

# **Business Education at Catholic Universities: Current Status and Future Directions**

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## Abstract

This study assesses the current state of business education at Catholic colleges and universities based on a survey of business school deans and faculty members and an audit of business unit web sites. Results suggest that business education at Catholic institutions could be more distinctive in reflecting the Catholic mission of the institution. Curricular recommendations are offered for mission-driven business education with a particular focus on ethics education.

## Introduction

Is business education at Catholic universities and colleges distinctive? Is there a difference between the business education provided at a Catholic institution and a secular one? Does that education reflect the Catholic character of the mission of the larger university? Does it produce distinctive student outcomes that relate to attitudes toward the purpose of business and expectations for ethical behavior of graduates?

The purpose of this study is to survey and assess the current state of business education at Catholic universities as it relates to the religious character of the larger institution, and to recommend curricular models for ethics education that promote the mission of the university.

Research suggests that developing and communicating an organization's values, mission, and vision can be a helpful step in the process of building a successful and "visionary company." In fact, visionary companies wrote mission and values statements "more frequently than the comparison companies and decades before it became fashionable" (Collins and Porras, page 65).

A mission statement should reflect the distinctive and enduring character of the organization and establish a sense of direction. Most business schools have embraced this focus on mission and, indeed, accreditation standards for AACSB state that business schools are required to publish "a mission statement or its equivalent that provides direction for making decisions" (AACSB, Sec. 2, Std 1) and that is "appropriate to higher education for management and *consonant with the mission of any institution of which the school is a part*" (AACSB, Sec. 2, Std. 2, emphasis added). Furthermore, business schools are expected to develop learning goals and a system of assessment known as "Assurance of Learning" that is adapted to the school's mission and cultural circumstances, and demonstrates achievement of those learning goals (Sec. 2, Std. 16).

Mission statements at colleges and universities should define the core purpose of the organization and indicate the values and philosophy of the institution (Sidhu, 2003). Research on the effectiveness of school mission statements has found that the statements do have an influence on student outcomes. Davis, et al (2007) found that "schools that explicitly stated ethical content in their mission statements do influence student ethical orientation" (page 99).

### Research Methods

To understand the current state of business education at Catholic universities, we used a two-pronged research approach. First, we developed and administered a survey sent to the dean or head of the business division of 169 Catholic universities and colleges in the United States. The survey was designed to (1) identify whether the business unit had its own mission statement and, if so, to assess the distinctly Catholic (and/or religious order) character of the mission, (2) identify the learning goals of the business unit that pertain to ethics education and/or the religious character of the mission, and (3) determine student outcomes that respondents sought to achieve for both business ethics education and business education related to religious identity. Second, we searched the web sites of Catholic colleges and universities in the United States to identify and assess the mission statements of the institutions' business schools and divisions. Where no mission statement was found, phone calls were made to the college to learn whether a mission existed and, if so, to request a copy.

The survey was mailed in March 2008 and resulted in 40 responses, a response rate of 24%. In addition, we completed audits of 110 web sites of business colleges or departments at Catholic universities.

### Results

Table 1 shows the results of the mission statement analysis of business schools and departments in Catholic universities. Column 1 indicates whether the business school or department (i.e., the business unit) has its own mission statement. Of the 40 schools responding to our survey, 36 have a business unit mission statement (90%). A mission statement for the business unit was found on 77% of the 110 web sites audited.

Of the schools that do have a separate business unit mission statement, we analyzed whether the mission includes an explicit reference to ethics or to the religious identity of the institution (i.e., Catholic, Jesuit, Benedictine, Dominican, etc). As shown in the table, more than half of the mission statements include a statement about ethics and an explicit reference in the mission to the institution's religious identity was found in 46% of the overall sample and 61% of the returned surveys. Less than a quarter of the 110 schools audited emphasized both ethics and religious identity in their missions while 39% of the survey respondents emphasized both. Ten percent of the survey respondents and 23% of the overall sample did not mention either ethics or religious identity in their mission.

