

BUSINESS ETHICS

*Making a Life,
Not Just a Living*

GENE AHNER

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A Free-Market Economy

The Solution or the Problem?

A morality that believes itself able to dispense with the technical knowledge of economic laws is not morality but moralism. . . .

A scientific approach that believes itself capable of managing without an ethos misunderstands the reality of man.

Today we need a maximum of specialized economic understanding but also a maximum of ethos so that specialized economic understanding may enter the service of the right goals.

Cardinal Joseph Ratzinger (Pope Benedict XVI)

THE ISSUE

Perhaps nothing creates greater extremist emotional response than terms like capitalism, big business, corporations, global economy. The range of opinions runs along similar extremes. There is much conflict and confusion. Consider the following indications.

- With the collapse of communism, some form of market economics remains the only viable alternative.
- A free-market economy is the best means of creating prosperity and lifting the largest number of people out of poverty.
- The heartland of the market economy, western Europe and the United States, is staggering under the weight of corporate scandals and cynicism about how “free” markets really are.
- India and China, following the earlier initiatives of Japan, Taiwan, and Korea, are demonstrating just how effectively a market economy can create prosperity. At the same time they are also witnesses to resultant social stratification, displacement of families, and cultural breakdown.

- In Africa, corporations harvest its natural resources but leave only a small percentage of the population (usually the political leaders) enriched.
- A free-market economy is only a cloak for the rich to get richer at the expense of the poor.
- Globalization is exporting the good jobs of the West to people willing to work for substandard wages.
- Humane cultural values are being wiped out by the relentless onslaught of impersonal market forces.
- A market economy creates jobs and careers that allow for a future beyond the self-perpetuating cycle of subsistence farming.
- A market economy creates the wealth that is necessary to improve education and health as well as to provide a necessary base for a free society.
- Corporations have more economic resources than some nations and so have the power to virtually enslave their populations.
- A free-market economy leads to a materialism that can suck the soul out of religion.

A number of issues become ever clearer. The question of a market economy is not a peripheral one. It raises issues that are central to our future. The issue is not limited to some one part of our world. It affects every person, every nation, and every part of the globe. No one today lives completely outside of a global market economy. The issue is highly charged emotionally, precisely because it gets to the core of our lives. Opinions about the nature and the impact of a market economy are wildly polarized and seem to be grounded more in personal character than in reasoned reflection. There is a need to find some understanding that can begin to make sense of some of the disparate knee-jerk reactions to the concrete effects of a market economy.

The focus of this book, then, is to work through an understanding of the nature of a market economy, how business works, what drives it, what kind of outcomes one can hope for, and what are its limitations. There can be no serious attempt to do theology in a global perspective without coming to grips with the fact that a free-market economy plays a key role in any global perspective. For that reason alone it would be worth our effort to deepen our understanding of the actual dynamics of a market economy.

Moral Options

Most people, I believe, want to do what's right. As we grow into adulthood we try to be decent, responsible people who take our word and our commitments seriously. We try to be fair and honest. We love those close to us, are considerate to those we meet casually, and maintain a basic respect for all people. All of this works fairly well at the level of our personal lives and activi-

ties. But how do we take that basic sense of decency into the larger worlds of work and business?

If we are religious we can turn to our Sacred Scriptures and find fairly well defined patterns of personal moral living. But what happens when we move out of our personal worlds to the vastly larger world of business and global interdependencies where our conduct involves not only ourselves, our families and friends, but the whole human race? How does our basic sense of decency play out in that world?

One of the cultural shocks I received when I returned to teaching after twenty years in the business world involved the general estimation of business itself. Here were adult students who had families and full-time jobs coming to evening courses to finish a bachelor's or master's degree at considerable personal sacrifice in order to advance their professional business careers. Business, they assured me, is sleazy, extremely suspect, and by and large immoral. How then, I asked them, could they devote so much of their time, talent, and energy to it? Even further, why would they commit even more effort to additional studies in order to move even deeper into the business world? Their answers were very straightforward—we want to make more money! Here were honest responses from people who were energetic, responsible adults with more than an average moral sense. How did they reconcile business and their own moral sense of right and wrong? Over the years I have recognized four general responses to that question.

I need to make a living.

This is the first and most common response. It is also the most unreflective. It states the obvious but doesn't go any further. The rationale goes something like this: Business is what it is, immoral or amoral, but I need a job to pay the bills, to provide for myself and my family as the case may be. Business is necessary to provide me with the money I need to stay alive, to be a responsible parent, a helpful neighbor, an honest member of society. In other words, my salary allows me to be moral and responsible in the rest of my life, an obligation that I take very seriously. However, that still leaves me with the conclusion that the engagement of most of my time, talent, energy is immoral either by cooperation or association. How does one justify or redeem so much evil? Does the end really justify the means? Another version of this position is to go along with doing what is necessary now, but with the intent of being more ethical and responsible once one gets established. This is a particular rationale of the young professional getting established in a career.¹

1. Howard Gardner, Mihaly Csikszentmihalyi, and William Damon, *Good Work: When Excellence and Ethics Meet* (New York: Basic Books, 2001). The entire work is a profound study of the necessary conditions for a person to produce both excellent work and be ethical within a given profession.

I try to be moral in my own job.

This second pattern openly acknowledges the immorality that governs business activity but responds by trying to be moral in personal business dealings. The company might be corrupt, but I am honest and fair in what I do at work. “My desk” or “my department” is clean, whatever else might be going on. I try to carve out a little island of morality in my corner of the corporation. However, this stance also gives up on the larger picture. Morality retreats totally to personal morality. But is that really possible? Is my personal morality not always forced to the ugly compromises that are required by necessity in order to interact with the larger “immoral” operations of the company? At best, morality is always under siege and compromised while the individual is consistently in a no-win situation.

