated relevant social principles. The second resource is the extensive global network of business educators and business practitioner groups. If the Pontifical Council were to articulate a coherent set of social principles governing business practice that arise from the Catholic social tradition these groups could be brought into fruitful dialogue and collaboration.

The following essay is a proposal to the Pontifical Council for Justice and Peace to articulate in a rich and accessible fashion “Catholic social principles for business professionals and business educators.” An important mandate of the Pontifical Council is to “deepen the social doctrine of the Church and attempt to make it widely known and applied, both by individuals and communities, especially as regards relations between workers and employers.” We believe that a brief (not more than 10 pages or 5,000 words) and engaging explication of Catholic social principles for business leaders and their educators can serve as an effective form of evangelization to help the business and educational community live out its vocation. As business becomes an increasingly dominant force in society, the Church needs to find more effective and accessible ways to engage present and future business leaders with her social teachings. The two principal audiences for this document are Catholic businesspeople and Catholic educators, especially those at Catholic universities.

The need for such a document can be articulated on several levels:

1. **To Counter the Challenge of Abstraction:** As important and as rich as the Catholic social tradition is, its principles have not been effectively communicated to the business community. Because of their universal applicability the social principles of the Church tend to be perceived as abstract. Many people are at a loss as to how to translate their implications institutionally. Consequently, many business people as well as educators within Catholic universities consider them to be of little assistance in day-to-day business, and in the curriculum, research, and life of the university. This lack of translation deprives the principles of their explanatory and analytical power. Moreover, businesspeople might also perceive a certain type of static normative instruction as alien to their innovative spirit. There is a tremendous need and opportunity to translate the Church’s principles for today’s business world. Creating a document which would bridge this deficit by locating the Catholic social principles within the experience of business could serve as a further distillation of the *Compendium* by providing a summary of the Church’s social teaching on business. It may also serve as a conduit to invite more businesspeople and
educators to read and study the *Compendium* and other Church documents by making more explicit the wisdom of the Catholic social tradition for business.

2. **To Rectify Ignoring One’s Tradition:** Catholic business schools have not engaged the Catholic social tradition in relation to business nearly thoroughly enough. Instead, they have largely drawn upon secular ethical traditions such as utilitarianism, Kantianism, and other secular systems to understand the role of ethics in business. Benedict XVI in *Caritas in veritate* invites us to close that conceptual gap. He systematically addressed business issues from a Catholic social perspective. He critically claims that business ethics severed from a theological anthropology “risks becoming subservient to existing economic and financial systems rather than correcting their dysfunctional aspects.” It is important for Catholic universities to reconsider also their own tradition and discuss it in the context of other approaches; otherwise, the tradition will fail to both develop in a robust manner and contribute to the wider culture.

3. **To Improve a Renewed Understanding of Business:** Recently, Benedict XVI has argued that what is required in today’s economy is “a profoundly new way of understanding the business enterprise.” He explains that the economic world is in need of rediscovering deeply moral and spiritual principles which will orient us toward better, more effective, more humane business practices. Catholic social principles can serve as one expression to begin to articulate this new understanding. In light of the ongoing financial and cultural crises we find ourselves in, it is an opportune time to articulate such a set of principles.

Such a document can be used in several ways:

1. **As a Convening Tool:** Using a version of the principles articulated below, the Pontifical Council could engage the Catholic business community and the Catholic business educational community (universities, centers, institutes, consortiums, and others) in a vigorous conversation on these principles and their implications for practice and education. The Church is always in need of greater collaboration with itself, and specifically among Catholic universities worldwide (approximately 1000 institutions), Catholic business associations, and the universal Church.

2. **As an Assessment Tool:** Such a document could be used to assess the mission and identity of Catholic business schools as well as inform businesspeople on the kind of business they want. As business becomes a more global phenomenon, and as Catholic universities wrestle with their own mission and identity, a set of guiding principles grounded in the teachings, thought, and practice of the Catholic social tradition could both contribute to the deeper vocation of business and to the renewal of the Catholic university.

