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Catholic Social Teaching and the Globalisation of Business Management Theory

David W. Lutz

1. Introduction

Business management education in most universities, including most Catholic universities, in the English-speaking world is straightforwardly inconsistent with the Social Doctrine of the Catholic Church. Catholic Social Teaching is articulated primarily, though not exclusively, in a series of documents ranging from Pope Leo XIII's 1891 encyclical letter *Rerum Novarum* to Pope John Paul II's 1991 encyclical letter *Centesimus Annus*, and has recently been summarised in the *Compendium of the Social Doctrine of the Church*.^[1] While this might seem like a matter of interest only to Catholics, it is in fact relevant to Africa and to Globalisation for the Common Good.

We are experiencing today the globalisation of business management theory. Anglo-American business management theory is now taught throughout the English-speaking world, including former British colonies in sub-Saharan Africa. There is no significant difference between business education in the United States and in Kenya. Anglo-American management theory is also growing in influence rapidly in the non-English-speaking world. The belief is widespread that, following the collapse of the Soviet Union, the United States is the model for the rest of the world.

The most important characteristics of Anglo-American business management theory are that the firm is regarded as merely a collection of individuals standing in various contractual relationships with one another and the purpose of business management is believed to be the

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maximisation of profit or owner wealth.^[2]

Anglo-American management theory developed over time within a particular cultural and philosophical tradition – one of the most individualistic and materialistic in human history. It is now taught and applied in countries with radically different cultural and philosophical traditions, including those of sub-Saharan Africa. This creates conflict between traditional cultures and the practise of management.

Much has been written about differences between African and European culture and philosophy. In most cases, this literature makes no distinction between Britain and Continental Europe, nor between modern and traditional European culture and philosophy. In fact, modern European culture – especially the culture of English-speaking, Western countries – differs greatly from *all* traditional cultures, including traditional European cultures. When Anglo-American management theory, which is at home only within modern, Anglo-American culture, is put into practise elsewhere, it destroys traditional cultures. Even on the European Continent, some patriots are fighting a battle to preserve their nations from Anglo-American management theory.^[3]

Although traditional cultures differ from one another in many respects, they are similar in essential characteristics. In all traditional cultures, on all continents, the good of the individual person is realised within a community and is consistent with the good of the community. Ethics, whether developed theoretically or not, is about character traits – virtues and vices – and social relationships.

The Confucian tradition of East Asia is one of moral virtues, which benefit not only other persons, but also the one who possesses them:

Tsze-chang asked Confucius about perfect virtue. Confucius said, “To be able to practice five things everywhere under heaven constitutes perfect virtue.” He begged to ask what they were, and was told, “Gravity, generosity of soul, sincerity, earnestness, and kindness. If you are grave, you will not be treated with disrespect. If you are generous, you will win all. If you are sincere, people will repose trust in you. If you are earnest, you will accomplish much. If you are

kind, this will enable you to employ the services of others.”^[4]

Furthermore, for Confucius, ethical actions are rooted in family relationships: “Filial piety and fraternal submission!—are they not the root of all benevolent actions?”^[5] Since China is poised to become the next global superpower, we need to increase our understanding of traditional Chinese culture and philosophy.

Similarly, within the European tradition, to be ethical is to possess the four virtues of wisdom (or prudence, practical wisdom), justice, fortitude, and temperance. According to the Greek philosopher Plato, these are character traits of both virtuous persons and virtuous communities.^[6] Moreover, according to Plato’s student Aristotle, “man is by nature a political animal” and “the individual, when isolated, is not self-sufficing”. The individual good is attained within a community: “When several villages are united in a single complete community, large enough to be nearly or quite self-sufficing, the state comes into existence, originating in the bare needs of life, and continuing in existence for the sake of a good life.”^[7]

Traditional African cultures are also non-individualistic. In the words of Kwame Gyekye:

The communal or communitarian (I use the two words interchangeably) aspects of African socio-ethical thought are reflected in the communitarian features of the social structures of African societies. As remarked by many scholars or researchers on the cultures of Africa, these features are not only outstanding, but the defining characteristics of those cultures. The sense of community that characterizes social relations among individuals is a direct consequence of the communitarian social arrangements.^[8]