We don’t do anything illegal.

A third position attacks the problem by recognizing that companies operate in the public domain and so are held responsible to the larger world by law and regulation. By observing the law, one’s moral responsibility is fulfilled. In effect, business ethics becomes the equivalent of “staying out of trouble.” Hence, an arsenal of lawyers, PR people, and human resource personnel are engaged in “keeping the corporate nose clean.” Every dilemma is addressed as a legal issue. It becomes an issue of “risk management.” Just as companies buy insurance for product liability and workplace injury, so corporate values and legal conduct become means for protecting the company from legal, financial, or adverse publicity risks. This position at least acknowledges some real accountability of the organization as such, especially by providing a basis for cooperation with other dimensions of the social order. However, it tends to do so by keeping that accountability to a minimum. What do we need to do to avoid problems? How far can we go? More fundamentally, this position assumes that morality is really something extrinsic to the important concerns of the business itself. The only recourse is to somehow fence it in legally so that the evil can be contained. On this basis business leaders will have no more than a passing interest in ethics since it is peripheral to the real concerns of business.

Government needs to regulate business.

This is a clear acknowledgment that business by its nature is suspect and the source of much that is wrong with the world. Only a greater power can keep business in check and set limits to the ever-expanding greed of the corporation that will devour anything in its path—natural resources, people, communities, nations. And that stronger (and more ethical?) power is government. Of course, that solution rests on the assumption that somehow, by nature,

business is immoral and government is moral—hardly a premise that will stand up to much scrutiny! More will have to be said on the relation of business and government in later sections of the book.

The fundamental problem with each of these patterns is that they position ethics *outside* of business. On the assumption that business itself is immoral, or amoral at best, then ethics can only have an incidental relation to what business is really all about. Basically then, the only moral response is some form of *containment*. Business must be contained either by (1) not letting it spread to other aspects of my life; (2) keeping my personal business activity honest; or (3) fencing it in by laws and regulations.

This picture of business has important consequences both for the corporation and for the individual. *For the corporation*, it means that the organization tends to become depersonalized. Companies are merely “legal fictions” defined by law and governed by economic abstractions such as global markets, return on investment, and the bottom line. However, the fact is that there is no such thing as a “multinational corporation.” There is only General Motors, Intel, Abbott Labs, Sony, IBM, Unilever, Exxon, Citicorp, Philips, Toyota, etc. In other words, they are flesh-and-blood people organized to make something happen. They are thousands of companies and millions of persons making billions of decisions and choices each day. Most are decent persons, neither heroes nor monsters. They are not faceless forces. They are persons and relationships. Only persons make decisions and exercise choices. Only people are moral or immoral. Once that is lost sight of, “forces at work” and “economic realities” become the determining factors. And then morality is diminished to legal posturing with all its devastating and corrosive effects.

For the individual, the positioning of ethics at the fringes of business also has devastating effects. It implies that ethics really has little or nothing to do with successful business. It assumes that business is by its very nature immoral, greedy, trashy, cut-throat. At the same time, however, people everywhere are more and more consumed by their work. Two-income families, computers, Internet, cell phones, 24/7 work weeks all conspire to demand more time and devotion for the world of business. If business is really immoral, then how do we reconcile “making a living” with living a moral, and consequently human, life? If what takes up most of our time, energy, and talent is corrupt, how is human living not relegated to the periphery of our life? Or even more telling, how can we possibly not become what we give ourselves to so completely? We all tend to become what we associate with. If business is as consuming as it has become, do we really believe that we are not profoundly shaped by that reality? Many of our most creative hours and intense engagements occur at work. Do we really believe that they are not going to

have an essential influence on who we are and what we do? Such are the issues we face. Far from going away, they are growing more central as economic realities become more dominant in defining our very existence.

If you could know only *one* thing about a person,
what would you want to know?

Try this on for size. Imagine yourself in a chat room on the Internet and you could only know one thing about the person with whom you are communicating. Remember, you cannot see this person and have no idea where in the world the person lives. What would be the *one* thing that would give you the best sense of that person—gender, nationality, marital status, religion, race, education level, age, neighborhood, etc.? Consider whether “what one does for a living” might not be the most defining. Increasingly, one’s profession or work gives the best *single* perspective on a person’s identity. Whether someone is a social worker, a doctor, farmer, an assembly-line worker, a certified public accountant, a manager, or a plumber will probably tell you more about the person than race, sex, or religion. For better or worse, contemporary society is delineated in economic terms. Different periods of history tend to be identified by their prevailing characteristic as, for instance, the Age of Religion or the Age of Reason. I believe our current age would have to be defined as the Age of Economics, or perhaps the Age of Business. “It’s all about money, stupid” sums up much of our analysis of situations.

At the same time, we have perhaps never been more cynical about business. Opinions run from a “conglomerate of greedy behavior” to a “moral no-man’s land” governed by impersonal (hence amoral) laws of market forces. As the joke goes: *What is the opposite of wrong?* Answer: *Poor*. You can test your own cynicism quotient. See table 1.

That business ethics is more than just common sense and goodwill should be evident by now. To say that either a person is moral and so knows how to be ethical in business or the person is immoral and there is nothing business can do about it is to duck the issue. James Rest, a scholar in professional ethics, has argued that “to assume that any 20-year-old of good general character can function ethically in professional situations is no more warranted than assuming that any logical 20-year-old can function as a lawyer without special education.”² The world of business—as the worlds of medicine, law, and accounting—has its own particular dynamics and structures that must be understood if ethics is to have any internal relevance and not just be some type

2. Linda Klebe Treviño and Katherine A. Nelson, *Managing Business Ethics: Straight Talk about How to Do It Right*, 2nd ed. (New York, John Wiley & Sons, 1999), 10.