3. **As a Teaching Tool:** The Pontifical Council publishes documents drawing upon “the social teaching of the Church in formulating pertinent ethical principles and guidelines.” Because of the brevity of the document, it can further the purpose of the Council’s publications by spreading the “knowledge of the social teaching of the Church, especially among those who can in turn make it known directly or indirectly to others.” This especially includes Catholic business schools and Catholic business movements. Because of the global character of business, the Pontifical Council sits in a unique position to articulate global principles for business and business educators informed by the Catholic social tradition. Its unique placement in the hierarchy of the Church gives it a visible and possibly one of the most effective voices in teaching global business leaders and educators the social principles of the Church. This position
of the Council would provide immense help to business educators and practitioners who are working to promote the social doctrine of the Church.

4. **As a Research tool:** This document might inspire the emergence of research programs among Catholic (and non Catholic) universities and business schools; they may also stimulate a discussion among business people and researchers what these research programs should look like. Research is at the very core of a university and business school activity. It also marks the direction in which these organizations are going to develop. Research programs are value based in a distinctive way: it is a certain vision of man and society, which is constantly inspiring their arrangement. Therefore the document wants to help the Pontifical Council to address research programs in business.
Catholic Social Principles
for Business Professionals and Business Educators

Introduction

1. The potential for individual businesses and a properly organized system of markets and free exchange to contribute to the flourishing and integral development of human persons has never been greater than it is in our own time. In their best effects, the “new things” in the economic dimension that have emerged in the last two centuries have improved the lives of untold millions of people and hold open the possibility that hundreds of millions more may yet be freed from the prison of poverty. Recognizing this potential, and yearning for a better life for everyone, the Church is moved to offer guidance, support and encouragement to the entrepreneurs and managers responsible for the operations of business and commerce as well as to those who educate them for their professional roles.

2. While Catholic thinkers have long explored economic issues and made significant theoretical and practical contributions to this sphere of social life, the Church makes no claim to be an expert in economics. Instead, as an expert in humanity, it seeks to offer to business professionals and educators a vision of what business and commerce may be when they realize their potential to serve human flourishing. Its insights are rooted in a distinctive conception of the human person as well as in lessons learned from two millennia of experience managing a global organization.

3. The Church acknowledges, nevertheless, that the mission of bringing the Gospel to the world of work and concretely shaping business and commerce as instruments of human development belongs to the laity. It is to the men and women who, as members of the Church and followers of Christ, labor in this world that our remarks are offered.

I. The Good that Business May Do

4. In the modern world, healthy businesses and the organized system of markets and free exchange that we call commerce are indispensable components of a well-ordered society. When individual businesses and the system of commerce function well, they make an irreplaceable contribution to the material and personal well-being of the persons who participate in them.

5. When business and commerce are well ordered, a variety of benefits accrue to individuals. Customers receive goods and services at fair prices, employees engage in good work and earn a livelihood for themselves and their families, investors can support worthwhile projects with their money and safely earn a reasonable fair return. Communities can see their common resources put to good use.

6. But business and commerce may also do much more. A global system of commerce, of markets and free exchange, if it is well-organized and functions properly, promotes harmony
and healthy interdependence among people of different nations. It is a vehicle of cultural engagement and a promoter of peace.

7. When they are managed well, individual businesses actively support the development of a variety of personal virtues, such as solidarity (manifested as a desire to serve the well-being of others), practical wisdom, justice, discipline, and many others. While the family is the first school of society, businesses continue the education of persons in virtue, especially young men and women who, emerging from their families, seek their own place in society.

8. All of these benefits compel the Church to take a lively interest in business and commerce. Where they succeed, human lives can be significantly improved; but where they fail, great harms can result. Without guiding principles and virtuous leaders, businesses can be places where expediency trumps justice, where power corrupts wisdom, where technical instruments are detached from human dignity, and where self-interest marginalizes the common good.

II. The Vocation of the Businessperson

9. Business and commerce cannot achieve their real goals—they cannot do the good they are capable of doing—unless they are well-ordered, well-balanced, and properly integrated within the society. And these conditions cannot be achieved unless businesses and the system of commerce are led by men and women who themselves lead integrated lives.

10. Business and commerce certainly have the potential to be a force for great good in any society but there are numerous obstacles that may stand in the way of realizing this potential. Some of these obstacles are external, such as the absence of the rule of law, destructive competition or a civil culture hostile to a well-ordered commerce. Others are internal, such as disorganization or laziness. But chief among the internal obstacles is the peril of a divided life, which may result in a person torn between service to God and neighbor and a distorted focus on the accumulation of money or fame.

