

Business Ethics in a Catholic University

Draft Paper
Curricular Project on Catholic Business Education

Robert G Kennedy, PhD
University of St. Thomas
Email: rgkennedy@stthomas.edu

with a Response by
Mark Bandsuch, SJ
Loyola Marymount University
Email: mbandsuch@lmu.edu

The hypothesis which I wish to advance is that in the actual world which we inhabit the language of morality is in . . . [a] state of grave disorder. . . . What we possess . . . are the fragments of a conceptual scheme, parts which now lack those contexts from which their significance derived. We possess indeed simulacra of morality, we continue to use many of the key expressions. But we have—very largely, if not entirely—lost our comprehension, both theoretical and practical, of morality.

Alasdair MacIntyre
After Virtue
1981

“This ethics stuff. Either the students at this school have learned right from wrong by this stage in their lives, which I tend to doubt, or they haven’t learned right from wrong, and what the frig can I do to fix that?” He puffed on his pipe. . . . “So anyway, in this ethics unit, I take a few philosophers, and in—what is it?—eight classes, I go over three basic ways of making value judgments. That’s it. After that, you all go off to Wall Street. It’s like trying to give an intellectual life to baby wolverines.”

Peter Robinson
Snapshots from Hell: The Making of an MBA
1994

In the closing decades of the twentieth century the subject of ethics returned to the curriculum of professional schools with a vengeance. Though the teaching of ethics had always had some presence in these schools, especially those with a religious affiliation, it was never really an important presence. At best, and with rare exceptions, it was a second or third interest for a faculty member otherwise trained in the principal disciplines of the profession. Philosophers and theologians who had a special expertise in ethical theory became involved with professional ethics only at considerable risk to their careers.¹

¹ Philosophers have long thought that professional ethics was a specialty best left to those in the profession whose talents were too meager to permit them to do competent work in more demanding areas, such as metaphysics or logic theory. The director of graduate study in the Philosophy department of a major American university told me a few years ago, in all seriousness, that he could not imagine that any respectable university would grant tenure to a philosopher who concentrated in professional ethics.

Nevertheless, as medicine began to confront more daunting problems and controversies—questions about transplants, abortion, and euthanasia, to name a few—some serious (and some not-so-serious) philosophers and theologians turned their attention to issues of applied ethics. From its beginnings in medicine, the newly-discovered discipline of professional ethics soon expanded to law, business, and a variety of other professions.

There are two related sets of questions I wish to pose in this paper. The first has to do with whether professional ethics, as it is currently practiced and taught, really offers a constructive contribution to the professions it purports to study. Does it make a difference? Does it genuinely improve the practice of the medical profession, the legal profession, the business profession, or the military profession? Does it equip practicing professionals to make better decisions? Or, in the end, is it merely well-intentioned window dressing that enables schools and other organizations to offer the illusion of concern and responsibility without demanding or facilitating significant improvements in professional practice?

The second set of questions, which is more germane to our project (but depends partly on the answers we give to the first set), has to do with what the Catholic tradition might offer to the teaching of business ethics. Could or should business ethics instruction in a Catholic university be significantly different from instruction in a secular university? Are there distinctive Catholic insights, concepts, convictions or methodologies that would improve business ethics instruction as preparation for professional practice? Would elements of the Catholic tradition, that is, do a better job of explaining and analyzing challenges in business and management than the conventional secular tools? (And if they would not, why would anyone seriously consider employing the Catholic tradition in business ethics instruction?)

For over 20 years I devoted the better part of my professional energies to business ethics, with occasional sorties into the fields of medical and legal ethics and even military ethics. The reflections in this paper arise from what I have been doing all these years, whether it has been sensible in principle, and whether the whole project, at least in the context of Catholic universities, ought to be reconsidered.

Some of my observations will be critical of the common approach to teaching ethics to students of business, medicine and law but I will try to offer some suggestions as well about the value of the Catholic tradition.

How Do We Approach the Teaching of Professional Ethics?

To begin my investigation I would like to describe some conceptual and pedagogical elements that are common in the textual materials used to teach professional ethics, especially in medicine and business. While it is probably the case that no single textbook includes every element, I believe the overall description fairly represents the state of the art. By beginning with what we actually do in teaching professional ethics, we may be able to work backwards and draw some conclusions about the unspoken assumptions and convictions we bring to the discipline, and from there to measure these assumptions against the Catholic tradition.

The Presentation of Competing Methodologies

In most disciplines, an introductory text will aim to acquaint the student with a set of generally agreed upon principles. These principles normally constitute a common language for people working in the area and form the foundation upon which applications and further research will be constructed. The British philosopher Alasdair MacIntyre has famously observed, however, that modern moral philosophy has no such commonly accepted foundation.²

As a result, what we commonly see in ethics textbooks (especially in business and medicine) is a survey of competing theories about the fundamentals of ethics, which is to say a survey of theories about why some behaviors are good and some bad. Since these texts focus on the application of ethical theory to practice, they also commonly describe these competing theories as different methodologies.³

For example, some of the most widely used texts in medicine and business suggest to students that the “standard methods” to be employed in addressing ethical issues include *utilitarianism*, *deontology* (which they usually take to be an emphasis on duty), and *contractarianism* (which they usually take to be an emphasis on rights and justice).⁴ More recently, some texts have begun to include comments on virtue, feminist ethics, post-modern ethics or other ethical theories *du jour*. Each of these tends to be wedged into the category of a methodology, however inappropriate this might be.

Many authors suggest further that none of the methods described is really adequate by itself and so someone attempting to be ethical in professional practice ought to be prepared to use one method in some cases, another method in others. Just how one ought to know which method to employ on which occasions is rarely explored. Some authors deal with this problem by urging students to learn how to integrate the insights from each of the methods to analyze every problem. Thus it may be suggested that a utilitarian insight coupled with a deontological or a contractarian insight will yield a better moral conclusion.

² Alasdair MacIntyre, *After Virtue* (Notre Dame, IN: University of Notre Dame Press, 1981). MacIntyre’s thesis is that moral philosophy, at some time in the past, experienced a disruptive event that shattered confidence in the coherence of the foundations of the discipline. Subsequently, rather than working successfully to restore a common set of concepts and principles, moral philosophers in recent centuries have instead quarreled among themselves and offered a variety of contrary proposals. Consequently, we see a discipline with a severely fragmented conceptual basis, which is therefore a crippled discipline.