Table 1

Answer the following questions as honestly as you can. Circle the number between 1 and 5 that best represents your own beliefs about business. ³					
	Strongly Agree				Strongly Disagree
1. Financial gain is all that counts in business.	1	2	3	4	5
2. Ethical standards must be compromised in business practice.	1	2	3	4	5
3. The more financially successful the businessperson, the more unethical the behavior.	1	2	3	4	5
4. Moral values are irrelevant in business.	1	2	3	4	5
5. The business world has its own rules.	1	2	3	4	5
6. Businesspersons care only about making profit.	1	2	3	4	5
7. Business is like a game—one plays to win.	1	2	3	4	5
8. In business, people will do anything to further their own interests.	1	2	3	4	5
9. Competition forces business managers to resort to shady practices.	1	2	3	4	5
10. The profit motive pressures managers to compromise their ethical concerns.	1	2	3	4	5
<i>Is there a pattern? Think about the reasons for your responses. Be prepared to discuss them.</i>					

of external constraint to unbridled immorality. The statements from Treviño and Nelson add an even more pessimistic confirmation: “Research has found that students in business ranked lower in moral reasoning than students in philosophy, political science, law, medicine and dentistry. And undergraduate business students and those aiming for a business career have been found to be more likely to engage in academic cheating (test cheating, plagiarism, etc.) than students in other majors or those heading toward other careers.”⁴

The dilemma of making a life and not just a living can only deepen in this type of environment. How we position ethics becomes even more important

3. Treviño and Nelson, *Managing Business Ethics*, 18-19.

4. Treviño and Nelson, *Managing Business Ethics*, 11.

as we come to understand that our personal identity is the result of our moral being. Charles Taylor, in his monumental work on the making of the modern identity, has summed it up succinctly when he says:

To know who you are is to be oriented in moral space, a space in which questions arise about what is good or bad, what is worth doing and what not, what has meaning and importance for you and what is trivial and secondary. . . . We are only ourselves insofar as we move in a certain space of questions, as we seek and find an orientation to the good.⁵

We are destined to a fragmented if not schizophrenic identity if the larger part of our time, talent, and energy is absorbed by activity that is, at best, suspect if not outright immoral.

THE PURPOSE OF BUSINESS

A further complication to our issue comes from the fact that the corporation has become the prevailing image of business. A corporation, by definition, is a legal entity, not a person. How then can a corporation be responsible since responsibility, or morality, is a distinctly human attribute? This notion of the amorality of the corporation has a long history that was expressed most colorfully in the question Did you ever expect a corporation to have a conscience, when it has no soul to be damned and no body to be kicked? This notion of the corporation as an obviously “artificial” and “intangible” entity makes it unsuitable for punishment or moral accountability. Since corporations are only “artificial persons,” so the reasoning goes, they can only have “artificial responsibilities,” better understood as “legal obligations.” We need to remember that the corporate form of business is a rather recent phenomenon. It only came to be used extensively for business in England in the latter part of the nineteenth century. The size and influence of today’s corporations far exceed anything even remotely imaginable by the initial proponents of what can be called the “corporate fiction” doctrine, which implies that the corporation is not a proper subject of moral assessment. It is only an instrument of commerce. Indeed the earliest corporations were set up in England under royal charters to develop foreign trade and colonies in other parts of the world. As such, they were merely neutral instruments of commerce, extensions of their shareholders’ property rights. In some way, this ambiguity still lies at the heart of the two current and divergent views of the corporation and, by implication, of business in general.

5. Charles Taylor, *Sources of the Self: The Making of the Modern Identity* (Cambridge, Mass.: Harvard University Press, 1989), 28.

The first view, considered classic, is most often associated with the Nobel Prize-winning economist Milton Friedman. *A corporation's primary and perhaps sole purpose is to maximize profits for stockholders.*⁶ His main arguments are twofold. First, stockholders are the owners of the corporation, and hence corporate profits belong to them. Second, stockholders have a different relationship to the corporation than all other participants. Other participants have some type of contract: employees get salaries; customers get goods; the community gets taxes. Once everyone gets what has been agreed to, the rest is what is called profit and rightly goes to the shareholders/owners. By the same token, if the business fails, the shareholders lose everything. It's a different type of commitment. It's like the relationship of the chicken and the pig to a ham-and-eggs breakfast—for the one it's a contribution; for the other it's a total commitment!

Before dismissing this position as being too crass and materialistic, let's consider its real strength. It is not an immoral position. It insists that contracts are to be honored. Goods and services are to be exchanged as agreed to by all parties. If anyone feels unfairly treated, they can enter into new contracts. Public laws are to be obeyed. If the common good of the community (e.g., clean water) is being threatened, then the community has a democratic process for creating laws and statutes that corporations have a duty to obey. What Friedman seems to be driving at is that business has a very important but also very specific purpose that becomes distorted if it is not clearly delineated. For example, should a company donate to charity? Not to any significant degree if it takes away from profits. This is money that the individual shareholders should be able to use or contribute as they see fit. Is it not better for each shareholder, rather than a CEO, to determine which charities are considered important or worthwhile? How can a company decide what a community needs: better schools, more parks, cleaner environment? Should not the community through its own democratic processes decide on its own common good? In other words, business needs to restrict its activity to maximizing shareholder value and not impose its will on the broader activities of the human community. To dilute the purpose of business with nonbusiness concerns can easily lead to business doing poorly on both scores. It becomes less profitable because of the lack of focus and intrudes arbitrarily into social concerns since it bypasses the democratic process. The specific focus of business on maximizing shareholder value has the effect of enhancing individual freedom and the democratic process. There are enough horror stories of company towns and company stores. Who should decide how much and to whom

6. Robert G. Kennedy, *The Good That Business Does* (Christian Social Thought Series 9; Grand Rapids, Mich.: Acton Institute, 2006), 88.

charitable contributions are to be made? Who should decide what a community needs for its own good? Is the current drift toward expecting that business justify itself by being responsible in some way for local schools, parks, health care, elder care, and day care be really just an acknowledgment of the ineffectiveness of society to handle these issues? And will any of this really matter unless there are enough profits to create an economically free society? There is much to be said for Friedman's position.

