Background Paper

Catholic Social Thought:
Implications for teaching Management and Organizational Behaviour

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Catholic Social Thinking (CST) is obviously of great relevance for courses in Management and Organizational Behavior (M&OB). This is because CST and M&OB both have a primary emphasis on how people treat one another, and on how social structures and systems can exacerbate or facilitate human flourishing. Moreover, research suggests that M&OB theory and practice that is consistent with CST principles will be qualitatively different than conventional M&OB as taught in most business schools and as described in most textbooks.

This short background report will focus on what might be considered to be “first principles” of conventional versus alternative M&OB. As will be elaborated below, conventional M&OB is based on a materialist-individualist paradigm that emphasizes maximizing self-interested financial well-being (especially of shareholders). The conventional approach is typically based on a consequentialist utilitarian ethical moral-point-of-view. In contrast, alternative M&OB consistent with CST principles emphasizes balancing a variety of forms of well-being (e.g., financial, social, spiritual, environmental) for a variety of stakeholders (e.g., shareholders, employees, customers, suppliers, competitors, neighbors, future generations). Such an alternative approach is often based on a virtue theory ethical moral-point-of-view.

Perhaps some self-disclosure is appropriate before continuing. I do not teach at a Catholic institution nor am I a practicing Catholic, but I do have numerous publications that link Christian teachings to M&OB topics. In particular, I have done considerable writing on how Christian (and other religious) teachings can help to transform thinking about M&OB. Furthermore, I believe that conventional M&OB theory and practice is valuable and provides a rich storehouse of concepts and theories with which one can develop alternative M&OB theory and practice consistent with CST principles. I also believe that an approach to CST-informed M&OB is qualitatively different than conventional M&OB, and moreover that business instructors in Catholic schools would be

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doing their students a disservice if they failed to teach an approach to M&OB that is consistent with the basic tenets of Catholic social teachings. Moreover, alongside teaching students an approach to M&OB that is consistent with CST principles, I believe that such instructors should also be simultaneously teaching students conventional M&OB theory and practice. I prefer simultaneously teaching two approaches to M&OB because this:

(a) demonstrates clearly that there is no such thing as value-neutral M&OB (i.e., different moral-points-of-view will give rise to different approaches to M&OB);

(b) has been empirically shown to facilitate students’ critical thinking; and

(c) compels students to consider their own moral-point-of-view and how it informs their approach to M&OB (students agree that learning two approaches to M&OB improves their ethical thinking).

Finally, Mitch Neubert (Chavanne Chair of Christian Ethics in Business, Baylor University) and I have co-authored two textbooks that essentially enable instructors to easily put into practice what I am advocating here. Each chapter in our Organizational Behavior textbook (Wiley, 2014) contrasts and compares what we call “conventional OB” with “sustainable OB” (the latter being more consistent with CST). Each chapter in our Management textbook contrasts and compares Mainstream versus Multistream management. Many of the ideas in this document are drawn from these two textbooks.

Key implications of CST for the M&OB classroom

A book-length manuscript could easily be written on implications of CST for teaching M&OB. For present purposes I will highlight an overarching conceptual framework related to this topic, and then show how this framework or lens encompasses specific principles widely associated with CST.

Overarching framework. CST points to a way to escape the materialistic-individualistic “iron cage” that Max Weber says characterizes the status quo. According to the Weber, the Protestant Ethic ushered in a new era where unprecedented legitimation was accorded to materialism (e.g., whereas previously wealth had been associated with greed, via the Protestant Ethic money became a sign of God’s blessing) and individualism (whereas previously salvation came via the church, suddenly it became the responsibility of the individual).

Both the historical and contemporary CST literature calls for the development of ways of managing that provide an alternative to this materialistic-individualistic orientation. For example, in his review the historical CST literature, Curran describes how materialism is condemned and how “one-sided individualism” should be rejected in favor of an approach that

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recognizes the social and “communitarian aspect of human existence.” A similar call to replace a materialistic-individualistic emphasis is also evident in papal encyclicals oft-associated with CST: Pope Leo XIII’s 1891 “The Condition of Labour” promotes human dignity through a fair distribution of wealth; Pope Pius XI’s 1931 “Reconstruction of the Social Order” critiques the destructive nature social structures that emphasizes free competition and greed; Pope John XXIII’s 1961 “Christianity and Social Progress” emphasizes the need for people to look after one another’s needs; and Pope John Paul II’s 1981 “On Human Work” places work at the center of the social question for enhancing human dignity.