11. The divided life leads business professionals to be forgetful about the transcendent dignity of every person, to lack faith in Providence (and so to place excessive confidence in material resources), to value status and temporary acclaim over lasting accomplishment, and in general to lose the ability to judge well. They may be tempted, whether from greed or anxiety, by the desire merely to accumulate profits and to reduce the purpose of business to maximizing shareholder wealth. In this way, the good that business and commerce may do, for individuals and for society, can be diminished or even perverted.

12. In this regard, the Church remains mindful of the words of Jesus himself, “No one can be the slave of two masters. He will either hate the first and love the second or be attached to the first and despise the second. You cannot love both God and money” (Mt 6:24). Augustine first spoke of this as the problem of the “divided will.” The Second Vatican Council also took up this theme, noting that the “split between the faith which many profess and their daily lives deserves to be counted among the more serious errors of our age.”
13. At the heart of the vocation of the person, including the businessperson is caritas, charity, which Benedict defines as “love received and given.” This love that is first received by God’s grace and then given through one’s actions and work gives one the ability to overcome the “divided will” and to live with integrity.

14. The most profound call and God-like motivation for action in the world is charity. To act out of charity is to act for the good, the well-being, of another person, to see that other person principally as an end to be respected and served, not merely as a means to be used. We are moved to act out of charity from our love for God and from our recognition that the gift of God’s merciful love has provided us with everything we have. Our talents, our skills, our possessions, our resources, our very lives are gifts from God. We have what we have in order to pursue our own fulfillment but also to accept and to give of ourselves to live out our vocations.

15. As we are the beneficiaries of God’s free gifts, our posture toward other persons should be first of all to see them as potential beneficiaries of our actions. This is not to suggest that our interactions with others cannot be mutually beneficial but rather to point out that there is a profound difference between seeing other people first as instruments in service of our personal objectives and seeing them first as occasions for service.

16. This vocation of love, this logic of gift stands in contrast with the logic of career or efficiency or destructive competition that often shapes business interactions. The logic of the zero-sum assumes scarcity and makes us anxious about the consequences of failure. We tend to see others as competitors for scarce resources and fear that if one “wins” another must “lose.” The logic of gift, however, is rooted in confidence that the creator is a God of abundance and that others are not so much our enemies, with whom we must contend for scarce goods, as they are potential collaborators in making creation ever more fruitful. At the very least, they are persons with needs, the satisfaction of which can and ought to be mutually rewarding.

III. The Catholic Social Tradition and its Principles

17. This vocation of love, this logic of gift within business has emerged in a social tradition developed in a living community of reflection and action. This tradition has grown from a complementary relationship among authoritative teachers (Catholic social teachings), insightful scholars (Catholic social thought), and effective and principled practitioners (Catholic social practice). It is a tradition constantly developing, purifying, and readjusting itself as it seeks to discern the good in social life.

18. An important part of this tradition for business and commerce has been an articulation of fundamental concepts and the practical principles or guidelines that follow from them. The concepts express a vision of who the human person is and what human flourishing can be in the business community. We have organized these ideas as “first order concepts” and as more concrete convictions about and principles for business and commerce.
1. First Order Concepts about Person and Society: Human Dignity and the Common Good

19. At the very foundation of the Church’s social tradition is the conviction that each person, regardless of age, condition or ability, is an image of God and so endowed with an irreducible dignity, or value. Each person is an end in himself, never merely an instrument valued only for its utility—a who, not a what; a someone, not a something.\(^4\)

20. This dignity is inherent, a quality possessed simply by virtue of being human. It is never an achievement, nor a gift from any human authority, nor can it be lost, forfeited, or justly taken away.

21. Human dignity commands respect, which means that each person has the right—indeed the obligation—to pursue his vocation and his personal fulfillment as an image of God. In turn, this also entails that each of us has a duty to avoid actions that impede the flourishing of others and, where possible, a duty to promote that flourishing, for “we are all really responsible for all.”\(^5\)

22. More specifically, we human persons image our creator in our capacities to reason and to choose freely as well as in our social nature. Human flourishing, therefore, always involves reasoning well, choosing freely in accord with reason and living in society. Indeed, it is only in society that a person can fully develop as a human being. That is, only in society, only in community with others, can we genuinely develop in capability, in virtue and in holiness.