**Table 1 Mission Statement Analysis**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Mission statement</b>	<b>Ethics</b>	<b>Religious Identity</b>	<b>Both</b>	<b>Neither</b>
<b>Web Site Audit (n=104 of 110)</b>	80 of 104 (76.9%)	46 of 80 (57.5%)	37 of 80 (46.3%)	18 of 80 (22.5%)	18 of 80 (22.5%)
<b>Survey results (n=40)</b>	36 of 40 (90.0%)	23 of 36 (63.8%)	22 of 36 (61.1%)	14 of 36 (38.9%)	4 of 40 (10%)

While we cannot say much about what students actually learn simply by analyzing a school's mission statement, it is interesting to note that almost a quarter of the overall sample did not include either ethics or religious identity in their missions. And these are business units within a larger university that is defined by its religious identity.

Having a mission statement and living the mission are quite different as we know from Arthur Andersen, Enron and others. Do business schools walk the mission-driven talk? To assess the nature of the commitment to ethics education and religious identity, we requested the business unit's learning goals based on the assumption that what gets measured is a good indication of what really matters. Respondents were asked to identify the learning goals of their undergraduate business program and the desired student outcomes they seek to achieve with respect to ethics education and the religious identity of the institution. In this way we were able to get a sense of whether and how the aspirations of the mission statement were operationalized in the curriculum.

Table 2 shows the results, indicating that of the schools with undergraduate learning goals, over 80% of respondents to our survey measured student outcomes with respect to ethics education but only 6% assessed learning with respect to religious identity. Furthermore, when we asked what specific ethical theories and outcomes students were expected to learn, responses were, with a few exceptions, indistinguishable from what one would expect from an ethics assessment at a secular or state university. Answers ranged from a simple stakeholder analysis to more substantive reference to utilitarian theory, deontology, virtue theory, and rights. Only a small minority referred to concepts or theories that had a distinctly Catholic content.

**Table 2 – Outcomes Assessment**

	<b>Learning Goals</b>	<b>Ethics</b>	<b>Religious Identity</b>
<b>Survey results (n=40)</b>	33 of 40 (82.5%)	27 of 33 (81.8%)	2 of 33 (6.1%)

### Discussion of Results

Most Catholic schools of business refer to ethics somewhere in their mission statement. The vast majority of business schools in our survey also have college wide learning goals related to ethics. It is unclear, however, whether those ethics learning goals are driven by mission concerns or by accreditation requirements. (AACSB, after all, requires that schools address ethics.) Of course, it may be that the ethics goals serve multiple purposes, expressing mission and simultaneously satisfying accrediting expectations.

We also learned that only a small minority of Catholic colleges of business in our survey had learning goals that were expressions of the school's religious identity. And of the schools that reported some learning goals with respect to religious identity, most referred to concepts embedded in the traditions of Catholic ethical or social thought (such as dignity, the common good, and stewardship).

Of particular interest to us was the fact that respondents who both affirmed that they had learning goals in the area of ethics and who identified the assessment vehicles for those goals had for the most part a description of their ethics assessments that could be found at any secular university. The goals and desired outcomes did not typically reflect the Catholic mission of the institution.