W. Emmanuel Abraham describes the effect that colonisation by individualistic, modern European cultures had upon traditional African cultures:

Colonialism also ushered in unbridled economic exploitation and sapped sub-Saharan cultures of their vitality. They became deprived of direction and internal impetus, and increasingly survived mainly as pageant and ceremonial. New ideas concerning individual accountability and individual reward, the spreading sense of individual vision and the ascendancy of self-interest in contrast with community interest as a basis of action, the growing sense of private power arising from self-action rather than clan direction, all of these atomizing factors, acting in concert, have loosened the internal bonds and efficacy of lineage-based clans.^[9]

It is not a coincidence that traditional cultures in Asia, Europe, and Africa share important characteristics. Despite claims to the contrary by modern European philosophers such as French existentialist Jean-Paul Sartre,^[10] all human persons share a common human nature. No human society is capable of standing the test of time unless it is consistent to a high degree with human nature. Modern Western culture cannot survive, and is already beginning to disintegrate, because it has become detached from its historical roots.

The process of globalisation includes the globalisation of business management theory and practise. What we are presently experiencing is the ascendancy of Anglo-American management theory. This is unfortunate for the entire human race, because this theory is radically individualistic and materialistic. What we need, instead, is a theory of business management consistent with the positive, common characteristics of traditional cultures. One place to begin the development of such a theory is Catholic Social Teaching.

Although Catholic Social Teaching is consistent with Christian Scripture, it is more philosophical than theological and does not depend upon Sacred Scripture. Furthermore, insofar as it is philosophical, it relies upon traditional more than modern European philosophy. The Catholic Church is often criticised for being insufficiently modern. But, since the most important difference between traditional and modern European

culture and philosophy is that the latter is more individualistic and materialistic, it is appropriate for Catholic Social Teaching to be rooted in traditional European philosophy.

Because Catholic Social Teaching is consistent with what was good in traditional European cultures, and because traditional European cultures are similar to traditional cultures in other regions, Catholic Social Teaching is consistent in essentials with traditional cultures around the globe, including traditional African cultures. [11] Consequently, a theory of business management consistent with Catholic Social Teaching may be acceptable to persons who are not Catholic.

2. Elements of a Business Management Theory consistent with Catholic Social Teaching

Catholic Social Teaching has more to say about political economy than about business management. At the macro-level, two things are clear. First,

The Church does not propose economic and political systems or programs, nor does she show preference for one or the other, provided that human dignity is properly respected and promoted, and provided she herself is allowed the room she needs to exercise her ministry in the world. [12]

Second, both liberal capitalism and Marxist socialism fail to respect and promote human dignity properly. Pius XI writes of his predecessor Leo XIII:

He sought no help from either Liberalism or Socialism, for the one had proved that it was utterly unable to solve the social problem aright, and the other, proposing a remedy far worse than the evil itself, would have plunged human society into great dangers. [13]

Catholic Social Teaching's rejection of socialism is unequivocal:

If Socialism, like all errors, contains some truth (which, moreover, the Supreme Pontiffs have never denied), it is based nevertheless on a theory of human society peculiar to itself and irreconcilable with true Christianity. Religious socialism, Christian socialism, are contradictory terms; no one can be at the same time a good Catholic and a true socialist.^[14]

From this, however, it does not follow that liberal capitalism is acceptable:

Can it perhaps be said that, after the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress?

The answer is obviously complex. If by "capitalism" is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a "business economy", "market economy" or simply "free economy". But if by "capitalism" is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.^[15]

Catholic Social Teaching rejects the simplistic assumption that we have only two options in political economy, Adam Smith and Karl Marx,

as well as the slightly less simplistic assumption that all of our options lie on a one-dimensional continuum ranging from extreme capitalism to extreme communism. In fact, the similarities between capitalism and communism are more significant than their differences. Both are materialistic; they merely have a quibble concerning how best to distribute material wealth. Consequently, any compromise between them – such as the “Third Way” of the British Labour Party or the “New Centre” of Germany’s Social Democratic Party – will also be materialistic.