Similarly, the contemporary CST literature also calls for less emphasis on materialistic and individualistic concerns. For example, Michael Naughton suggests that “materialism denies the fundamental premises of the Christian faith,” and goes on to promote a “community of persons” perspective instead of individualism; Ferdinand Tablan challenges the conventional view that “The goal of economics is the satisfaction of the individual’s unlimited wants through the creation of material wealth,” arguing that materialism distorts the true meaning of work and that humans are by their inner most nature social beings; Lorna Gold describes how participants of the Economy of Communion are developing an “alternative economy” which rejects “materialism and the anthropology of the ‘individual’ as a being in isolation from others;” and Wolfgang Grassl argues that that “CST does not see a firm as a thing but [rather] as a social entity, particularly a community of persons engaged in common work and sustained by relationships to the firm’s social, political, economic, economic and natural environment.”

Finally, the call to develop less materialistic-individualistic M&OB is also very evident in the Vocation of the Business Leader (published in 2012 by the Pontifical Council for Justice and Peace), which notes that “the greatest dangers to Christian business leaders” include the mainstream emphasis on individualism and materialism (e.g., “the financialisation of the economy”). The document states that: “Faith enables Christian business leaders to see a much larger world, a world in which God is at work, and where their individual interests and desires are not the sole driving force … to promote human dignity and the common good and not merely the narrow interest of any particular stakeholder.” Of particular importance for M&OB instructors, the Vocation of the Business Leader describes the self-fulfilling prophecies that occur when there is a failure to develop alternatives to the materialistic-individualistic paradigm:

“The many pressures business leaders face may lead them to forget the Gospel call in

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10 Quotes in this paragraph are taken from pages 7, 19, 21 and 6, respectively, in Pontifical Council for Justice and Peace, Vocation of the Business Leader: A Reflection (2012).
their daily professional activities. It may seduce them to believe, falsely, that their professional lives are incompatible with their spiritual lives. It places excessive confidence in material resources and/or worldly success. When this happens, business leaders risk valuing status and fame over lasting accomplishment, and consequently risk losing their good judgment. Business leaders may be tempted, whether from self-centredness, pride, greed or anxiety, to reduce the purpose of business solely to maximising profit, or to growing market share or to any other solely economic good. In this way, the good that a market economy may do, for individuals and for society, can be diminished or distorted.”

This sentiment is consistent with research that shows that, because much of theory taught in business schools is based on a materialist-individualist moral-point-of-view that fosters self-fulfilling prophecies, business students generally become more materialistic and individualistic during their programs of study.\(^\text{11}\) Similarly, research shows that students become less materialistic and individualistic when they are taught two approaches to M&OB (i.e., a conventional approach, and an alternative approach where materialistic-individualistic well-being does not out-trump other forms of well-being).\(^\text{12}\)

**Specific CST principles.** This lens or conceptual framework suggests that, in contrast to conventional M&OB which focuses maximizing materialism and individualism, M&OB that is consistent with CST principles focuses on balancing multiple forms of well-being (e.g., where financial well-being does not out-trump spiritual or social or ecological well-being) for multiple stakeholders (including shareholders, neighbors, suppliers, competitors, customers, future generation, and the natural environment). This latter approach is consistent with well-known CST principles such as:

*Human dignity:* people are not objects or things to improve instrumental well-being; rather they are created in the image of God and worthy of making decisions and entering into community with others (related to the dignity of work).

*Solidarity and the Common Good:* People and organizations are not stand alone units apart from and seeking to compete with others; rather they are a part of others and seeking to work to serve the larger common good (including creation care).

*Charity in truth:* Relationships with others should not be based primarily on instrumental concerns, but rather on relationships based on mutual love.

*Subsidiarity:* Rather than seek to centralize and monitor and control in order maximize efficiency, M&OB theory and practice should seek to empower people and optimize their freedom of expression and contribution in the workplace.

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Distributism and social justice: Rather than promote M&OB theory and practice that has accompanied forty years of widening gaps between rich and poor within organizations (and within countries and between countries), M&OB consistent with CST principles would promote policies that reduce the gap and thereby enhance social trust, mental health, and job satisfaction (this is also related to the preferential option for the poor).

Key topics in M&OB: What they look like from a moral-point-of-view consistent with CST

This overarching conceptual framework—namely, whether M&OB is considered to be primarily about maximizing materialism and individualism (conventional view) versus about balancing multiple forms of well-being for multiple stakeholder (consistent with CST view)—can be used a lens to describe, contrast and compare, what I will call conventional M&OB versus alternative M&OB that is consistent with CST principles. This can be illustrated by considering a variety of key topics in M&OB courses. This section draws heavily on the content of the textbooks I’ve co-authored with Mitch Neubert, where each chapter provides a conventional approach and an alternative (less materialistic-individualistic) approach to M&OB.