The dearth of references to ideas from the Catholic ethical tradition may be due, in part, to the general nature of the questions asked. Those questions may not have elicited responses of a more granular nature about what specific ethical concepts appear in courses or assessments. Nonetheless, it is clear from many of the answers received that much of the teaching and assessment related to the ethics learning goals is neither distinctive nor very substantive. The most frequent survey responses indicated that schools expected students to be able to identify and analyze ethical issues. Often, however, there was no indication that students were supplied with any tools that would allow them to execute such an analysis. A number of responses indicated that students were expected to identify the impacts of business decisions on various stakeholders. These responses leave a troubling concern. It is the same concern that business ethicists have often raised about stakeholder theories: that they provide no criteria by which to assess the inevitable conflicts that arise between the interests of different stakeholders. It is little help to advise "Consider the impact on all stakeholders" if no tools are given for adjudicating. Perhaps more comforting were responses that identified particular moral theories that were taught as tools for analysis, though even here there is some concern in that the most frequently referenced theory was utilitarianism. While that theory may be more easily grasped by business students familiar with the technique of cost/benefit analysis, it is subject to serious moral challenges. Moreover, it is far from the advice that would be given from the tradition of Catholic ethical and social thought. References to rights, justice and virtue theory are more in accord with the tradition but from survey responses and from anecdotal knowledge of business ethics instruction, we are concerned that ethics education at Catholic schools of business is insufficiently advancing the mission. In what follows we offer some suggestions for increasing both the substance and the mission effectiveness of ethics education.

### A Role for Catholic Social Thought

We believe that the survey responses suggest that business education at Catholic colleges and universities has more than a little room for improvement. And it is natural that the mission of Catholic business schools be achieved through instruction in ethics. The elements of the modern Catholic intellectual tradition that are most relevant to business ethics are, of course, found in the documents of the Catholic Social Thought, beginning with Leo XIII's *Rerum Novarum* and running through the social encyclicals of John Paul II. We think that business education at Catholic business schools ought to have distinctive student outcomes that are more informed by this tradition of Catholic Social Thought than what appears, from the results of our survey, to be currently common. It will not do, for instance, if ethics education is pursued simply along the lines of the common "stakeholder" model where students are encouraged to identify the impacts of action on various stakeholder groups but are given no clear criteria by which to evaluate those impacts. Ethics education at Catholic business schools should be both more substantive than that and more informed by central ideas of the CST tradition. Two such ideas are essential: 1) respect for the dignity of the human person and 2) the purpose of business as the production of goods and services that satisfy human need and that promote of the common good of each and all.

Having the education informed by the tradition, of course, need not mean that ethics instruction in the business school must be through explicit instruction in CST or Catholic doctrine. It does suggest, however, that the root ideas and values found in that rich tradition should find expression in the curriculum, both in dedicated ethics courses and in courses in the functional disciplines.

In urging this model of ethics education for Catholic business schools, we are not suggesting that business schools become equivalent to minor seminaries. Nor are we suggesting that business schools engage in an indoctrinating enterprise that attempts to assure that students all exit our institutions committed to a proscribed set of beliefs. We believe that there are practical and theoretical reasons against such a practice. Practically, educating only by reference to Catholic teaching is unlikely to have the desired impact among the diverse student populations we find in our schools. Further, educating only by reference to Catholic doctrine, with the goal of replicating that doctrine in the minds of students, would undermine the character of the university as a place of open dialogue and inquiry. As universities, our goal should not be the replication of doctrine but the development of understanding and intellectual capacity. At a university, even if we desire that students assent to particular beliefs, that assent must be free assent that is the outcome of fully reasoned analysis. We should not return to days when ethics instruction at many Catholic universities was a one-sided representation of Church teachings.

While we oppose an attempt to assure assent to the ideals of the tradition, we do not oppose the use of Church documents as vehicles for elucidating the critical ideas of personal dignity and the purpose of business. Certainly, the theoretical tradition running through Thomas' ethical thought to the current church documents could be one way of capturing those root ideas of the tradition. But as John Paul himself reveals, there are other, equally useful theoretical vehicles for communicating those ideas. CST is not unique in emphasizing the dignity of the person. There is a strong, secular philosophical tradition which also emphasizes human dignity and links

respect for it to human rights. In fact, modern CST has been heavily influenced by that secular philosophical tradition (which in turn was influenced at its origins by the late medieval scholastics). Appeals to this secular tradition can capture for students both core ideas of CST, as we will suggest below.