³ The point I wish to emphasize here about methodologies is that they are commonly offered as a substitute for the principles and elementary concepts and definitions that are at the foundation of robust intellectual disciplines. As an illustration, imagine what the discipline of physics might be like if we could not agree on definitions and units of measurement, if there were no grams, joules, ergs, lumens, no atomic theory, no consensus on the possibility of scientific laws (to say nothing of their specification) but we could only agree that precise empirical observation was important. Such an agreement would provide a very unsatisfactory foundation for the discipline and no one would be justly criticized who wondered what value there was to the study of physics.

⁴ Common texts in legal ethics take a different approach. Not surprisingly, this approach is more formal. Rather than introduce students to ethical theory, the texts propose codes and other standards of professional practice adopted by the bar. The texts then discuss some of the common problems that arise in connection with conflicts of interest, confidentiality, truthfulness, and so on.

The Use of Dilemmas and (Hard) Cases

In law and business, and to some degree in medicine, it is quite common to use case studies of one sort or another but both the form of the cases and the mode of their use varies widely. Sometimes the cases are used as the primary teaching vehicle (as in the Harvard model), while in other texts they serve as illustrations or as opportunities for practice. Some are factual descriptions of problems actually experienced by professionals in the field, while others are fictional.

The cases vary from short descriptions of fact situations to lengthy narratives. In some instances, the cases insert the student into a problem situation and invite him to propose a resolution, while other cases ask the student to evaluate a decision that has already been made. In legal education, case method teaching often calls upon students to anticipate a judge's decision and to provide legal evidence and arguments in support of that decision.

Cases may also place students in a position that moral philosophers once called *perplexity*. A person who finds himself in a position of perplexity is caught in a hard situation in which there appears to be no morally sound resolution. Each available choice seems to be unethical in some way. Cases of this sort offered to students sometimes only create the appearance of perplexity (perhaps by exaggerating emotion tensions) but sometimes, because of bad decisions already made, the problem as presented has no genuinely ethical solution. The intention in using such cases may be to compel the student to think more deeply about priorities but the result may often be to persuade students that difficult moral problems have no real answers.⁵

Finally, the use of cases depends upon a set of criteria for determining what constitutes an ethical problem worth considering. The situations presented to students often portray a tension between what is taken to be ethical behavior and sound professional practice. The student is then challenged to explain why the "ethical" alternative is to be preferred to the standard of practice in this instance.

The Importance of Laws, Policies and Codes of Ethics

In a great many professions the heavy lifting in ethics education, both in the degree-granting classroom and outside, is done by familiarizing practitioners with the details of codes of ethics and other policies, which are often grounded in laws and regulations. A strong connection is therefore forged between ethics and the formal requirements of law. It is not at all unusual in business organizations, for example, to find that the responsibility for acquainting employees with the company's code of ethics and for interpreting the code in ambiguous cases falls to the legal department. In law, accounting, advertising and many other fields ethics education consists in little more than discussions about relevant codes of ethics and regulations.

⁵ The use of cases like this is sometimes justified on the grounds that they help students to think more clearly and more consciously about the way in which they go about making moral decisions and about the principles they embrace. There may be some value in this, and I don't mean to dismiss this entirely but it also strikes me as akin to asking students how they really feel about the Second Law of Thermodynamics. Do they use it in their daily lives or is it merely an abstraction to which they have no deep personal commitment?

Such discussions are hardly bad in themselves but they do encourage professionals to think about ethics and law as interchangeable. Thus, if something is legal it must also be ethical. It encourages them to think that there is nothing permanent or universal about ethics, since laws and codes are generally subject to change. Furthermore, instruction that relies on codes and policies does not prepare professionals well for the unpredictable challenges they will undoubtedly face in their careers. Such instruction may be acceptable for non-professionals or even para-professionals, since their decision-making responsibilities are diminished but it probably falls short of what professionals require.

The Place of Ethics in the Professional Curriculum

Instruction in ethics occupies an ambiguous place in our professional schools. The American Bar Association, which exercises a uniquely extensive influence on legal education in the United States, requires that every law student take a course in ethics as a condition of graduation (and therefore as a prerequisite for taking the bar exam). The ordinary course of study, though, principally aims to acquaint students with a code of ethics and rarely explores the theoretical roots of professional ethics.

In other professional areas, accrediting agencies do not exercise the ABA's influence and while they may require the study of ethics, they are not really in a position to enforce that requirement. For example, most business schools, especially on the graduate level, expect students to study business ethics and many schools now have ethicists on their faculties. However, ethics is generally not well integrated into the overall curriculum, even in accredited programs, and business faculty have low levels of comfort and competence with regard to teaching the subject. As a consequence, ethics comes to be regarded as a subject quite distinct and separate from the normal course of study, as if ethics were somehow an external intrusion on professional practice. It is probably fair to say that in most professional education programs, ethics instruction occupies either a position similar to legal education (where it is instruction in the formal requirements of a code) or it is somewhat isolated from the rest of the curriculum, as it tends to be in business programs.

What Does This Approach Tell Us?

I have painted a picture of education in professional ethics with a wide brush. No doubt there are notable exceptions to my descriptions and no doubt it is the case that no single program manifests every element I described. Nevertheless, a review of accrediting requirements, curricular offerings, and texts should confirm that my comments are not too inaccurate. Granting for the moment that my observations are valid, can we say anything about the assumptions and convictions that may lie beneath and determine the nature of ethics education in the professions. At the very real risk of overstepping the evidence, I would like to offer the following analysis, not as the last word but as a set of questions. If we are honest in our self-reflection, is this or is this not what we believe?

Where Do Our "Methods" of Moral Analysis Lead Us?

In most professional disciplines a debate about competing fundamental theories or methodologies will be resolved sooner or later by an evaluation of success in practice. One theory will display a superior power to explain and to predict, it will be more useful in accomplishing desired goals. In medicine, there may be competing theories, for example, about the underlying cause of a certain disease but it is generally clear to everyone that not all of the theories can be correct. Indeed, none of the current theories may prove in the end to be the right one. The point is, though, that there is common agreement that a correct explanation exists (though we may not know it for some time to come). Until such time as we discover the correct explanation, the efforts of physicians are either hit-or-miss affairs or treatments or symptoms but not causes. It is a fundamentally unsatisfactory situation.