23. To be sure, because each person has a transcendent destiny to share forever in the life of God, earthly flourishing will never be complete but this does not mean that it is unimportant. On the contrary, not only is earthly flourishing an important element of a good human life, the lack of material resources and the mundane ingredients of a good life are often obstacles to or distractions from the pursuit of holiness.

24. The social nature of human persons, imaging the community that is the Trinity, points to another foundational concept, which is the notion of common good.

25. The common good of a civil society, given its classic definition by Pope John XXIII, is the sum of “all those social conditions, which favor the full development of human personality.”\(^6\) The common good, therefore, is not an end in itself but is instead a set of means and conditions which makes it possible for all of the members of a society to pursue their well-being successfully. Because of the sinfulness of human beings, no society perfectly implements the common good; it is always a work in progress, needing to be sustained, defended and improved. Centuries ago, when different parts of the human race were isolated from one another, it was possible to speak of the common good of a nation or a region. In the modern world, while individual nations do indeed have a common good, the common goods of nations must be subordinated to the universal common good of humankind.

26. While business and commerce may not directly promote the transcendent destiny of human persons, they perform the crucial and irreplaceable functions of creating, assembling and
justly distributing many of the components of a good human life. Properly speaking, they do this well when their activities are oriented toward and fully respectful of the dignity of persons as ends in themselves who are intelligent, free, and social.

27. Furthermore, though we commonly speak of private enterprise, business and commerce are not merely private activities. Successful businesses and markets depend upon any number of contributions from the larger society. From courts to enforce contracts and regulations to police and fire services (for example) to protect property, from sound currencies and fiscal policies to critical transportation and communication infrastructures, businesses simply cannot operate effectively outside the structures of a good society. And it is not only upon government that business depends. It also requires a healthy cultural dimension, which educates the young, develops them in skill and virtue, and prepares them for employment.

28. By the same token, business activities, especially in the developed world, have an enormous impact on the larger society. To benefit justly and properly from the resources society makes available, these business and commercial activities must be conducted so as to respect and sustain the common good.

29. Business contributes to the common good in various ways but it also directly supports the well-being of members of the society when it properly performs its key functions. At the very least, businesses must carefully avoid any actions that undermine the common good, whether considered locally or globally. More positively, businesses should actively seek ways, within their competence, to advance the common good.

2. Principles about Business and Commerce

30. Respect for human dignity and the common good are broad concepts that should inform the way in which we organize the labor and resources that create a business and that are employed in a system of commerce. The deep and abiding purpose of individual businesses and commercial systems is to address real human needs, which is to say the relevant needs of everyone who is served in some way by a business. More specifically, there are three broad objectives to be served:

- to organize good and productive work (The Priority of the Worker);
- to address genuine human needs through the production of goods and services (The Posture of Service);
- to use resources to create and to share wealth and prosperity (The Creation and Distribution of Wealth and Prosperity).

31. The following three principles, drawn from the Church’s social tradition, speak to these broad objectives and provide more specific guidance for business and its decision-makers. Together, they offer a profound moral and spiritual basis for business and commerce that honors the inherent human dignity of all people and that builds up the common good of society. On another level, they define the vocation of the Christian business person and shape the perspective of a true business professional.
The Priority of the Worker: Respecting the Dignity of Work

32. Human work constitutes one of the fundamental dimensions of earthly existence and of personal vocation precisely because work allows people to exercise their gifts to serve others. The dignity of human work expresses itself in a professional ethos, which transcends the economic utility created and reflects its irreducible value. Every business decision must be judged in light of whether it protects or undermines human dignity, and whether it enables people to develop or impedes that development. In the Catholic social tradition business and commerce are rightly judged “by what [they] do for and to people and by how [they] permit all to participate.” Pope John XXIII wrote that “If the whole structure and organization of an economic system is such as to compromise human dignity, to lessen a man’s sense of responsibility or rob him of an opportunity for exercising personal initiative, then such a system . . . is altogether unjust—no matter how much wealth it produces, or how justly and equitably such wealth is distributed.”

33. A business is first and foremost a means of organizing human work. Through work people change objects and systems. They exercise the original command to have dominion over the earth by producing goods and services. Yet work has more than this objective capacity. It concerns more than goods and services. The worker, the subject of work, is also affected by his or her work; whether executive, supervisor, engineer or tradesman, the work changes the world and the worker. Because work changes people, it has the potential either to enhance or to suppress the dignity of those who work. This is why “the sources of the dignity of work are to be sought primarily in the subjective dimension, not in the objective one.”