So, it may be that classroom appeal to the modern secular tradition would be a more effective pedagogical tool in expressing the two central ideas for an audience of contemporary students. However, which approach has the greatest pedagogical potential, reliance on Church documents or on secular philosophical sources, is a question that can only be answered in light of facts about the particular contexts of each individual school. While we have some skepticism about the effectiveness of introducing papal encyclicals as a teaching device, we also recognize that it would be wise to question a use of Kant's *Groundwork for the Metaphysics of Morals* as a classroom reading. We now turn to classroom strategies for introducing students to the two core CST ideas of dignity and the purpose of business.

### Introducing an Alternative View of Business Purpose

It will clearly be a challenge in contemporary schools of business to introduce the idea that the purpose of business is to produce goods and services that satisfy human needs, that advance the common good of each and all. Obviously, the dominant ideology in business education relies on the assertion that the purpose of business is to make profits, i.e., maximize shareholder value.

However, there are numerous ways in which this dominant view can be effectively questioned. Even the most diehard proponents of the view understand that it rests on a belief that the pursuit of profit will produce, in an often misused phrase of Adam Smith's, "as by an invisible hand" the common good. This defense of the view that the purpose of business is profit, however, concedes by definition that the true justificatory purpose of business is the promotion of the common good. So, while it may be socially wise to encourage business persons to have a profit motive, that motive is distinct from the purpose of the institution of business, even on the common view's own grounds. Permissible motives for participants are not the same as the purpose of the institution within which they pursue their goals.

Another viable critique of the view that the purpose of business is to maximize shareholder value would be to ask students to consider whether they believe that a single minded pursuit of share value actually does produce the common good. Many students are likely to regard that assertion as empirically false and theoretically unsound. They implicitly understand that such a single minded pursuit is rather likely to produce perverse results unless constrained by a commitment to the rights of others. Their often implicit understanding of this can be brought to the forefront by asking them to consider whether a solely profit focused approach is a realistic view of the psychology of human persons and the sociology of their communities. Students will understand that if workers, for instance, become convinced that management has profit as its only concern, those workers are unlikely to commit to management or to the firm. That is a recipe for a strife-ridden and unproductive workplace. A healthy workplace requires that workers believe that there is some real reciprocity, some respect for their dignity and rights. Students can thus understand a business application of the hedonic paradox first identified by the ancient Greek philosophers: a person who is concerned only about his own welfare is a person who will not achieve happiness.

Alternatively, students can be introduced to CST conceptions of stewardship and of the priority of persons over capital as vehicles for explaining a view that suggests business' purpose extends beyond making profit to include the promotion of the common good for each and all.

So, it is possible to introduce the idea that the ultimate purpose of business is the production of goods and services that satisfy human needs. That idea can be introduced by attending to the assumed justification for the alternative and by emphasizing that pursuit of profit must be constrained by respect for the rights of others. Or it can be introduced directly through CST ideas.

### Introducing the Dignity of the Person

As previously mentioned, there are multiple possible sources for introducing students to the idea of human dignity. But in order for the appeal to human dignity to have any meaning for students, it must be given some operational content. Students must be given resources that will allow them to understand that respect for human dignity is not a vague ideal but rather one that generates concrete prescriptions. Both the CST tradition and the secular philosophical tradition originating with Kant can help to provide that operational content. Both emphasize autonomy, the ability to make free and reasoned choices, as a primary basis for the dignity of the human person and for the special moral status persons possess. In both traditions, human rights function as vehicles for expressing respect for the dignity of persons. Rights amount to protections for basic human interests, for those goods that are critical for living a decent human existence. In elements of both traditions, rights often include basic goods such as the material conditions for a fully human life. In the context of business, the CST tradition and some in the secular human rights tradition (see, for example, the ideals expressed in the United Nations Universal Declaration of Human Rights), argue for a number of rights, including a living wage, leisure and reasonably limited weekly hours of work, and the ability of persons to participate in the economic life of society, both through having employment and through having a voice at one's place of employment.