In the case of instruction in professional ethics, however, we have become content with a foundation of competing explanations. This presents students with a particularly unsatisfactory foundation for integrating ethics into professional practice. At the very least, Mill the utilitarian understood that the foundation he was proposing for ethics was quite different from, and indeed hostile to, the foundation proposed by Kant the deontologist. To put it bluntly, Mill was convinced that Kant was deeply mistaken about the nature of ethics, while Kant, had he been alive to read Mill, would have had the same opinion about Utilitarianism. The proposal to integrate the two theories into one coherent decision-making process is therefore completely unworkable and grotesque. No one really makes sound moral decisions in this fashion and it is a disservice to well-intentioned students to present such a thing to them as a model for ethical analysis.

But something more is at work here. If we are really content to present this model to students as a finished work, if we are not urgently searching for a single, coherent conceptual foundation for ethics, then we have in fact lost confidence in the possibility of possessing moral truth. Now we might present a set of competing theories to students as a sort of “state of the question” report. We are not sure—yet—which theory really explains the nature of morally sound action but we are working to resolve the question. In the meantime, here are the leading candidates, with their strengths and weaknesses.

This, however, is not the position we generally take in our texts. In most texts in medicine and business (the question is not so often treated in legal education) the competing theories are presented either as alternate methodologies (as there might be different but equally valid methods of calculating the value of an inventory) or as several inadequate explanations of morality, each explanation capturing something about moral truth but none capable in principle of grasping the whole. Both approaches are mistaken in fact but both are also “predictable” results of MacIntyre’s assessment of the state of moral philosophy.⁶

In the first instance, the competing theories of ethics cannot be reduced to mere methods of analysis. While it is true that some theories of ethics (such as the Utilitarianism of Bentham and Mill) imply or lead to a method of ethical analysis, others do not. It is a distortion of the classical theory of virtue, for instance, to suggest that it reduces to a method of analyzing ethical problems

⁶ I realize that MacIntyre’s analysis does not “predict” these approaches, since his analysis is actually an attempt to explain them. My intention is merely to suggest that, if MacIntyre is correct about the causes leading to the disorganization of modern moral philosophy, then we may have an insight into why we approach ethics instruction in this way.

in terms of whether one choice or another would develop or diminish the character of the agent. It is similarly a distortion of Divine Command theory to suggest that one might analyze situations by imagining what a just God would require. As a consequence, the existence of competing theories cannot be explained as if they were simply different methods available to achieve a desired result, the selection of which is merely a matter of taste or preference.

Nor can they be fairly said to be a set of theories, each inadequate to the task. In the first instance, as I have suggested above, the theories cannot be complementary explanations, each capturing some essential facet of a complex reality. It may be true that any one of the commonly presented theories is indeed inadequate but some of them are mutually exclusive explanations; they cannot both be true. To suggest to students that they can is to bewilder them and, in the end, to discourage them from taking ethics seriously as a component of their professional practice.

If we cling to these approaches, then, we must abandon the attempt to discover moral truth.⁷ But if we believe that there is a truth to be found about the morality of human acts, even though it might be hard work in some cases to find it, then we must search for a more adequate, unified, and coherent foundation for ethics, professional and otherwise. My own view is that such a search is not in vain.

Is What We Teach to Professionals Genuinely Practical?

If ethics has a legitimate place in the professional curriculum it must have practical effects. That is to say, it must give professionals a useful set of tools for making good decisions, especially in conditions of crisis and uncertainty or when a new and unpredictable problem arises. Instruction in ethics, however, does not always do that. Some of the techniques commonly in use simply draw upon the capacity that students already possess to make morally sound decisions and try to tease out the reasoning that they employ somewhat unconsciously.⁸ Other techniques begin with the common practices of the profession and work backwards to articulate an explanation for these practices, in effect “free-riding” on the ethical judgment of experienced professionals.⁹ In

⁷ I certainly do not mean to suggest that the discovery and possession of moral truth means that we understand everything there is to know about the morality of human acts. We pursue truth in medicine without supposing that this means we must, or can, come to know everything about human health. All I mean to say is that the pursuit of moral truth is the pursuit of a conclusion about the morality of this or that sort of human act. The possession of moral truth would permit us to say meaningfully that this act, done under these circumstances, is a morally good (or morally bad) thing to do.

⁸ This approach resembles the Socratic method and can have some limited utility but only if the student’s reasoning, once revealed, is subject to critique. We must go on to ask whether the principles are defensible and the arguments are sound. On one occasion when I gave a workshop on teaching ethics to a group of business professors, I was confronted by someone with graduate work in ethics who insisted that a teacher could only help students to discover their values and empower them to act on these values. But this is not ethics as a teachable discipline; this is ethics as therapy, and as such it does not belong in the curriculum as a course of instruction.

⁹ A colleague of mine told me recently of an encounter he had had with a prominent ethicist, a man with an international reputation. My colleague had a successful career in business before retiring to academic life and being a reflective man he wondered at times about some of the things he had done as a professional manager. He described one incident that had long troubled him to the ethicist and asked if what he had done was wrong (he had misrepresented his company’s financial position in order to

both cases, nothing very useful is provided to the student, except perhaps a few examples of good decision making that may or may not be applicable to the problems she may encounter in her own professional life.

In point of fact, an unspoken assumption that influences the way we present ethics is that ethical considerations are in some sense in conflict with what we take to be sound professional practice. Ethics constitutes a set of principles or values that are extrinsic to professional practice but which, for various reasons, ought to channel or direct or constrain that practice. For example, a certain standard of practice suggests that an uncooperative patient be compelled to take his medication but the principle of patient autonomy may rule against this. Or the clear economic purpose of a business is to maximize the wealth of shareholders but considerations of corporate social responsibility (something quite foreign to wealth maximization) demand that this goal not be pursued as aggressively as it might otherwise be.

This notion of conflict between professional practice and ethics, which I think is more widespread among ethicists than it might appear, has its roots in a deeper conviction. This is the conviction that there is a conflict between the ethical and the practical, as if one might either be ethical or practical but not both. And since professionals are eminently practical, they can easily become suspicious about the role of ethics.

In another way ethics instruction can fail to be practical is if it fails to describe a reliable technique for ethical decision making, or fails to train students in the use of such a technique. Unfortunately, very few ethics texts offer anything more than a simple, intuitive technique, and even those that do offer something rarely show how it could be applied to truly challenging problems.¹⁰

In the end, we can and should ask whether instruction in ethics makes a significant change in the ability (as opposed to the motivation) of professionals to make sound, well-reasoned moral decisions.

What Is an Ethical Problem?