Effectiveness vs efficiency. From a conventional perspective, “effective” M&OB is defined in terms of productivity and profitability. Effectiveness is often measured in terms of money or status/power (e.g., competitive advantage). However, an alternative understanding would have a much broader definition of effectiveness. It would include treating people with dignity, improving the common good, creation care, and so on. Much greater care must be used in the classroom in using terms like “effectiveness,” “effective management,” or “effective OB principles.” Effective according to whom and to which criteria?

Ethics. A conventional M&OB perspective tends to be based on a consequential utilitarian ethical philosophy. This approach essentially emphasizes maximizing the financial utility of an organization, and then allowing each of its stakeholders to use their share of any resulting financial wealth in ways that they see fit. For example, from this conventional perspective it would be unethical for managers to distribute part of a firm’s profits to charity because this is the prerogative of its owners, and it would be unethical to go beyond the letter of the law if this were to reduce profits.

In contrast, alternative M&OB is more likely to be based on virtue theory, which looks at the character of the people in the organization, and seeks to optimize virtue and happiness within organizational communities. In contrasting these two ethical approaches (and others, like distributive justice and a moral-rights view), students will be compelled to think of what they themselves deem to be ethical, what their own moral-point-of-view is, and how these different moral-points-of-view each give rise to different approaches to M&OB theory and practice. For example, consider differences between a conventional and an alternative approach to the four “functions” of management as described below: planning, organizing, leading and controlling.

Planning. From a conventional perspective, planning focuses on how managers set goals and design strategies to achieve them. Typically this would focus on how to develop plans to improve an organization’s productivity and profits. In contrast, an alternative approach emphasizes how managers work alongside others to set goals and design strategies. Moreover, it expects members to seek to achieve goals that go beyond profits and productivity, even when they are difficult to measure, such as goals related to human dignity, the common good, ecological sustainability, and happiness. This alternative M&OB approach to planning recognizes that individual and community well-being are inter-related, and that plans should take into account the needs of multiple stakeholders.
Goal-setting. Conventional M&OB emphasizes setting SMART goals, namely, goals that are: Specific (precise on what is to be accomplished), Measurable (can be assessed objectively), Achievable (within reach, yet also challenging), Results-based (have clear, demonstrable outcomes), and Time-specific (a clear time by which to be accomplished). While SMART goals may be effective in maximizing productivity, it is not clear that they are particularly well-designed to create meaningful work and enhance the community good. An alternative approach to goal-setting might emphasize SMART2 goals, namely goals that are: Significant (challenging and engaging), Meaningful (have a deeper meaning that goes beyond merely maximizing productivity), Agreed-upon (members participate in developing the goals), Relevant (linked to important issues for a variety of stakeholders), and Timely (appropriate for the times and situation).

Organizing. From a conventional perspective, organizing involves managers arranging human and other organizational resources in order achieve their planned goals and strategies. Fundamental concepts in organizing include centralization (how much authority people at different organizational levels have), specialization (dividing large, complex tasks into a series of simpler tasks), and standardization (achieving coordination across organizational members). In contrast, alternative organizing would be steeped in ideas of subsidiarity and involve arranging resources with an emphasis on dignification, experimentation, and sensitivity to others needs in the process. This alternative promotes organizational structures that help employees flourish. For example, instead of ensuring orderly deference via centralization, an alternative approach would emphasize dignification where everyone is respected and listened to. Instead of using standardization to ensure that members perform their tasks in the best way possible, an alternative approach emphasizes experimentation to encourage constant improvement.

Leading. From a conventional M&OB perspective, leading is all about using systems and interpersonal human skills to influence others to achieve organizational goals and maximize individual productivity. Here key leadership traits include a drive to get ahead, an “I can do it” confidence, and an ability to influence others to help followers meet their goals. In contrast, from a CST perspective, leadership is all about nurturing workplaces where the emphasis on financial and productivity goals is balanced by an emphasis on dignity and the common good and healthy social relationships. From a CST perspective, leaders take the role of a servant, focusing on the development of others and working together to meet mutually accepted organizational goals. Here key leadership traits include a drive to serve others, a “We can do it” confidence, and an ability to help others understand and meet their deeper goals.