On the other hand there is a competing understanding of the responsibilities of business called the stakeholder theory, most often associated with the name of R. Edward Freeman.⁷ It begins with the recognition that there are indeed many different parties with a legitimate "stake" in the corporation. While their specific interests will vary, they must each be recognized if the corporation is to thrive. These stakeholders and their interests are usually identified as follows:

Stockholders expect financial return on investment.

Employees expect jobs providing decent livelihood.

Customers expect products as promised.

Managers expect empowerment to direct company activity.

Suppliers expect reasonable payment.

Local Communities expect tax base and social contribution.

While the stakeholder theory definitely broadens a narrow and one might say distorted application of Friedman's understanding, it does not resolve the issue of corporate purpose. The question still remains as to how one arbitrates among the conflicting claims of the various stakeholders. What are the specific rights and responsibilities of each stakeholder group? And how does that translate financially? It is a question that becomes concrete at every negotiation, whether that be to agree on a customer sale, on an annual budget, or on a new union contract. A Friedmanite would still say that the only way to resolve such conflicts is to keep focus on maximizing shareholder value. All of the competing claims are legitimate enough but need to be settled on the basis of what will make the most profit in the long run.

The stakeholder theorist would say the answer is to do the "right thing" for each group. But how, for instance, is a CEO to determine what the right thing is for each interest? Will not each interest group argue its own vested interest? Will the balance simply mean that each stakeholder will be equally disappointed? Is the theory too idealistic? What, for instance, is the right thing if a company needs to cut costs (and jobs) to return to profitability? No one

7. R. Edward Freeman heads the (University of Virginia) Darden School of Business's Olsson Center for Applied Ethics, one of the world's leading academic centers for the study of ethics.

does anyone a favor by saving jobs in the short term only to close the doors completely in the long term. Does the Friedmanite mantra of “maximizing shareholder value” not hold true? Does it not offer the greatest potential benefit to all the other stakeholders? Is this hard-nosed and seemingly uncaring position not really the only answer that responsible business can give?

While the argument will continue, there are some observations that can be made.

There is absolutely no other way for a business to succeed than to make a profit. Profitability, both in the short term and in the long term, is indeed the final bottom line for business. While there is certainly a grave danger in Wall Street’s obsession with the relentless demand for increases in corporate quarterly earnings, there is something salutary about paying attention to short-term profitability. It holds people accountable. Poor performance cannot be rationalized simply on the basis of potential long-term success. How long is long term? One year, two years, five years? To hold officers and managers accountable by demanding results in the form of profits or credible plans and strategies is at the heart of Friedman’s concern. The high rate of business failures by large corporations and small entrepreneurial operations, by old-line establishments and new start-ups, proves the point that profitability is essential for success. Business, by its nature, is indeed unforgiving.

“Maximizing shareholder value” must not be taken in some narrow or exclusively short-term view. The stakeholder theory rightly calls attention to the full reality of any business enterprise. There are indeed numerous dimensions that must be addressed and whose legitimate claims must be met. To ignore any one of the stakeholders will ultimately destroy profitability and the business. The truth is that to focus only on profitability is to destroy profitability. Every generation will have its own examples: the failure of cigarette manufacturers to disclose *known* health risks; a company’s disregard for safety in its use of asbestos products; an accounting firm’s failure to reveal dubious financial practices—all show a deep neglect of some stakeholders for the sake of a narrow focus on profitability.

The proper balance of all these legitimate claims is both the art and the science of managing a successful business. While the laws of accounting, engineering, manufacturing, distribution, and marketing can be generalized and studied as sciences, meeting the claims of the various stakeholders will always be some unique blend of know-how, values, and morals. In this way each business is unique in pursuing its own competitive advantage. Business will always remain a profoundly human endeavor. One can learn and practice and develop but never get beyond the need to make moral decisions.

As long as the issue is framed as a dilemma along the familiar lines of “to make a life or just a living,” “either business or ethics,” “making a good living

or living a good life,” there cannot be a satisfactory solution. The issue is growing more and more central to thinking people everywhere. The tip of the iceberg can be seen in the type of issues that are surfacing in our day: questions about the balance between work and life, meaningful work, total-quality movements, good companies to work for, career development, the culture of a company. Past concerns focused much more directly on “making a good living.” The question is well focused by Douglas K. Smith in his recent book, *On Value and Values*:

Should you pursue a remunerative career filled with the promise of wealth as a 24/7 workaholic in the global economy? Or, should you do something you might enjoy even though it seemed to imply dismal economic prospects?

The notion that, say, an investment banker might find meaning in his or her work and also—at work and away from work—act socially, religiously, environmentally, and politically responsible seems novel to those in their early twenties (indeed, to many of the rest of us too). The idea that teachers, government employees, auto mechanics, janitors, or midwives—or increasingly, even doctors!—might thrive economically is equally disbelieved.⁸

To restate the same issue in organizational terms: *Can a business be morally and socially responsible and still be profitable?* Is there not a basic folly to a morality that says employers should pay a living wage for a family when the result of obedience to the precept is bankruptcy? The flip side might be the question: Is there not a lurking suspicion that profitable businesses are somehow less than moral?

Hopefully we have come to a deeper appreciation of how important it is to understand the relationship between business and ethics. That relationship is critical both for the individual and for the corporation. Unless we can appreciate the intrinsic relation between the two, ethics will always remain peripheral both to the individual and to the business world. However, to find that right relationship calls for a reexamination of just what business is really about. If business is just a bag of tricks that can make me a millionaire by age thirty, then no amount of ethics, laws, or enforcement will make any difference.