The extensive use of cases is both a blessing and a curse in the teaching of professional ethics. When they are well-written and well-selected, cases provide invaluable examples of practical

obtain desperately needed financing). The ethicist refused to say whether the action was right or wrong and merely replied that he “could probably find an ethical theory to justify that decision.” In many similar teaching situations, ethical analysis is not used to determine in advance what a morally sound course of action would be but rather is employed to support decisions already made. Critical Incident Technique, which can have quite a useful role to play in ethics education, is often reduced to just this.

¹⁰ Simple, intuitive techniques include such things as the Rotary Four-Way Test (Ask “Is it the truth? Is it fair to all concerned? Will it build goodwill and better friendships? Will it be beneficial to all concerned?”), or questions such as “Would you tell your mother?” “Would you tell your children?” “Would you want to see this in the morning paper?” These are not all bad but they are far more limited in application than their proponents may realize and they tend to draw conclusions from our biases, not from sound moral analysis.

issues which can be used to illustrate good decision making and as practice. But sometimes a problem arises in the way in which case problems are selected and cases are constructed.

Textbook writers—and I can speak from some personal experience here—are attracted to case problems that are dramatic. They make better stories and sometimes livelier discussions. The problem is that the situations we choose to write about are often unusual, unlikely and perplexing. They often pose a problem for which, because of choices that have already been made, there may be no sound moral alternative. This can produce an energetic discussion in a class but it can also create two problems.

The first problem is that cases of this sort can suggest to students that ethical issues really have no objectively sound resolutions. As illustrated by the class discussion itself, there are a wide variety of perspectives available and perhaps, in the end, it all comes down to one's own personal preference.

The second problem is that the cases we choose may give the impression that ethical problems are unusual (“How often can something like this happen?”) and that ethics has little role to play in the day-to-day decision making of professionals. As a former colleague of mine was apt to say, this reinforces the notion that ethics is like the measuring chains referees use at football games. Both the chains and ethics stay on the sidelines for most of the game and are only used when the situation is too close to call. This contributes further to the mistaken idea that ethics is and ought to be at the margins of professional training.

Part of the problem here is that we are often unclear about just what constitutes an issue requiring ethical analysis. Some textbooks are inclined to regard ethical problems as a separate species from merely practical problems, as if only problems with certain distinct characteristics can count. A more realistic view, in my judgment, is that every situation calling for a decision is an ethical issue. The vast majority of situations that a professional will encounter call for decisions that are very straight-forward and unambiguous. They appear not to have an ethical component merely because the ethical element is non-controversial. It is only in situations that are new or obscure or distinctive that a more deliberate ethical analysis will be required.

Another part of the problem arises from the tendency of case writers to create personal dilemmas for the student. There are countless cases, for example, that describe a situation in which someone is confronted with a decision that is made difficult not by its moral obscurity but by some personal conflict. A young lawyer is tempted to overbill a client because if she doesn't bill a certain number of hours each month she will not be offered a partnership. Or a young accountant is pressured to change an audit report because his firm will lose the company's consulting business if he does not make the changes. In each of these cases the moral problem is clear but students are encouraged to focus on the personal dilemma, which introduces a different sort of problem that texts rarely confront.

Some ethical problems are problems of determining the right course of action but other ethical problems are problems of character. That is to say, they are problems that focus on the question of what sort of personal attributes will be required of professionals. The military are almost certainly more attuned to this sort of problem than are other professions. The military realize that

personal virtues like courage, discipline, loyalty, and so on are vitally necessary if soldiers, sailors, airmen, and marines are to function effectively. Most professions have very little sense that personal virtues are indispensable, and I suspect that even the military may not consider the development of virtue to be a component of education in ethics.

Can Business Ethics Serve the Profession of Management?

As mentioned above, the idea that ethics is somehow in conflict with practical thinking, or at least practical thinking as it is understood by the professions, is quite common. It is present among ethicists and widely shared by practicing professionals, many of whom believe that ethical consideration get in the way of best practice.

People who hold this view misunderstand what ethics is really about, or perhaps it might be better to say that ethics has been presented to them in a distorted way. In fact, so long as ethics is conceived in this way it cannot be of much use as a practical discipline; indeed, it cannot be a practical discipline at all. Many economists and managers, for example, share the view that ethical reflection is useful in the world of business only insofar as it respects the distinctive character of the economic dimension of life. The world of commerce, in other words, is hard reality, while ethics is an artifact, perhaps even an ideology. Moral analysis, it is commonly thought, may be helpful in reducing or resolving the inner tensions that many businesspeople experience but it is out of place if it attempts to direct or constrain practical decision-making in the real world. Similar views can be found in medicine, where practitioners are often bewildered and dismissive of ethical concerns raised about new techniques, or among lawyers, who quickly become cynical about truth and justice.

In fact, this false distinction between the practical and the ethical plagues contemporary discussions of professional ethics in all areas. As a result, while practitioners feel that, at least in some critical instances, ethics interferes with sound practice, moralists fear that without ethical reflection to guide it, professional practice is liable to be reduced merely to a soulless technical exercise. The tension that is perceived to exist between doing what is necessary for success (properly considered) and doing what is right is artificial but nonetheless powerful.

Moral Thinking and Technical Thinking

The truth of the matter is that practical thinking concerns both means and ends. As our technological abilities have expanded in so many areas, there has been a natural tendency to focus attention on refining and improving means. In other words, technical thinking (which is thinking about means) has come to dominate practical thinking, especially in the professions. We become so attentive to what we can do that we are distracted from considering whether we ought to do it. This is particularly evident in the medical profession and the life sciences, where many professionals have become seduced by the power of their techniques and unable to think clearly about the morality of employing the techniques.

A further sign of this is the intense concern manifested in many professions with questions of efficiency and effectiveness. These are technical concerns but they are not the only practical questions we ought to ask.

By contrast, moral thinking embraces considerations of both means *and* ends. Technical thinking is not a subset of moral thinking but it is properly qualified and channeled by moral thinking. That is, technical thinking answers the question of whether something can be done (and if so, how to do it) but moral thinking addresses the question of whether it should be done (and if so, under what conditions).

Practical thinking requires technical thinking, to be sure but without moral thinking, practice is a loose cannon, capable of doing great harm in its lack of direction. In the end, doing what is right—conforming action to moral thinking—is eminently practical because it always leads us in the direction of enhancing human well-being. There can be no real conflict between ethics and practicality. Genuinely practical choices achieve and protect real human goods, while unethical practices inevitably damage these human goods. And nothing is more impractical than that.