Motivation. A conventional approach emphasizes how people are motivated according to their innate needs (e.g., existence, relatedness, and self-actualization needs) and their nurtured needs like their need for achievement, equity, affiliation and individual power (e.g., acquiring legitimate, reward, coercive, referent or expert power). An alternative approach emphasizes how people also have innate needs for spirituality, altruism and common-good-actualization (vs merely self-actualization). In terms of nurtured needs, an alternative approach emphasizes a need for significance (versus achievement), justice (versus equity), community (versus affiliation), and shared power versus individual power.

Human Resource Management (HRM). From a conventional perspective the four basic steps of HRM include:

1) Job analysis and planning (identifying what people need to do by examining individual positions and using job analysis techniques);
2) Staffing (getting the right people on board by recruiting via traditional channels and selecting new hires based on individual performance potential);

3) Performance management (providing sufficient feedback and rewards for members, with a focus on aligning financial compensation with individual performance);

4) Training and development (preparing and developing members that focus on improving short-term production and offering employee development programs targeted toward needs of the organization).

An alternative approach to HRM follows the same basic for steps, but performs each step differently, as follows:

1) Job analysis and planning (identifying what people need to do by using team-oriented job analysis techniques);

2) Staffing (getting the right people on board via recruiting using non-traditional channels, with a special emphasis on people with special needs and selecting new hires based on team or cultural fit and diversity);

3) Performance management (providing sufficient feedback and rewards for members with an eye to look at group dynamics and balancing financial and non-financial rewards);

4) Training and development (preparing and developing members via providing training to improve short-term and long-term production and seeing employee development is an end in itself).

**Controlling.** From a conventional M&OB perspective, controlling ensures that organizational members do what they are supposed to be doing, and that their performance is meeting expectations. Control is typically achieved through systems that monitor and encourage particular behaviors. Common performance standards used in controlling include liquidity ratios, debt-to-assets ratios, inventory turnover, and return on investment. In contrast, from a CST perspective, control goes beyond simply ensuring that organizational directives are followed. Rather, control has as much to do with the values (e.g., including social justice, compassion for people ill-served by the status quo). Alternative control systems emphasize information systems that help members to self-monitor and to include multiple stakeholders in evaluating. Here performance standards might include “FinEco ratios” (= financial value of outputs ÷ ecological footprint) and “Work force composition” (= number of employees hired from specified marginalized groups ÷ total number of employees hired).

**Value chains.** A conventional approach to management draws attention to the value chain—the sequence of activities needed to convert an organization’s inputs (e.g., raw materials, new employees) into outputs (e.g., products and services)—as a crucial tool for helping managers to identify and establish key performance standards. Understanding the key elements of the value chain in their organization helps managers to design systems that monitor and ensure that each key “link” in the chain adds financial value to an organization’s products or services as its inputs are converted into outputs. The basic value chain looks like this: inputs→conversion processes→outputs.

From an alternative perspective, the conventional idea of value chains has two key drawbacks: 1) the two ends of a value chain are unconnected, resulting in managers failing to recognize how their organization’s outputs are linked to inputs (and vice versa); and 2) the various components of value chains are typically treated as sequential and linear in nature, which
results in failures to recognize the interplay and the processes that connect the various “links” in the chain. In light of this, an alternative approach emphasizes “value loops,” which essentially connect the two ends of a value chain. A value loop describes the activities whereby an organization’s inputs are converted into outputs, which in turn are linked to subsequent organizational inputs. As shown in Figure below, a value chain adds a new node—“Environmental resources and processes”—that describes both where the organization’s inputs are drawn from and what the organization’s outputs contribute to. This additional node helps managers to understand how organizational activities contribute to, and resolve, larger system (e.g., societal and ecological) problems. In addition, value loops explicitly recognize that the flow of resources travels in both directions between the links. The fatter arrows in the Figure indicates the direction that managers usually see the resources flowing, while the thinner arrows indicate that managers must also be sensitive to how resources and information can be seen to flow in the opposite direction.