This book is based on three foundational principles that will be explored in the remaining chapters. Those principles will be repeated many times in many different ways. They are as follows:

8. Douglas K. Smith, *On Value and Values: Thinking Differently about We in an Age of Me* (Upper Saddle River, N.J.: Financial Times Prentice Hall, 2004), 45–46.

Business is essentially a human activity. The ability to exchange goods and services is a natural activity by which persons mutually assist one another in the achievement of a greater good for all. It is not just a peripheral activity but an essential aspect of becoming the best we can be. By the same token, business activity is not some pre-moral or impersonal mechanism or formula that depersonalizes the human. Business needs to be put into the larger context of human living. This is the most fundamental basis for all that follows. It is also the greatest point of disconnect between the business schools and the humanities.

As a human activity, business activity is by that fact moral activity. Any activity that is identified as human is so because it comes from some dimension of freedom or choice. That freedom may be minimal, but an act is human only to the degree that it is free. This book is grounded in the conviction that business must be moral if it is to be successful in the long run. Economic activity is not purely economical. It is the activity of economic, social, moral, and religious subjects.

Since business activity is both human and moral, it also has an ultimate spiritual dimension. While this aspect may be problematic for some, it is important to understand what is meant. We have stated clearly that business must be moral to be successful, not that it must be Christian or Jewish, Muslim, or Hindu. The book has in mind anyone who takes the inner life seriously. It addresses anyone, whether a member of a church or not, who embraces one's human vocation as thoughtful and self-questioning beings. Ultimately, a deliberate moral perspective is grounded in a worldview about the meaning of one's life. That dimension can be implied or expressed. We will include at the end of each chapter some questions or exercises for further reflections on this dimension of human living.

BUSINESS AS A VOCATION

Commerce and the economy of market exchange are profoundly human activities that lead to general prosperity. Accordingly we have insisted above that business must be repositioned within the framework of the human. Just as we study art and literature, social studies and politics to understand what it means to be human, so we must also study economics and business in order to reach a more adequate and comprehensive understanding of the human person. We take for granted that while only some persons will major in literature and become its practitioners, everyone needs a general understanding of its role in helping to define ourselves and our society. In the same way, some

will specialize in business and become its principal advocates, but everyone will need to understand its constructive role of increasing general prosperity in society. As Michael Novak states in his book *Business as a Calling*, “The virtual monopoly on ways of thinking about business life exercised by economics as a science and the business schools as schools of hard-nosed practicality has had an unfortunate effect upon the moral and religious dimension of economic life.”⁹

If we now take the further step and also reposition business within the framework of faith and religion, then perhaps we can see a deep correlation between business and vocation. The word “vocation” tends to be spontaneously associated with religion, as in “religious vocation.” We have broadened that meaning by associating it with what we consider other “helping” professions, such as nursing, teaching, counseling, etc. But do we not need to take the next step of putting “making a living” into the total human context of “making a life.” Making one’s life is the deepest calling we have and the most challenging task we undertake over a lifetime. It is, in the deepest religious sense of that word, a vocation. And many businesspeople do, in fact, see what they do as a vocation, even if they don’t use or have the word for it. Perhaps “calling,” as Michael Novak prefers, is a better word since it is more recognizable in English; but “vocation” includes the religious dimension more explicitly. God calls us into being, and we become who we are by the moral choices we make. Our ultimate vocation is the calling to everlasting life.

Business leaders often see their lives in larger terms than making money. Not that making money is unimportant. Rather, it is more a measure of success than an object of greed. Most business leaders recognize that they have been gifted with talent and a deep desire to create, to excel, and in the long run (and perhaps often only in the long run) to be of service in some way to their communities or fellow human beings. There is a sense of satisfaction in a job well done, whether it be short term, such as getting a new sales account, or long term, as in becoming an excellent salesperson. There is a sense of fulfillment. But what does that mean? We don’t give to ourselves our personalities, our talents, our longings and desires. Some things we were born with. It’s more like fulfilling something we were meant to do. It’s a sense of finding ourselves, of fulfilling our destiny, of making a difference, of discovering what we are good at. There is a *givenness* about life that results in our vocation or calling. Just as there is something unique about the identity of each of us, so we expect that our own vocation will also be unique. If two of us were exactly the same, then one of us would be superfluous. We might call it different

9. Michael Novak, *Business as a Calling: Work and the Examined Life* (New York: Free Press, 1996), 4.

things—fate, chance, destiny, God’s call—but it becomes a key moment in moving from being a drifter to having found a purpose and fulfillment in life. It usually takes a longer time and some key moments of discernment to discover one’s vocation, but there are some generally recognized qualities. M. Novak outlines four characteristics of a vocation.¹⁰

1. *Each calling is unique to each individual.* Just as each person is some unique reflection of the infinite facets of God, so each person has a vocation that calls to a unique destiny. No two persons are interchangeable.
2. *A vocation has preconditions.* Simply wanting to be a great quarterback will not make you one. It requires talent and ability. In addition it requires great desire (also God-given). Every vocation that takes us beyond just drifting will require struggle and just plain drudgery.
3. *A true calling becomes manifest in the enjoyment and sense of renewed energy that it brings us.* That doesn’t mean we don’t experience tiredness, even exhaustion and perhaps dread, but there is also a deeper energy that drives us on and allows us to face whatever stands in the way.
4. *Vocations are often difficult to discover.* This is probably truer in our age when options seem limitless. Career choices seem endless. How and where to live are far from predetermined. There may be many false starts or mid-course corrections. False hopes, grand illusions, painful setbacks must be dealt with through patience, discernment, prayer, and usually the support of others.