How Business Ethics Education Must Change and How the Catholic Tradition Can Support This Change

The conventional view is that business ethics as an academic discipline was born in the 1970s and given a spirited childhood by the aggressive business practices of the 1980s (and a rebirth of sorts by the corporate excesses and scandals of the present decade). This view, however, is quite mistaken. Business ethics is not a new area of study but the fact that many people believe it to be so is a sign that the Catholic contribution has been obscured. The fact of the matter is that the first printed treatment of business ethics dates not from the 1970s, but from the 1470s, and is the work of a German Dominican, Johannes Nider.¹¹ What we would today readily call business ethics was developed into a rich discussion by, among others, the Jesuits of Salamanca in the 16th and 17th centuries. This discussion continued in subsequent centuries and influenced manuals of moral theology in the 19th and early 20th centuries, to say nothing of a number of 20th-century Catholic writers—Heinrich Pesch, Oswald von Nell-Breuning, Franz Mueller, Hilaire Belloc, Bernard Dempsey, John A Ryan, and many others. By the 1940s and 1950s the most influential textbooks on business ethics were products of Catholic professors and Catholic business schools¹², and indeed business ethics as a subject taught to business students was a distinctive feature of these schools. With the curricular changes that followed the Second Vatican Council, business ethics gradually disappeared from most Catholic schools, only to be reinvented in secular universities in the later 1970s.

Now I mention all this not to offer you an unexpected history lesson but rather to point out to you that an interest in business ethics is not something new to the Catholic moral tradition. Quite the contrary, Catholic moralists have been deeply interested in the subject for more than 500

¹¹ Johannes Nider, *De contractibus mercatorum* (Cologne: Ulrich Zell, c 1468). This volume probably appeared in the year of Gutenberg's death, and no more than 15 years after the first printed book. A translation of this brief treatise was published a few decades ago. See Johannes Nider, *On the Contracts of Merchants*, edited by Ronald B Shuman, translated by Charles H Reeves (Norman, OK: University of Oklahoma Press, 1966).

¹² See, for example, Henry J Wirtenberger, SJ, *Morality and Business* (Chicago: Loyola University Press, 1962), originally prepared in 1953. Also, Herbert Johnston, *Business Ethics*, 2nd edition, (New York: Pitman Publishing, 1961; 1st edition, 1956). Wirtenberger was long a professor at the University of Detroit and Johnston taught at Notre Dame.

years. What is curious is that Catholics working within this moral tradition (which includes the Catholic social tradition) lost interest in the subject just about the time that ethicists in other traditions discovered it. Further, some of the people most intimately involved with the growth of business ethics in the last 20 years are themselves Catholic scholars. Nevertheless, the substantive influence of the Catholic moral and social tradition is notably absent from contemporary business ethics and it would not be too much to say that Catholic theologians and philosophers generally disdain any involvement with the subject.

This is unfortunate, to say the least, because the Catholic moral tradition has a great deal to offer the modern study of business ethics, both as an academic discipline and as a practical tool for managing organizations and their problems. And business ethics needs the overlooked resources of the Catholic tradition in order to make changes that, in my judgment, will be required before it can genuinely serve the profession effectively.

Here are five areas in which I believe changes will be critical and in which I believe the Catholic tradition has something vital to contribute.

First, ethicists must address the false distinction between the ethical and the practical. They must provide credible explanations to show why professional practice dominated by technical thinking is impractical, in fact, and potentially dangerous to human well-being and the common good. In order to do this, ethicists must review their own assumptions and prejudices, and think more clearly about the goods that each profession serves. For example, in the context of the business professions, ethicists need to distance themselves from the notion that business is simply or primarily about acquiring money, and as much money as possible. They need to show that business serves a variety of human goods, such as satisfactory employment, and that the pursuit of these goods must be balanced against the good of creating wealth. The false distinction between the ethical and the practical is rooted in mistaken ideas of the goods to be served, and it will disappear if these mistakes can be corrected.

The Catholic tradition can help because a comprehensive vision of the person and therefore of the goods that contribute to human fulfillment. By contrast, the prevailing economic paradigm sees human goods to be determined not by the nature of the person but by the personal preferences of individuals. While this may be useful for describing the way people make choices in conditions of scarcity, it cannot serve as the foundation of a robust system of applied ethics. Furthermore, the importance of such a vision of the person as the basis for integrating one's personal and professional life cannot be overstated.

Second, ethics must position itself quite differently with regard to the curriculum of professional schools. Most professional schools today are dominated by technical thinking, and this has relegated ethics, and moral thinking generally, to the margins of the curriculum. Not only is ethics instruction starved for attention in the struggle for space in student schedules but it is largely ignored in the functional courses in the professional curriculum. The proper position of moral thinking as gently directive of technical thinking must be restored. This is not to say that professional education ought to become ethics training with a few technical courses tacked on but rather that moral thinking ought to frame and channel what we consider to be sound professional practice, and that this ought to find its way into the technical courses in the

curriculum. Note, however, that this change, like many other significant organizational changes, will absolutely require visionary leadership at the most senior levels.

Technical thinking, of course, is largely about means. In our culture, we have come to think of the practical person as one who is especially good at selecting effective means of achieving goals. Whether the goals are worth pursuing in the first place often becomes a secondary consideration. Marketing experts, for example, are generally indifferent to the nature of the goods and services they help to sell; indeed, this indifference can be a mark of professionalism. As a consequence, however, of this focus on means, of this celebration of the technical, questions about ends and goods fade into the background. And if business ethics is unable to identify and defend of set of genuine human goods, it inevitably occupies a secondary position in the curriculum.

The Catholic tradition has preserved, to some degree at least, a proper sense of prudence, which is to say an ability to recognize both authentic human goods that can be pursued in present circumstances as well as morally sound means that can achieve these goods. Understood in this way, technical thinking is always evaluated in the context of ends to be served. An efficient means of achieving a bad end, an end that does not genuinely serve human well being, is not only a bad means, it is impractical. The Catholic understanding of prudence (which, to be sure, has its roots in Aristotle) can help to restore a sound notion of what it truly means to be practical and to return business ethics to a more appropriate place in the curriculum.