Although my concern in this paper is with theories of business management, not theories of political economy, the two are related. Anglo-American management theory is closely allied with Anglo-American macroeconomic theory; profit maximisation and free trade go hand-in-hand. A complete treatment of the relevance of Catholic Social Teaching to the theme of this conference – “Africa and Globalisation for the Common Good” – would necessarily discuss both the macro-level and the micro-level. My present focus, however, is on the latter.

2.1. The Nature of the Firm

Anglo-American business management theory and Catholic Social Teaching disagree concerning the metaphysics of the business enterprise. According to the former, individual persons exist, but communities do not. It is an heir of the social contract tradition of political philosophy. Whereas, for Aristotle and more than two millennia of European cultural and philosophical tradition, man is by nature a political animal, for Thomas Hobbes, the “natural condition of mankind” is one of solitary individuals.^[16] Human society is artificial, not natural. And if human society is artificial, so are organisations within it.

One of the differences between a community and a mere collection of individuals is that, in the former, the good of each member is consistent with the good of the other members and the good of the whole, the common good. With a collection of individuals, on the other hand, the common interest is nothing more than the aggregate of the various individual interests, and each individual’s self-interest may conflict with

the common interest and the self-interest of other individuals.

This difference between a community and a mere collection of individuals can be illustrated by the analogy of an athletic team. It is possible to have a collection of eleven footballers on the same field at the same time, all wearing the same uniform, without having a team. If each individual is interested only in making himself look good, not in the success of the team, then we have nothing more than a collection of eleven individual players. If, on the other hand, each player understands his personal success as a contribution to the success of the organisation, then it is a true team, a true community.

The contrast between the ways in which Catholic Social Teaching and Anglo-American culture understand human communities can be illustrated by considering how each views the family. According to John XIII, "The family, founded upon marriage freely contracted, one and indissoluble, must be regarded as the natural, primary cell of human society."^[17] In a passage that resonates with traditional African cultures, the Second Vatican Council speaks of "traditional local communities such as families, clans, tribes, villages".^[18] The Council also notes that Jesus Christ understood the importance of the family to society: "Willingly obeying the laws of his country, He sanctified those human ties, especially family ones, which are the source of social structures."^[19] The same document goes on to call the family society's foundation: "The family, in which the various generations come together and help one another grow wiser and harmonize personal rights with the other requirements of social life, is the foundation of society."^[20] And Paul VI wrote similarly, "In the task of development, man finds the family to be the first and most basic social structure."^[21]

In fundamental contrast to this understanding of the family, American economist and Nobel laureate Milton Friedman, a radical individualist, writes: "The ultimate operative unit in our society is the family, not the individual. Yet the acceptance of the family as the unit rests in considerable part on expediency rather than principle."^[22] As a consequence of the rejection of traditional European social principles and

the practise of Anglo-American capitalism, the traditional family is an endangered species in the United States today. For a visitor from the US, one of the most striking features of African societies is that the family is important. This is rapidly changing, however, as Africans migrate from their rural homes to urban centres in search of high-paying jobs. Anglo-American capitalism will destroy any traditional culture, including traditional African cultures, just as it is destroying many traditional Asian cultures and what little remains of traditional European cultures. It begins by destroying the traditional family.^[23]

When commercial organisations are understood in terms of modern Anglo-American culture and philosophy, they are mere collections of individuals. For Friedman, Anglo-American capitalism's most eloquent apologist, "A corporation is an artificial person."^[24] This is an echo of Hobbes, who called the state an "artificial man".^[25] According to Michael Jensen and William Meckling:

It is important to recognize that most organizations are simply legal fictions that serve as a nexus for a set of contracting relationships among individuals.... The private corporation or firm is simply one form of legal fiction that serves as a nexus for contracting relationships and is also characterized by the existence of divisible residual claims on the organization's assets and cash flows, which can generally be sold without permission of the other contracting individuals.^[26]

Catholic Social Teaching recognises that some human organisations are less natural – more artificial – than others: "Among those social ties which man needs for his development some, like the family and political community, relate with greater immediacy to his innermost nature; others originate rather from his free decision."^[27] Athletic teams are less natural than families and political communities. Nevertheless, since recreation with others, physical exercise, and competition are natural to human persons, athletic teams are not unnatural. Similarly, since "work is a fundamental dimension of man's existence on earth",^[28] organisations of working persons are also more natural than artificial.