34. Recognizing the dignity of work has a number of important implications. It suggests that “work is ‘for man’ and not man ‘for work.’” This means that work must be designed for the capacities and qualities of human beings, not requiring that persons adapt to the work as if they were machines. Good work gives scope for the intelligence and freedom of workers, its context promotes social relationships and real collaboration, and it does not diminish the health and physical well-being of the worker. Furthermore, good work is directed, however remotely, toward satisfying genuine human needs so that the worker, while providing for himself and his family, also serves the flourishing of others. Finally, good work is sufficiently well organized and managed to be productive so that the worker can indeed earn his living.

35. When business professionals take seriously the dignity of the workers and the work they do, they should seek to build relationships among the employees so that the business becomes “a genuine community of persons.” Such a community replaces the spiritual poverty that arises in market economies because of the lack of human relationships within and around business. A true community of work exists where a group of people freely collaborate to achieve shared goals and where the success of the organization is premised on serving those within the larger society. A community of work reveals to us that when we are at our best, the bonds that hold us in association with one another are not merely arbitrary contracts or mutual self-interests but commitments to real goods shared between employees, customers, suppliers, investors, society, and, ultimately, God. Such bonds contribute to better businesses and better lives.
36. A significant challenge to the principle of a community of persons is the commonly accepted paradigm that sees business as a society of capital goods, an impersonal association of utility maximizing individuals. But such associations tend to be brittle and short-lived. A firm which is a true community of work can order the economic pressures of a market economy properly and can adapt more effectively, so that it can serve to develop people and society in the face of shifting pressures and conditions.

37. Some of the guidelines that follow from these convictions about workers and work for business professionals are:

   a. Jobs should be designed so that they are proportioned to the human beings doing the work and, as far as possible, draw upon the full talents and skills of the workers.
   b. Opportunities for training and development should be provided for all employees who wish to pursue them, not just managers and executives.
   c. The participation of employees in decision making, especially concerning decisions that relate directly to their work, should be encouraged.
   d. Structures and practices should be developed that encourage all employees to commit themselves to the shared goals of the business and promote the development of a true community of work.
   e. Working conditions and hours should be somewhat flexible to reflect the fact that many employees also bear personal responsibility for others, like spouses, children, parents, and neighbors.
   f. In the international realm, attention should be given to rules and practices that protect the human dignity of all workers, even those indirectly employed, and that contribute to the sound development of communities hosting its operations.

The Posture of Service: Meeting the Needs of the World

38. The most enduring and successful businesses identify and seek to address genuine human needs and to do so at a level of excellence. They expect to be compensated for the goods and services they provide and rightly so, for they act in a marketplace. However, their first objective is to satisfy the need of the customer, for which satisfaction the customer freely exchanges something of value. The customer is not a contender for a scarce resource but a partner in an exchange in which both parties benefit.

39. Human persons are collaborators with God in the unfolding of the created order, one object of which is the satisfaction of human needs. The goods and services that businesses produce are rightly aimed at authentic human needs, which include not only those things that preserve life but also anything that genuinely contributes to human development and fulfillment. The infrastructure necessary for an ordered society that fosters the development of its members will entail a multitude of products and services, including bolts, tables, tax collection, hinges, chairs, steel, waste removal, plastic, roads, as well as pacemakers, microfinance, education, social investing, fair trade products, health care, affordable housing, and so forth.
40. Needs, however, ought to be contrasted with mere wants, which call forth things that satisfy a desire but contribute nothing to human well-being and may even, as in the case of non-therapeutic drugs, pornography, violent video games, and speculative financial instruments, attack it.

41. Mention should also be made of the importance of identifying, in a spirit of charity, the real needs of the poor and the vulnerable, which often are overlooked in a marketplace driven by profit. The Christian business professional will be alert for opportunities to serve these otherwise underserved populations and to see this as a proper social responsibility of business.

42. The many earthly dimensions of human flourishing invite the full range of creativity and innovation of the entrepreneur. Indeed, good businesses do not merely produce what has been produced before but often, as in the arena of medicine, credit, food production, and so on, invent and create entirely new ways of meeting human needs. They also incrementally improve their products and services, which improve the quality of people’s lives. To encourage creativity and to assume great risks in the pursuit of new goods and services is promoted by the posture of service.