Third, to be credible, ethics education must reestablish itself on a coherent, unified foundation. It cannot substitute the history of philosophy for philosophical analysis and the search for moral truth. If the discipline of professional ethics cannot do this, then it can hardly claim a legitimate place in the curriculum. At the very least, instructors in professional ethics ought to bite the bullet and choose one theoretical foundation upon which to construct a program of education.

A Kantian or a Rawlsian approach to professional ethics can be helpful; there are certainly worse choices but I think a fair argument can be made that both are inadequate and introduce distortions in concrete decision making. I am persuaded, however, that a theoretical framework that integrates natural law and virtue, as the Catholic moral tradition does, is the most robust and powerful approach to applied ethics in the professions. Furthermore, though we have lost sight of it, this tradition of moral thinking has been refined over many centuries and includes a broad array of concepts and tools that can be fruitfully applied to concrete problems in business ethics.

Fourth, instructors in ethics must devise practical techniques for making morally sound decisions in ordinary cases as well as in tough and novel cases. And they must train professional students, who have already been brought to a clear understanding of the goods to be served by their professional practice, in the use of these techniques.

As most of you know, one element of the Catholic moral tradition is a rather highly developed casuistry, which we might call an early case method approach to teaching and illuminating ethical theory. Like many tools, it is subject to abuse and particularly to bias and rigidity. Nevertheless, properly employed a developed casuistry can be an effective way to help students analyze concrete problems systematically. It can teach them to identify moral issues more

precisely and to develop the habit of articulating and relying upon moral principles. To do this effectively in the modern curriculum will require that we work on articulating and defending a set of intermediate moral principles appropriate to business.

Fifth, professional ethics must attend to the importance and the development of character in candidates for the professions. While this may once have played a larger role in formation than it does now, its evident neglect must be remedied. Ethicists must take on the task of clarifying which virtues are especially important for different professions and assist in devising means of cultivating these virtues in students.

Properly speaking, moral virtues are human excellences in regard to decision making and action, not merely personal characteristics that are admired in this or that culture. Were they merely admired characteristics, then we could imagine a set of commercial virtues: shrewdness, toughness in bargaining, perhaps even ruthlessness that might be admired in the context of certain visions of what business is about. However, given a Catholic understanding of the person and the goods that genuinely fulfill persons (which goods include friendship and collaboration), a particular set of virtues emerges. Some of these virtues are marks of general human excellence while others are particular to business and management. Describing these virtues and explaining their objects can help us to assemble a picture of a good businessperson and to devise means of building the proper character in business students. (At present, other professions—the military is probably best at this but medicine and law give it attention as well—make efforts to do this, though business education rarely does.)

In sum, business education in general, and education in ethics in particular, should have different characteristics in a Catholic university. It should concede nothing in terms of the rigor of technical understanding and the development of skills but the curriculum should certainly be permeated by a vision of the person and the goods that fulfill persons. If this were so, business students would not embrace the fracturing of personal and professional life but would be integrated wholes, and better managers.

Response to:

Business Ethics in a Catholic University

Draft paper on
Curricular Project on Catholic Business Education

Author/Presenter:

Robert G. Kennedy, PhD
University of Saint Thomas

Respondent:

Mark Bandsuch, SJ
Loyola Marymount University

Respondent's Research Context

(provided as examples of how different schools address Catholic Business Ethics)

- Grant from Catholic Studies Program to develop a Catholic version of the business ethics course
- Taught a distinctively “Catholic” business ethics at a Catholic University (in theology and in Management)
- Taught Business Ethics in both Colleges of Business and Liberal Arts
- Taught it in Philosophy, Theology Departments and Management and Law Departments
- Investigated business ethics courses at various institutions, within different departments, and among diverse professors.
- Interviewed professors and administrators, reviewed syllabi, analyzed course offerings, and surveyed students.
- Interviewed 10 faculty members who have taught some aspect of Catholic Social Teaching as it relates to business issues and 10 other faculty members who have taught Catholic Social Teaching with any focus.
- Completed paper on “The *who, what, where, when, why, and how* of teaching Catholic business ethics at a Catholic university.”

Two Vital Contributions of Catholic Tradition to Business Ethics

(author's key positions addressed by respondent)

1. “a theoretical framework that integrates natural law and virtue, as the Catholic moral tradition does, is the most robust and powerful approach to applied ethics in the profession” [and will help in the] “urgent search for a more adequate, unified, single, coherent conceptual foundation for ethics” [a distinctively Catholic framework for ethical analysis]
2. “given a Catholic understanding of the person [and of the Catholic moral tradition], a particular set of virtues emerges...[which] can help us to assemble a picture of a good businessperson and to devise means of building the proper character in business students”

1. A distinctively Catholic framework for ethical analysis

Current Frameworks for Ethical Analysis

Use accepted moral principles and theories as:

1. **Justification**
(principles used to support position)
2. **Stages/Levels**
(stages of analysis that begin with economics and law, followed by utility and rights, then justice, etc. in coming to decision)
3. **Integrated/Complementary**
(models that attempt to synthesize the various ethical principles into an integrated and cohesive framework)
 - Cases (practical problems versus extraordinary problems)
 - new, unpredictable important problems with uncertain solutions (exist without being crisis)