**Figure: A generic value loop**

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**Globalization.** From a conventional perspective managers must pay attention to the following four key dimensions of the international environment:

1) *socio-cultural* (which involves to adapting to differences in a culture’s materialism, individualism, time-orientation, deference to authority, and uncertainty-tolerance);

2) *natural* (which involves to finding less expensive places to: source inputs; add value to goods; and deposit waste);

3) *political/legal* (which refers to getting incentives from a host country—such as tax breaks—and to promoting international free trade agreements);

4) *economic/technological* (which involves taking advantage of the international flow of: jobs, for example finding countries with the lowest input/processing costs; knowledge, for example locating R&D engineers in three international time zones in order to enable design work to progress 24/7; and money, for example moving capital to where it can receive the highest returns).
In contrast, from an approach informed by CST principles, managers pay attention to the same four key dimensions of the international environment differently:

1) socio-cultural (where the emphasis is placed on egali-centrism and attempting to build relationships where teaching and learning flows two ways);

2) natural (which involves providing opportunities to improve sustainable development internationally);

3) political/legal (which seeks to develop and promote socially-just policies such as fair trade); and

4) economic/technological (which involves seeking opportunities to act responsibly with regard to the international flow of: jobs, for example providing living-wage jobs in countries with greatest needs; knowledge, for example distributing information that improve human welfare; and money, for example by supporting the needy via acting consistently with the spirit of the Tobin Tax and promoting things like micro-financing).

Implications for the “Management” and “Organizational Behavior” classroom

As is readily apparent by now, the approach advocated here is not a piecemeal approach, where we add a dash of “subsidiarity” here, or graft on some “common good” there. Rather, the idea is to use a new “lens” to view and reconsider all the content and topics taught in M&OB courses. This lens is consistent with the hallmarks of CST teachings. Each topic—motivation, decision making, leadership—looks different through this lens. This new lens represents a qualitatively different way of seeing and thinking about M&OB, a qualitatively different moral-point-of-view for students to think about how they will “live out” their organizational lives.

Clearly this is more than a theoretical exercise -- the alternative approach of M&OB described here is consistent with empirical research that describes what happens when managers actually put CST principles into practice.\(^{13}\)

Presenting each topic using two approaches, one representing a conventional perspective and the other an approach consistent with CST principles, has several advantages. First, studying two approaches helps students to think about where they might be located along a “conventional-alternative” continuum, and also to understand where their coworkers might be. The goal is not to say that one approach is “right” and the other “wrong”, nor is it to say that either approach is even attainable or should seek to be attained. Rather, both approaches are conceptual “ideal-types.” The goal is to understand oneself and others better – not to be judgmental.\(^{14}\)

Second, in addition to helping students understand where they (or others) currently lie along the conventional-alternative continuum, presenting two approaches encourages students to think about where they would like to be in the future, and what sorts of organizations they would like to work for or help to develop. Indeed, one of the greatest rewards for me in teaching two approaches occurs at the end of the term when students come to me and tell me that they have discovered that they personally do not identify with either the “conventional” or the “alternative”


\(^{14}\) The material in these final paragraphs draws heavily from Dyck and Neubert (2010).
approach, but that they have a much greater understanding of their own personal approach that they do identify with. Students who learn two approaches have the conceptual tool kit to think deeply about how their own values and moral-point-of-view can be lived out in the workplace.

Third, understanding one ideal-type helps to better understand a second ideal-type. Just as we develop a richer understanding of extraversion when we contrast and compare it to introversion, so also we have a deeper understanding of conventional management if we contrast and compare it with alternative management, and vice versa. This approach of having two ideal-types to contrast and compare may be particularly helpful when students are learning a new subject. Similarly, just as it is easier to learn about personality if you learn about both introversion and extraversion, from my experience it is also is easier for students learn about M&OB if they learn about both conventional and alternative approaches.

Fourth, learning two approaches helps students to develop their abilities to resist simple answers and also to explore and integrate opposing ideas or viewpoints, which are hallmarks of outstanding managers and, I believe, are characteristic of CST. It is about listening to and understanding people who have differing points of view, and creating a welcoming space where they can learn from one another. In practice, managing is never as easy as it seems in a book, nor are the issues that managers face usually as straightforward as they may seem at first glance. Management is complex and filled with challenges to balance different ideas and values. Thinking about two approaches helps students develop critical and integrative thinking skills. Moreover, learning more than one approach is particularly relevant because students will be expected to change their approach during the course of their career, as they work in different contexts and with different people.

Finally, studying two approaches to M&OB helps to reduce bias because it serves as an on-going reminder that M&OB actions and practices are not value-neutral. This draws attention to the fact that it is impossible to develop M&OB theory that is not based on a set of values. Thus, both the conventional and the alternative ideal-types are value-laden (i.e., each is based on a different set of values). Studying only one approach often acts as a self-fulfilling prophecy, where students forget that that approach is based on specific values and where they increasingly adopt those values. In contrast, learning the two approaches enables and compels students (and instructors) to think about what their own moral-point-of-view is, and about how it can be expressed in the workplace where they spend a significant portion of their lives.