Businesspeople who have found their calling will recognize these dimensions even if they never put them into words. Unfortunately, business schools do not give us the type of language that would help us reflect on a life in business.

What is the point of finding the proper words for this activity? Simply put, it allows us to embrace our life of work deliberately and consciously as something noble and God given. It allows us to position our striving and achieving in the broadest context of contributing to the progress and prosperity of all peoples. It allows us to see that our creation of an ever-widening array of goods and services is the human extension of God’s work in the creation of our universe. It also holds us accountable for what we do with our God-given talent and desire.

But the fault does not lie only with the business schools. Churches and religious leaders have almost nothing to say to the serious businessperson.

10. Novak, *Business as a Calling*, 34-36.

And when they try to speak to the issue of business, markets, and the economy, they usually painfully miss the mark. It is, then, to the religious leader that this book is also addressed. In some cases, the principal reason for the failure lies in ignorance of just how wealth and prosperity are actually created. The old images of scarcity and subsistence farming still prevail. In others, there is an intellectual, almost aristocratic, bias against what is common, vulgar, and messy (the business world). In still others, there is a deeper bias, almost theological, that states, together with the great University of Chicago theologian Paul Tillich, that "Any serious Christian must be a socialist."¹¹ And although the more extreme forms of socialism have been discredited, there is still the assumption that it is really up to the state and politics to right the wrongs and direct human activity to its proper ends.

To begin to see a lifetime in business as a vocation that promotes the general prosperity of all is to put business in a perspective that can call forth the best from all of us. It can hold us responsible as stewards of our planet and our universe and see us as co-creators in the ever-evolving mystery of creating ourselves as we create our world. It can situate us on the great journey from nature, as in the biblical Garden of Eden, to the developed complexity of the total human community, as in the Heavenly Jerusalem.

Every religious tradition attempts to understand the meaning of the individual, the world, God. How each of us situates these realities will play a critical role in how we understand the meaning of morality and business activity. The issue is complicated by the realization that the notion of God adds a transcendent dimension that takes us beyond the finite history of time and space. Consequently, the question arises of the relationship of this world to the next; of the present to the future; of life to everlasting life; of the material to the spiritual; of earth to heaven; of time to eternity. In a nutshell: *Does what I do here and now have any lasting impact on myself or on the world? Is progress real?*

An important exercise at this point would be to examine our own beliefs and those of our tradition relative to the ultimate meaning of our activity. It would be presumptuous of me to attempt to delineate accurately how various world religions understand the relationship of self, world, and God. Ultimately, it is an exercise that we each need to do. In fact, we all have arrived at some conclusions about ourselves, our world, and our destiny. Those conclusions may be *implicit* in our unspoken assumptions about life or *explicit* in the beliefs we have worked through from our culture and our traditions. Our concern here is the fact that those conclusions will have a deep impact on how we understand our work, our careers, and the business world to which we devote so much time and energy. If, for instance, we believe there is really never any-

11. Novak, *Business as a Calling*, 5.

thing new under the sun, or that our life on earth has no lasting significance, then our interest in or commitment to a market economy will probably be minimal.

A CHRISTIAN REFLECTION

At this point, a summary overview of the Christian tradition relative to the relationship of self, world, and God can serve two purposes. First, many readers of this work will be coming to it from an explicitly Christian faith. Second, the exercise can be helpful to people in understanding their own assumptions about self, world, and God from their own particular perspective and culture.

The dilemma of the demands of business and the demands of morality have a long history in the Christian tradition. While the gospel message calls us to a life of honesty, integrity, and care for others, it does so mostly on the personal level. Conversion is a profoundly personal event that changes hearts and minds. Response to the needs of others is on the personal level—"Whatever you do to the least of my brethren you do to me." On that reading, the dilemma of living a moral life in a business world is only heightened. How can my personal call to holiness be lived out in my business life? At the same time Jesus often uses business images in the parables. Consider the Workers in the Vineyard (Matthew 20:1-16), the Dishonest Manager (Luke 16:1-9), the Parable of the Talents (Matthew 25:1-30), the Sower of Seeds (Matthew 13:3-23), the Unjust Steward (Matthew 18:23-35)—all these images are used to lead one to some understanding of the Kingdom of God. While they certainly suggest the legitimacy of business as a human activity, they don't really help navigate personal morality within a corporation.

Are we then not left with one of the four moral stances that were outlined at the beginning of this chapter? And if so, then does not the critique stated there still apply? Or, even more telling, we are constantly reminded that Christianity is not just a Sunday affair but is to be lived out in every dimension of our daily existence. How do we reconcile that with one of those four moral positions?

The issue runs even deeper. While the Gospels call us to a life of moral responsibility, they also cast a deep suspicion on the enduring value of all human effort. "Seek first the Kingdom of God and all the rest will be added to you." "How foolish to store up in your barns when your life will be demanded of you this very night!" "There is a place for you in my Father's House." "Leave all and follow me." "My Kingdom is not of this world." "You have no lasting dwelling here." The list goes on and on, but all point to the

radical relativity of all human effort. There is a similar skepticism in the Hebrew Scriptures.

Vanities of vanities, says the Teacher,
 vanities of vanities! All is vanity
 What do people gain from all the toil
 at which they toil under the sun?
 A generation goes, and a generation comes
 but the earth remains forever. (Ecclesiastes 1:2-4)

What has been is what will be,
 and what has been done is what will be done;
 there is nothing new under the sun. (Ecclesiastes 1:9)

The overall conclusion seems to be that life is characterized by “futility.” However, the Hebrew word for “vanity” is *hebel*, which means something closer to “transitory,” “vaporous,” “fleeting.” It does not mean “absurd” or “meaningless.” It is a clear word of caution that speaks of the tenuousness, the precariousness, of any human achievement. Things aren’t always what they seem.