Kennedy's Case Analyses

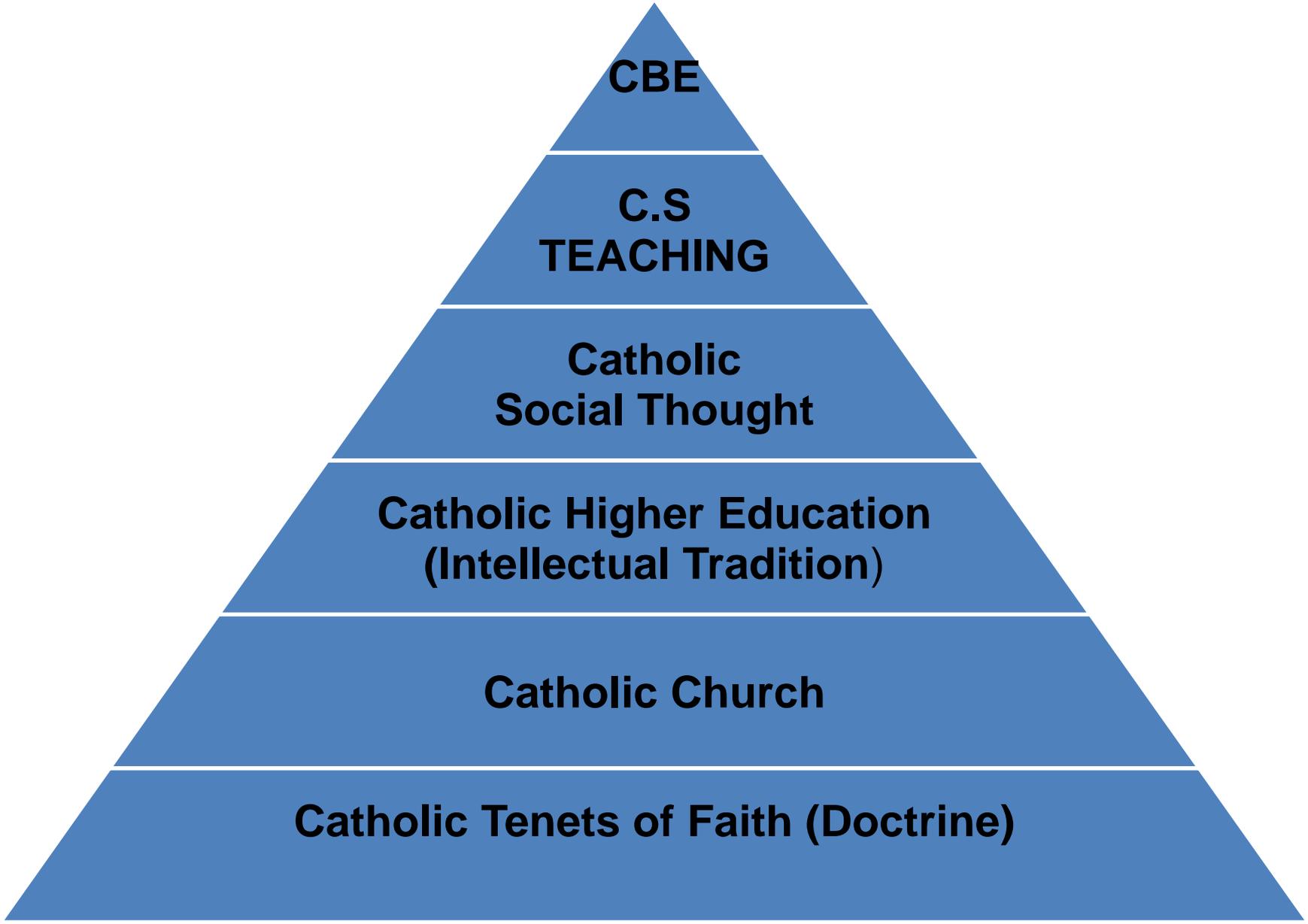
- “a theoretical framework that integrates natural law and virtue, as the Catholic moral tradition does, is the most robust and powerful approach to applied ethics in the profession [and will help in the] “urgent search for a more adequate, unified, single, coherent conceptual foundation for ethics”
- “competing theories of ethics cannot be reduced to mere methods of analysis...[and] cannot be complementary explanations, each capturing some essential facet of a complex reality”

Kennedy's Hope for Catholic Ethical Analysis

Although sounding somewhat contradictory, Kennedy sees Catholic moral tradition (with natural law and virtue) as the source (or at least an aid) for developing a more coherent and integrated approach to ethical analysis that escapes the efforts of current models

IAR/TRE: An alternative “Catholic” Framework for Stakeholder Management

- *Analysis under TRE (Tradition, Reason, and Experience)*
- After **I**dentification of the ethical **I**ssue, background **I**nformation and relevant stakeholders,
- the stakeholder management framework proceeds to the ethical **A**nalysis (i.e., Step 2);
- this is the actual application of the **TRE principles** to the question at hand (TRE is the trinity of Catholic moral analysis).
- In its effort to advance the individual’s level of cognitive moral development, the framework incorporates into its ethical analysis the components of:
 1. Catholic Social **Tradition**
(which includes CST, scripture, and Catholic Social Thought),
 2. Philosophical **Reasoning**
(Utility, Rights, Justice, Care, Organization, and Personal), and
 3. Human **Experience**
(historical, societal, and personal).



CBE

**C.S
TEACHING**

**Catholic
Social Thought**

**Catholic Higher Education
(Intellectual Tradition)**

Catholic Church

Catholic Tenets of Faith (Doctrine)

The different “Catholic” dimensions of the Pyramid of Catholic Business Ethics

- Catholic Business Ethics is the use of the various dimensions of the Catholic intellectual Tradition to help describe, analyze, and resolve issues about right or wrong policies and practices implemented by various stakeholders involved in commerce
- Catholic Social “Teaching” (CST) describes the explicit and formal teaching of the Catholic Church regarding the organizational, economic, and political realities of human existence through official and authoritative documents like conciliar documents, papal encyclicals, college of bishops decrees, and pastoral letters.
- CST is a part of the broader tradition of Catholic Social “Thought,” which includes the theologians, economists, scientists, and other various scholars who addressed similar social issues from a similar Catholic perspective.
- Finally, both CST and Catholic Social Thought are part of an even larger concept of Catholic Social “Tradition,” which includes Sacred Scripture and other expressions of the Catholic perspective concerning the variety of social questions facing humanity.
- Arguably, the above three are also situated within a larger Catholic “Intellectual Tradition,” which looks to all bodies of knowledge as possibilities for fuller revelation and understanding of the one supreme Truth (with right reason and right judgment).
- “In Catholic teaching, there exists an order or ‘hierarchy’ of truths, since they vary in their relationship to the foundation of the Christian faith.” (Paul VI, Decree on Ecumenism, *Unitatis Redintegratio*, Restoration of Unity, par. 11, 1964). The Pontifical Council for Peace and Justice have elevated Catholic Social Teaching to doctrinal level within the hierarchy of truths (Pontifical Council for Justice and Peace, “The Compendium on the Social Doctrine of the Church,” par. 80, 2004 (citing Congregation for the Doctrine of the Faith, Instruction *Donum Veritatis*, 16-17, 23 (1990).quoting John Paul II, *Centesimus Annus*, par. 59 (1991). Thus, the Church and others have begun referring to CST as Catholic Social “Doctrine.”

Legitimacy and Validation of “Catholic” Moral Tradition

- Explain the significant influence of natural law, Thomistic thought, and virtue theory on modern Western mindset
- Furthermore, the Holy See (the source of CST) is recognized as an independent sovereign state (since 1929) and international diplomatic body that may enter into treaties and has a seat among the United Nations as a Permanent Observer (thus not a full member) (1961).
- Ironically, the Holy See’s effort to retain its neutrality gives its voice on political problems greater legitimacy since it is not posturing for any advantage.
- Lateran Treaty, Art. 12. (1929).
- Vienna Convention on Diplomatic Relations, Art. 16, sec. 3, (1961).