Consider how the issue of the living wage might be linked for students to human dignity. Students can easily see how a living wage, that is, a wage sufficient for both reasonable nutrition and shelter as well as one permitting some saving for the future, is a necessary condition for a decent existence and exercise of distinctive human capacities. Based on that, they can see the connection between human dignity and a living wage, especially if they are shown graphic examples from the developing world where wages are sometimes barely even enough for mere subsistence. There is however a theoretical issue that typically arises in discussions of a living wage. Students, especially those familiar with welfare state anti-poverty programs, often ask why the burden of providing an income sufficient for the purposes identified should be placed solely on business. The theoretical issue they raise is one about the locus of duties imposed by the positive rights of others to receive assistance. Why is it, students often ask, that a living wage should be the duty of a business to supply rather than the duty of the public sector?

Addressing this question provides an opportunity for a fruitful discussion of the implications of a concern for human dignity in a business context. Pursuit of the discussion can be achieved through either deeper analysis of the secular philosophical concepts of fairness or of positive rights and duties or through analysis of the CST principle of subsidiarity. Depending on the

pedagogical approach chosen, either analysis can help detail the practical significance of what it means to respect the human dignity of another.

Questions of fairness in the allocation of benefits and burdens turn on determinations of the relative contributions made or the relative risks assumed by the parties in a cooperative enterprise. Students can see that wages provided by market conditions may not be wages that fairly compensate workers for the time and effort expended in their jobs. Through a directed discussion, students can assess the fairness of wages in different economic and employment conditions.

Analyses of the conditions under which persons owe positive duties towards others generally refer to four individually necessary and jointly sufficient conditions: another's serious need, your ability to assist, the absence of comparable risk to self, and the unlikelihood of assistance coming from another source. In the case of a living wage, specific examples of workers in developing world context may sometimes illustrate that all four conditions are satisfied by an employer or multinational contractor. Abject destitution establishes need, employers and contractors may have some ability to pass costs on to consumers without great economic risk to their business and assistance is unlikely to be provided by bankrupt or corrupt local governments. Students can pursue substantive analysis by applying these four conditions to a range of cases from developing to developed economies in order to decide whether there are cases where provision of a living wage is legitimately seen as the duty of employers.

Finally, students can be introduced to the CST principle of subsidiarity as a way of assessing the locus of responsibility for providing a living wage. The Principle of Subsidiarity has been used in modern CST to suggest that decisions should be located at the lowest institutional level practically possible. CST has used this principle to argue against a statist approach to all economic issues. Business interests often approve of the principle because they regard it as an argument against excessive state regulation. However, the principle does not suggest that authority for decisions merely be devolved to lower level institutions. It provides guidance on the content of decisions as well. So, while the Principle of Subsidiarity cautions against excessive state control, it also understands that the decisions made at lower levels must also conform to the substantive requirements of respect for human dignity. That is, the principle does not give brute, *carte blanche* authority to lower level institutions but rather charges those institutions with determining the most effective way to act in accordance with the fundamental criterion of human dignity. As such, the Principle of Subsidiarity could be used to open discussion about whether the payment of a living wage by employers is the best way, in a given context, to provide for the income necessary for satisfying those human needs that are constitutive of a dignified human existence. Again, in some contexts, it might be reasonable to shift responsibility for the provision of at least some of that income to higher level state institutions. In other contexts it might be more reasonable to locate the responsibility to a particular business enterprise. (It should be clear that the Principle of Subsidiarity might also be used to generate arguments for allowing workers a right to participate in decisions at their workplaces.)

It is possible, then, to introduce the concept of human dignity into class discussions of business practices and to give that concept some operational content. Again, this can be accomplished

through appeal to secular philosophical sources or to sources in the CST tradition. However it is accomplished, business education at Catholic colleges and universities ought to provide students with some awareness of these two core ideas of the CST tradition. Absent that, it is difficult to see how the business education we provide is either distinctive or mission-advancing.