This tension throughout the Bible between what is now and what is to come, what is lasting and what is merely transitory continues through the whole Christian tradition. About the year A.D. 200 the following words were written: “What has Jerusalem to do with Athens, the Church with the Academy, the Christian with the heretic? . . . After Jesus Christ we have no need of speculation, after the Gospel no need of research.”¹²

The writer is Tertullian, African rhetorician, lawyer, Christian, theologian—one of the most brilliant thinkers in the early church, the supposed creator of the language of Western, or Latin, theology. His resolution of the tension is clear. Jerusalem, the city of God, has nothing whatever to do with Athens, the city of man’s culture, business, and civilization. Faith has nothing to do with arts and science; the gospel has nothing to do with engineering.

That is not the whole story, however. At about the same time, on the same side of the Mediterranean seaboard, another great theologian was saying almost the exact opposite: “The way of truth is therefore one. But into it, as into a perennial river, streams flow from all sides . . . Man is made principally for the knowledge of God; but he also measures land, practices agriculture, and philosophizes; of which pursuits, one conduces to life, another to living

12. Frederick E. Crowe, S.J., *Appropriating the Lonergan Idea*, ed. Michael Vertin (Washington, D.C.: Catholic University of America Press, 1989), 164.

well, a third to the study of things which are capable of demonstration.”¹³ The writer is now Clement of Alexandria called the founder of Eastern, or Greek, theology.

Each of the two theologians tells a part of the story. The one part is that the Kingdom of God and other-worldly values relativize all else. It is not wrong to hold fast to an other-worldly faith or to prefer it to a humanism or an economic activity that is entirely of this world. There is a dimension of the human person that cannot be reduced to economic terms.

The other part of the story is that faith is always embodied in concrete living. The church begins moving out of its closed circle of waiting for the Lord to living its faith within the larger world and engaging the culture of the Roman Empire. The history of the church can be understood as a shifting from emphasizing one part or the other of the two poles. Augustine’s city of God and city of man play out their intrinsic tension in the history of the Western church—from monasticism to medieval Christendom, from pope to prince, from Crusaders to mystics, from Reformation to Reform, from faith to reason, from rebellion to reaction. There is no easy synthesis.

The Second Vatican Council was a definite shift back to Clement of Alexandria’s part of the story. In perhaps the most important document of that council, the *Pastoral Constitution on the Church in the Modern World*, there is this opening statement:

The joys and the hopes, the griefs and the anxieties of the people of this age, especially those who are poor or in any way afflicted, these too are the joys and hopes, the griefs and anxieties of the followers of Christ. Indeed, nothing genuinely human fails to raise an echo in their hearts.¹⁴

The document goes on affirming the genuine values of our age. Here is a sampling of issues closer to our business concerns:

Laborers and farmers [read: all people involved in economic activity] seek not only to provide for the necessities of life but to develop the gifts of their personality by their labors, and indeed to take part in regulating economic, social, political, and cultural life. (*Gaudium et Spes* 9).

God did not create the human person as a solitary. For from the beginning “male and female he created them” (Gen. 1:27) . . . For by our innermost nature we are social beings, and unless we relate ourselves to others we can neither live nor develop our potential. (*Gaudium et Spes* 12)

13. Crowe, *Appropriating the Lonergan Idea*, 165.

14. Vatican Council II, *Gaudium et Spes*, Pastoral Constitution on the Church in the Modern World, art. 1 (cited with the article number of the official edition following).

Profound and rapid changes make it particularly urgent that no one . . . content themselves with a merely individualistic morality . . . the obligations of justice and love are fulfilled only if each person . . . also promotes and assists the public and private institutions dedicated to bettering the conditions of human life. (*Gaudium et Spes* 30)

Through our labors and our native endowments we have ceaselessly striven to better our life . . . many benefits once looked for, especially from heavenly powers, we have now enterprisingly procured for ourselves. (*Gaudium et Spes* 33)

Throughout the course of the centuries, people have labored to better the circumstances of their lives through a monumental amount of individual and collective effort. (*Gaudium et Spes* 34)

For when we work we not only alter things and society, we develop ourselves as well. We learn much, we cultivate our resources, we go outside of ourselves and beyond ourselves. (*Gaudium et Spes* 35)

Yet, for all the glowing appreciation of earthly activity, the document does not let us forget the other pole of the tension.

We do not know the time for the consummation of the earth and humanity. Nor do we know how all things will be transformed. . . . But we are taught that God is preparing a new dwelling place and a new earth where justice will abide . . . the expectation of a new earth must not weaken but rather stimulate our concern for cultivating this one. For here grows the body of a new human family, a body which even now is able to give some kind of foreshadowing of the new age.

Earthly progress must be carefully distinguished from the growth of Christ's kingdom. Nevertheless, to the extent that the former can contribute to the better ordering of human society, it is of vital concern to the kingdom of God. (*Gaudium et Spes* 39)

The Pastoral Constitution on the Church in the Modern World does two important things. First, it states unequivocally that there is an intrinsic connection between business and morality. It affirms that human activity, of which business is an important instance, has a purpose and a meaning that is ultimately both moral and religious. Second, it states that human activity has lasting value. Business, in other words, is not just something to do while we wait for the Kingdom. It doesn't just put food on the table. Rather our activ-

ities have two lasting effects: (1) They make us the person we become and (2) they order our human society in such a way as to relate it to the Kingdom of God. These are indeed profound relationships and responsibilities.

What is not spelled out is how this is to be achieved in the concrete day-to-day activities of the business world. However, we can take our cue from this extremely important text of Vatican II:

If, by the autonomy of earthly affairs,
we mean that created things and societies themselves
enjoy their own laws and values
which must be gradually deciphered, put to use, and regulated by people,
then it is entirely right to demand that autonomy.
Such is not merely required by the modern person,
but harmonizes also with the will of the creator.