43. Some of the guidelines that follow from these convictions about service are:
   a. A business should always seek to provide a safe product at a fair price.
   b. A business should foster responsible consumption of its own product and service.
   c. A business should marshal the imagination and creativity of its employees to improve existing products and to create new ways of addressing genuine human needs.
   d. A business should make every reasonable effort to take responsibility for externalities and unintended consequences of its activities, especially environmental damage, harmful effects on suppliers and subcontractors, communities, and others who may be involved. It should provide transparent information concerning these activities and should be prepared to explain its decisions to an interested public.
   e. A business should ensure fair treatment of suppliers which would allow them to meet their own responsibilities toward their employees.

The Creation and Sharing of Wealth: Making Communities Prosperous

44. As Scripture teaches, good stewards are creative and productive with the resources that have been placed in their care. Entrepreneurs rightly exercise their creativity to organize the talents and energies of labor and to assemble capital and other resources from the earth’s abundance to produce goods and services that make the world a better place. When this is done effectively jobs are created, profit is realized, wealth is returned to investors and the prosperity of the community is increased. This is why “the church acknowledges the legitimate role of profit as an indication that a business is functioning well. When a firm makes a profit, this means that productivity factors have been properly employed and corresponding human needs have been duly satisfied.” A profitable business makes an irreplaceable contribution to the common good of a society by creating wealth and
promoting prosperity. It does this by ensuring a fair distribution of rewards through just wages, fair prices (to customers and suppliers) and fair returns on investment.

45. Business professionals act as good stewards of their companies when they continually improve the efficiency of their operations by reducing waste and costs. Unfortunately, many businesses and scholars view this stewardship in a reductionistic and narrow fashion. Wealth is not merely an accumulation of money. True wealth is an abundance of the material resources required for a good human life. A society is prosperous when it possesses such an abundance and makes it possible for everyone to earn a fair share of it.

46. The Christian tradition rejects the reduction of business purpose to shareholder wealth maximization.\textsuperscript{16} While profitability is the first indicator of organizational health, it is neither the only one, nor the most important measure by which business should be judged.\textsuperscript{17} Profit is necessary to sustain a business; however, “once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty.”\textsuperscript{18} Fortunately, many entrepreneurs, family businesses, cooperatives, and other forms of organizations provide concrete models of how to order profit as a means to the common good rather than as the sole objective of business operations. As good stewards of their resources, they both create discipline processes of continuous improvement in productivity and quality, and order their productive and profitable actions toward the common good.

47. Some of the guidelines that follow from these convictions about wealth and prosperity are:
   a. Businesses should regard profit as the rightful consequence of managing their activities well and as a necessary means of continuing their operations, not as the sole objective and measure of success.
   b. As creators of wealth and prosperity, businesses and their leaders must find ways to provide a just distribution to employees (just compensation), customers (fair prices), owners (fair returns), suppliers (fair prices), and the community (fair tax rates).
   c. Businesses should make every effort to reduce or eliminate waste in every aspect of their operations.
   d. When possible, businesses should invest in the social flourishing of a community.
   e. Engaging in education and the formation of human persons also contributes to a sound social environment. This holds especially true in a context of host countries where miserable social conditions threaten the human fulfillment of persons.

**IV. The Importance of Practical Wisdom and Justice for Business Professionals**

48. There are other themes and convictions of the Catholic social tradition that are relevant to business and organizational life: solidarity with the poor, care for the earth, the right to association, and primacy of the family are such examples. The list that we have discussed in this document is not meant to be comprehensive but rather to suggest some important concrete applications of the tradition to the context of business and commerce.

49. Taken together, the insights of the Catholic social tradition can help to illuminate the moral and spiritual dimensions of organizational life. They can open leaders to new (and renewed)
forms of effective action. They are not intended as moral abstractions or policy checklists; rather, they remind us that business professionals are called to do great things in their work.

50. As important as these principles are to organizational life, however, we should not ask more from them than they can deliver. No set of principles can be sufficiently comprehensive to prescribe the actions entrepreneurs and managers ought to take in every imaginable situation. General guidelines cannot replace virtues, those life-enhancing habits and qualities of character that are essential to any professional. Two very important virtues for the business professional are practical wisdom and justice. There is, in the concrete, no substitute for sound judgment and right relationships. Principles and guidelines do not give us detailed instructions about the best response to the concrete situations of daily work. They do not provide blueprints or technical solutions, nor are they meant to do so. They indicate a direction but to shape a sound response in particular cases we need to rely upon the experience and judgment of professionals.