In opposition to the Anglo-American understanding of the nature of the firm, Catholic Social Teaching understands commercial organisations as communities. John XXIII wrote in 1961, “Every effort must be made to ensure that the enterprise is indeed a true human community, concerned about the needs, the activities and the standing of each of its members.”^[29]

John Paul II developed this idea of the firm as a community further in 1981:

It is characteristic of work that it first and foremost unites people. In this consists its social power: the power to build a community. In the final analysis, both those who work and those who manage the means of production or who own them must in some way be united in this community.^[30]

John Paul II repeated the concept of the firm as a community in 1991, the centenary of *Rerum Novarum*:

People work with each other, sharing in a “community of work” which embraces ever widening circles.... It is his disciplined work in close collaboration with others that makes possible the creation of ever more extensive working communities which can be relied upon to transform man’s natural and human environments.^[31]

And, in another passage, he related the nature of the firm to the next question to be considered, the firm’s purpose:

The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are

endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society.^[32]

2.2. The Purpose of the Firm

According to Anglo-American business management theory, the purpose of a business firm is to maximise profit or owner wealth. In the words of Friedman, “The social responsibility of business is to increase its profits.”^[33] The primary argument for this claim is that the owners of the firm are principals, the managers are their agents, agents must do whatever their principals wish, and principals desire the maximisation of their wealth. As Friedman puts it:

In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom. Of course, in some cases his employers may have a different objective. A group of persons might establish a corporation for an eleemosynary purpose – for example, a hospital or a school. The manager of such a corporation will not have money profit as his objective but the rendering of certain services.

In either case, the key point is that, in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation or establish the eleemosynary institution, and his primary responsibility is to them.^[34]

Among the problems with this argument and with “agency theory” is that, according to British commercial law, from which financial management theorists have taken the concept of agency, managers are agents, not of the owners of the corporation, but of the corporation itself.

Given the contemporary ontology of the corporation, however, according to which it is nothing more than a collection of individuals, it makes no sense to say that managers are agents of the corporation. Anglo-American financial management theorists have decided that managers are the agents of the *owners* of the corporation – an error of profound significance.

If we understand managers to be agents of the corporation, we are in a position to understand their purpose as promoting the common good of the corporation and the larger communities to which it belongs. If, on the other hand, we understand managers to be agents of the owners of the corporation, within an individualistic, materialistic philosophical tradition, then the purpose of business management must be to maximise the material wealth of the owners.

Although agency theory is dominant in English-language business management scholarship and teaching today, there is some dissent. According to agency theory, managers cannot be trusted and must be controlled, so that they maximise owner wealth, rather than their own. This is unrealistic, since the primary function of the business executive is decision-making. “Stewardship theory” argues, to the contrary, that managers should be regarded as good stewards of the corporation’s resources and should be granted discretion to make responsible decisions. Although this is an important step forward, it is too small, because stewardship theory still assumes that the purpose of managerial decision-making is the maximisation of owner wealth. According to leading stewardship theorists Lex Donaldson and James Davis, agency theory

emphasises control of managerial “opportunism” by having a board chair independent of the CEO and using incentives to bind CEO interests to those of shareholders. Stewardship theory stresses the beneficial consequences on shareholder returns of facilitative authority structures which unify command by having rôles of CEO and chair held by the same person.^[35]

Although agency theory and stewardship theory disagree at some minor points, they are in agreement that the purpose of business management is to maximise owner wealth. Stewardship theory's criticism of agency theory does not change the fact that Anglo-American management theory contradicts Catholic Social Teaching.