The Christian vocation, then, can be found in that same realization:
The faithful, therefore,
must learn the deepest meaning and value of all creation . . .

Therefore, by their competence in secular fields
and by their personal activity,
elevated from within by the grace of Christ,
let them labor vigorously so that,
by human labor, technical skill, and civic culture,
created goods may be perfected for the benefit of every last person . . .¹⁵

There is here, first of all, a recognition that human and earthly values have a reality, an autonomy, of their own that cannot simply be deduced from the scriptures, tradition, or some other divine revelation. These meanings and values must be “learned,” “deciphered,” “put to use,” “regulated.” Such is the vocation of the Christian engaged in the activities of the world.¹⁶

Accordingly, the next nine chapters of this book will try to do just that. They will attempt to understand the internal dynamics of business. For if morality is indeed essential to long-term business success, then it must enter into the very meaning of business. Business is not the mechanical application of technique, and morality is not the imposition of a net of dos and don'ts. Otherwise, morality will merely be an external constraint that gets in the way

15. Vatican II, *Lumen Gentium*, Dogmatic Constitution on the Church, 36.

16. Dennis W. Bakke, *Joy at Work: A Revolutionary Approach to Fun on the Job* (Seattle, Wash.: P V G, 2005), 55-70, 115-26.

of business. Unless there is an internal relation of business to ethics, then the combination of *making a life and not just a living* remains a romantic illusion or a pious exhortation.

Obviously this theological reflection is based on the Christian tradition. However, it can help raise the basic questions that must be answered in every tradition in order to clarify and integrate the relation of business and ethics: Does the world ultimately make sense? Is the world merely a passing reality? Are “progress, decline and the potential for recovery” meaningful categories? Do time and history have a permanent meaning? What is the role of the person in human history? How we answer these questions, how our culture and our religious tradition help or hinder us in framing these issues, how our language allows us to respond to these challenges—these will remain fundamental perspectives as we move forward. The point is not to put a moral veneer on the grubby world of business but to discover a moral excitement that is at the heart of the business enterprise.

For that reason, the book is written from a moving viewpoint. Each chapter builds on an understanding of the previous ones. It is not possible to pick and choose any one chapter in order to get to the bottom line. The book will not give you a formula for making all business decisions. Business is a “mindful,” that is, a humanly intelligent, activity, not just a mindless set of rules or techniques to be followed blindly. By the same token, morality is a “mindful,” that is, an intelligent, understanding of the full implications of a situation and not just a “mindless” obeying of rules or laws. This also implies that the purpose of the book cannot be realized in memorizing some dos and don’ts together with a few general principles that simply need to be applied to any situation. Morality is a human and consequently personal concern. Hence, this work is also an exercise book with questions for reflection, references to additional reading, and suggested activities in order to engage you more personally.

QUESTIONS FOR REFLECTION

1. Defining oneself, or one’s culture, in economic terms is very much a U.S. (and European?) phenomenon. Is it true of other cultures? If not, what are some of the identity defining characteristics of other cultures (race, religion, gender, education, class, location)? How does it create conflict with other cultures?
2. Gandhi’s commitment to religion and politics led him to the creation of his well-known list of seven deadly social sins:

- wealth without work
- pleasure without conscience
- knowledge without character
- commerce without morality
- science without humanity
- worship without sacrifice
- politics without principle

Is this not similar to saying the activity of humans must always be moral if it is not to self-destruct? Give examples of each of these social sins.

3. The Judeo-Christian scriptures begin in nature (the garden of the book of Genesis) and end in the city (the Heavenly Jerusalem of the Apocalypse). Is this just accidental or does it say something about a human vocation to create or co-create? Explain.
4. Explore how your understanding of yourself, the world, and God will impact your attitude to work. Cultural and religious differences can play critical roles. If, for instance, human achievement is measured in how well one fits into the community (however that is defined), then one would take a dim view of work as changing the community and the environment.
5. U.S. culture, especially U.S. law, is strongly focused on individual rights and self-sufficiency. European and many other cultures have a broader focus on social interdependency. Consider how this affects the business environment; for example, laws about business lay-offs. Is one model better than the other?
6. Trust is a basic virtue for the conduct of business. If trust is extended only to the family or to the tribe (nation?), consider the difficulties this creates for the business enterprise.

SUGGESTIONS FOR FURTHER READING AND STUDY

- Freeman, R. Edward, *Strategic Management: A Stakeholder Approach*. Boston: Pitman, 1984. A more detailed presentation of the stakeholder theory.
- Friedman, Milton. "The Social Responsibility of Business Is to Increase Its Profits." *New York Times Magazine*, September 30, 1970.
- . *Capitalism and Freedom*. Chicago: University of Chicago Press, 1962.
- Neafsey, John. *A Sacred Voice Is Calling*. Maryknoll, N.Y.: Orbis Books, 2006. A perceptive exploration of the meaning of vocation from a psychological, social, and biblical perspective.
- Novak, Michael. *Business as a Calling: Work and the Examined Life*. New York:

Free Press, 1996. A deeper understanding of how a life in business can truly be understood as a vocation.

_____. *The Spirit of Democratic Capitalism*. New York: Simon & Schuster, 1982. An overview of a market economy within a democratic society.

_____. *The Catholic Ethic and the Spirit of Capitalism*. New York: Free Press, 1993. A further exploration of the relation of a market economy to a moral foundation.

Web site: workingknowledge@hbs.edu This site is a product of the Harvard Business School and continues on a weekly basis to explore business issues from many different perspectives. It is an excellent source for staying current with the latest concerns of business. The entry for February 9, 2004, by Carla Tishler gives an excellent short history of the relation of the corporation to ethics.