Practical Wisdom

51. Developed societies depend upon professionals, men and women in various arenas of action who exercise sound practical judgment and who are committed to a set of moral principles. Professionals function in society in a context of trust and responsibility. They require a great deal of freedom of action if they are to exercise their judgment effectively but this freedom only exists to the degree that they are trusted in the community. This trust is called forth by a commitment to professional responsibility and withdrawn when that commitment is not honored.

52. Given the unprecedented importance of businesses and commerce to modern societies, it is imperative that entrepreneurs and managers be as professional as possible in their behavior and as integrated as possible in their lives. Businesses have a variety of duties, of action and avoidance, to the members of the community with whom they interact. The responsibility for fulfilling these duties rests upon entrepreneurs and management professionals.

Justice

53. The business person must always be concerned that interactions with employees, with customers, with anyone involved with the enterprise in any way, are just. As part of acting justly, business leaders must have foremost in their thoughts and actions how they can establish, maintain, and deepen “right relationships.” One aspect of a right relationship is taking account of the distributive effect of goods and services in the way businesses set prices, allocate wages, share ownership, distribute dividends, manage payables, and so on. Their decisions should aim not at an equal distribution of wealth but at a just one, which meets people’s needs, rewards their contributions and risks, and preserves and promotes the organization’s financial health.

54. At the same time, all of a business’s transactions must meet the standards of commutative justice, which require honesty and transparency in all interactions.
V. A Note to Business Educators

55. The vocations of the business professional, whether entrepreneur or manager, are noble. Businesspeople need to be reminded of the good that they can do and that they ought to do, the good that is theirs. Education properly serves to bring all of this to the attention of future business leaders. Teachers need to remind their students of the good that is within them and the call they have to use their professional skills and judgment as a force for good in their world. Like all professional education, education in business is not merely training in specific skills or theories. If it is effective, it cannot fail to be a formation in that dimension of prudence and justice proper to the profession, whether this be medicine, law, or business. A proper business education must include all appropriate theoretical material, training in every relevant skill and a thorough treatment of the ethical principles that must animate professional practice. Exaggerated emphasis in one of these areas cannot compensate or substitute for the neglect of another. In our own time, there is a risk that business students are informed by powerful theories and highly trained in skills but are released upon society without the ethical formation that would ensure that their insights and skills are used for the welfare of others and the support of the common good. Consideration of the principles presented here can contribute to a more complete formation of these students.

Conclusion

56. Just as it is part of God’s plan that human persons work, that they collaborate with him in the unfolding of creation, so also is it part of his plan that we work with one another. Business and commerce form a very important venue in which work can become truly human, that is, social, creative, and productive. In ensuring this, entrepreneurs and managers play a vital role in supporting crucial aspects of the development of human persons and the building up of the common good of societies. Business people, in the variety of functions they perform, embrace and live out a genuine Christian vocation when they accept their mission of service and firmly commit themselves to wise and ethical conduct in their professional activities. Ethics in business and commerce is rooted in respect for human dignity and the common good. It becomes concrete in just service of the well-being of employees, customers, investors, communities, and all of the parties with whom a business interacts.

57. This Pontifical Council encourages entrepreneurs, managers, educators, and all who work in business and commerce to understand their work as a true vocation and to respond to God’s call in the spirit of true disciples. In doing so, they engage in the noble task of serving their brothers and sisters and building up the human community.
Notes

2 Second Vatican Council, Gaudium et spes, 43.
3 Pope Benedict XVI, Caritas in veritate, 5.
5 Pope John Paul II, Sollicitudo rei socialis, 38.
6 Pope John XXIII, Mater et magistra, 65.
7 Pope John Paul II, Laborem exercens, 11.
9 Pope John XXIII, Mater et magistra, 83.
10 Pope John Paul II, Laborem exercens, 6.
11 Ibid., 6.
12 Pope John Paul II, Centesimus annus, 35.
13 Ibid., 43.
15 Pope John Paul II, Centesimus annus, 35.
16 Pontifical Council for Justice and Peace, Compendium of the Social Doctrine of the Church, #279.
17 Pope John Paul II, Centesimus annus 35.
18 Pope Benedict XVI, Caritas in veritate, 21.