Catholic Business Ethics is NOT just about Ethical Analysis or Moral Reasoning

The IAR/TRE model of stakeholder management (and broader Catholic Business Ethics course) emphasizes its many benefits:

- 1) increases ethical issue sensitivity and stakeholder awareness,
- 2) improves comprehensiveness of ethical analysis,
- 3) resulting in better judgments and ethical intentions, that
- 4) lead to ethical behaviors and fortitude.

- Sean Valentine and Tim Barnett, Perceived Organizational Ethics and the Ethical Decisions of Sales and Marketing Personnel, *Journal of Personal Selling and Sales Management*, 27, 373-388, 384 (2007).
- John C. Cassidy, A Pedagogy for Integrating Catholic Social Ethics into the Business Ethics Course, *Journal of Business Ethics Education*, v. 3, p. 1-12, 10 (2006).
- Roland E. Kidwell & Linda Achey Kidwell, “Ethical Beliefs in the Catholic Business School: The Impact of Catholic Social Teaching on Classroom Reality,” *Journal of Markets and Morality* 293-315 (2006).

Catholic Education?

1. To foster belief in the fundamental tenets of the Christian faith?
2. To foster adherence to the moral precepts of Christianity?
3. To foster participation in and contribution to the sacramental life (formal and informal) of the Christian community?
4. To foster relationships with and service to the community/people of God (especially the less fortunate)?

Catholic Business Ethics Education's Goal of “building the proper character in business students”

Other Goals:

- 1) moral formation,
- 2) vocation discernment,
- 3) sanctity of the human experience,
- 4) integration of knowledge,
- 5) dialogue with the Catholic Church and its official teachings,
- 6) encounter with Christ.

Course Objectives:

- 1) To increase students awareness of major ethical issues confronting business, their root causes, and possible solutions (and the role of business in all of these);
- 2) To help students improve moral reasoning skills whereby they can apply an analytical framework that includes a distinctly Catholic dimension (CST, scripture, discernment);
- 3) To increase students familiarity with, sense of relevance, and comfort with using CST (primary principles, underlying basis, relevance, application, documents);
- 4) To model with students a different and virtuous way of learning and working – kind, caring, collaborative, helpful, with a common purpose.
- 5) To enable students to engage vocation questions – spiritual and secular dimensions;
- 6) To help students encounter experiential learning with social issues (experience, reflection, analysis, communication, action);
- 7) To help students grow morally, spiritually, intellectually, and relationally (developing character, maturity, and leadership).
- 8) To help students grow in their understanding of and relationship with God and others through intellectual inquiry and experiential learning of business ethics with a Catholic dimension (ultimate **purpose** of course).

We decided not to include objective #7 and #8 (the purpose) in the syllabus, but may in the future under the idea of full disclosure and transparency. This will inevitably require us to explain these goals in the inclusive and non-proselytizing manner they are meant to be understood and in fact pursued.

Catholic Business Ethics Education's Goal of “building the proper character in business students”

By educating Students’

Heads, Hearts and Hands:

First/Second Year

Upper Level Classes

Capstone/Graduate

- Information >knowledge> wisdom
- Skills >proficiencies> expertise
- Assignments >experiences> transformations
- Values >virtues> character

CBE Activities in Pursuit of Objectives

Tell me and I will forget, show me and I may remember, involve me and I will understand -
Confucius, 450 b.c.e.

- group presentations, smaller writing projects, research papers, personal reflections, journaling, discernment (or reflective decision-making), self-assessments, personal mission statements (with quotes to live by), exams (oral, take home, written, and open-book), quizzes, readings, guest speakers.
- community service (especially with poor, homeless, disabled, aged), job shadowing, interviewing business executives about values, movie, art, music or literature comparisons, trips abroad, group sharing, meditation techniques, news or media review, development of a personal decision-making model, Personal and Professional Strategic Plan, Discernment Exercises, Regulatory Agency Report, Socially Responsible Investing, and report on a role-model.
- researching a country and its issue, researching specific company's and evaluating their CSR, exploring the major concerns of the local community, social entrepreneurship project, professional service, 5th year programs, alternatives spring breaks, immersion experiences, voluntary associations, blogging, ethics competitions and debates, overlap with other course, capstone approach, biography on historical figure (business and non-business who admire and why), book reports, retreat, and countless others.
- ***Group Presentation, Service Learning, and Research Paper***

The six “W” questions

(who, what, where, when, why, and how)

about teaching Catholic business ethics at a Catholic university:

The six “W” questions (*who, what, where, when, why, and how*) were reordered and clarified as follows

- 1) **What** *is Catholic Business Ethics?* looks closely at the meaning of “Catholic” in relationship to higher education, business ethics education in particular.
- 2) **Why** *teach Catholic Business Ethics?* explains the justification for a distinctly “Catholic” course on business ethics at Catholic universities.
- 3) **Where** *should Catholic Business Ethics be taught?* investigates whether to place such a course in the philosophy, theology, or management department.
- 4) **When** *should Catholic Business Ethics be taught?* takes a very brief look at what year in the curriculum might prove most beneficial for achieving the goals of Catholic business ethics?
- 5) **Who** *should teach (and be taught) Catholic Business Ethics?* considers the professional, academic, and religious background most desirable for teachers and students involved in such a course.
- 6) **How** *should Catholic Business Ethics be taught?* describes various approaches to integrating “Catholic” components into a business ethics course before offering some suggestions for a prototypical class.

The abbreviated conclusion to the questions *in totum* is that:

- **Professors (ideally a team) familiar with the Catholic Intellectual Tradition and Catholic Social Teaching (the who)**
- **should teach a distinctly Catholic Business Ethics course (CBE) that exposes undergraduate seniors and graduate students (the when)**
- **to Catholic Social Thought as applied specifically to business concerns (the what)**
- **through integrative, experiential and collaborative learning methods (the how)**
- **in order to advance the mission of the Catholic University and the Catholic Church (the why)**
- **in the business school, as well as in both the philosophy and theology departments (the where).**

The questions and answers revealed some diversity of methods and concepts about Catholic business ethics, yet clearly shared an ultimate focal point - namely, the intellectual, ethical, spiritual, and social development of the students.