### Implementing the Strategy: Faculty Hiring and Training

We hope to have shown that it is possible to introduce students to two central, and business relevant, tenets of the CST tradition in the course of their business education. Successfully implementing that strategy, however, places a significant burden on faculty and it raises critical questions about hiring and training. In closing, we offer a few brief comments on those questions.

It is clear that faculty familiarity with the ideas of CST is necessary in order to achieve the student exposure we recommend. Successfully implementing that recommendation is likely to require that students are exposed to these ideas in multiple classes and not only in a single business ethics class. Ideally, students should have both a dedicated class where the central focus is on ethics as well as a repeated exposure to substantive ethical discussion in classes in the functional business disciplines. That means that a sizeable proportion of the faculty need to be both competent and comfortable in addressing ethical questions as we have outlined.

We could try to achieve that level of faculty participation through hiring practices and through training subsidized by the university. A hiring practice that gave preference to Catholics would not by itself guarantee the faculty competence we recommend. Many Catholics, even devoutly practicing Catholics, are unfortunately not familiar with the tradition of CST. Moreover, the current market for business faculty is tight enough that successful faculty searches must be searches open to non-Catholics. A better strategy will be to explicitly emphasize mission in hiring by looking for faculty who are sympathetic to the mission of the university and to the project of producing students habitually prone to consider ethical questions in their business lives. This means that in both departmental deliberations and interviews, and in administrative interviews of faculty candidates, we openly discuss the need for faculty to adopt a mission-centered approach to their teaching.

Having a cadre of faculty who are sympathetic to the project of a distinctive, ethically-focused business education is only a necessary condition of successfully implementing the strategy we recommend. Those faculty need also to be provided opportunities for substantive development in the area of ethics. Universities need to understand that a successful mission-centered approach to business education will require substantial resources in the form of subsidized training opportunities. The University of Dayton, for example, reports an innovative program where faculty are given an opportunity to attend a year-long, once a week, interdisciplinary seminar aimed at developing a capacity for discussing the Catholic tradition in their classes. At Saint Joseph's University, business faculty are paid a stipend for attending an intensive six week summer seminar which culminates in their creating ethics segments for their functional classes. Structured collaboration and discussion between faculty in business and faculty in arts and sciences, particularly in philosophy and theology, are other effective vehicles for developing more substantive ethics instruction in business courses. Programs such as these are necessary to take the willing and sympathetic and turn them into classroom instructors competent to discuss

ethical issues in a rigorous manner. Typically, these programs will require some significant funding for participant stipends if the programs are to attract faculty away from the inevitable focus on disciplinary research productivity. If Catholic colleges and universities are concerned about assuring a mission-centered business education for their students, they must be willing to fund faculty development targeted on creating rigorous ethical course components grounded in ideals from the CST tradition.

### Conclusion

In general, it does not appear that business education at Catholic colleges and universities is sufficiently distinctive. The good news is that Catholic institutions include an emphasis on business ethics education. But this does not make us distinct. Any decent business education needs to emphasize ethics. Indeed, this is a requirement of AACSB. Catholic institutions need to go beyond this minimum requirement to deliver ethics education that is both more substantive and more informed by central ideals of the Catholic tradition. We have identified some recommendations to achieve this aim so that so that business education at Catholic colleges and universities can more fully embrace and reflect mission.

The ultimate purpose of business education at Catholic universities and colleges should be not only to produce technically competent business persons. Of course that must be an outcome of our educational programs. But those programs must also produce students who at least understand the moral vision that has informed the institutions from which they graduate. Students should be able to articulate some operational content for a commitment to the dignity of persons; they should understand the notion that the purpose of business is ultimately the production of goods and services which promote human well-being. In order to achieve these objectives, faculty, at least significant numbers of them, must be sympathetic to these ideals and capable of substantively discussing them in the classroom. Catholic colleges and universities, if they wish their missions to be embodied in the business education they provide, must be willing to resource the training needed for faculty in functional disciplines so that they are confident and competent in addressing mission related questions.

### References

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