One of the mistakes of the European philosophical tradition is recognition of a distinction between the professions and commerce. The purpose of a profession is to promote the common good in some specific way: the legal profession promotes the justice of the community, the medical profession promotes the health of the community, the military profession defends the community from external aggressors, etc. Although members of a profession are compensated for their services, sometimes quite handsomely, financial gain is not the purpose of a profession. This is the reason lawyers provide *pro bono* services to persons who cannot pay for them and a doctor who comes across a road accident is required by the ethics of his profession to render aid, without first asking about the victims' financial resources and insurance policies. The presence within each profession of greedy individuals who are in fact motivated by the love of money does not alter the fact that the purpose of a profession is to serve the community, not to make money.

Throughout most of the European tradition, commerce has been distinguished from the professions. It was regarded as inferior to the professions, because its purpose was understood to be financial gain. In order to develop a satisfactory theory of global business management, we must correct this error and recognise business management as a profession.

Pius XI, writing in 1931, assumed the traditional distinction between "industries" and "professions":

The teaching of Leo XIII on the form of political government, namely, that men

are free to choose whatever form they please, provided that proper regard is had for the requirements of justice and of the common good, is equally applicable in due proportion, it is hardly necessary to say, to the guilds of the various industries and professions.^[36]

Pius XII – who did not write a social encyclical, but delivered hundreds of addresses to various associations of professionals – corrected this error in a 1950 address to the World Congress of Chambers of Commerce:

The merchant, one will say, should be skilled without doubt; he must be a man of affairs, prudent more than sentimental, again, without doubt. But he must add to these strictly professional qualities a high concept of the ideal of his profession. As a businessman, he must also consider himself a servant of the community.^[37]

Once we understand business as a profession, we are in a position to understand that the purpose of commercial activity is to promote the common good by providing products and services that are true goods for the community and its members – not merely whatever consumers can be persuaded to purchase. Prudent financial management is a necessary means to this end. But, we must avoid the mistake of reversing means and ends and regarding the provision of products and services as a means to the end of maximising a financial variable.

Catholic Social Teaching tells us clearly that the purpose of business management is not to maximise profit or owner wealth, because “the exclusive pursuit of material possessions prevents man’s growth as a human being and stands in opposition to his true grandeur.”^[38]

Leo XIII wrote concerning the relationship between managers and their subordinates:

Doubtless, before deciding whether wages are fair, many things have to be considered; but wealthy owners and all masters of labour should be mindful of this – that to exercise pressure upon the indigent and the destitute for the sake of gain, and to gather one's profit out of the need of another, is condemned by all laws, human and divine.^[39]

Pius XI condemned the use of unethical means to increase profit:

Since the instability of economic life, and especially of its structure, exacts of those engaged in it most intense and unceasing effort, some have become so hardened to the stings of conscience as to hold that they are allowed, in any manner whatsoever, to increase their profits and use means, fair or foul, to protect their hard-won wealth against sudden changes of fortune.^[40]

The Second Vatican Council pointed out that production to promote development must aim at more than profit:

The fundamental finality of this production is not the mere increase of products nor profit or control but rather the service of man, and indeed of the whole man with regard for the full range of his material needs and the demands of his intellectual, moral, spiritual, and religious life; this applies to every man whatsoever and to every group of men, of every race and of every part of the world.^[41]

John Paul II wrote in 1981 about the negative effects of profit maximisation on workers:

The conflict [between “capital” and “labour”] originated in the fact that the workers put their powers at the disposal of the entrepreneurs, and these, following the

principle of maximum profit, tried to establish the lowest possible wages for the work done by the employees....

The attainment of the worker's rights cannot however be doomed to be merely a result of economic systems which on a larger or smaller scale are guided chiefly by the criterion of maximum profit.^[42]

In 1987, John Paul II identified the desire for excessive profit as a handicap to development:

Among the actions and attitudes opposed to the will of God, the good of neighbour and the "structures" created by them, two are very typical: on the one hand, the all-consuming desire for profit, and on the other, the thirst for power....

What is hindering full development is that desire for profit and that thirst for power already mentioned....

Though it be with sorrow, it must be said that just as one may sin through selfishness and the desire for excessive profit and power, one may also be found wanting with regard to the urgent needs of multitudes of human beings submerged in conditions of underdevelopment, through fear, indecision and, basically, through cowardice.^[43]

In 1991, John Paul II explained that profit cannot be the sole measure of success in business:

The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human

needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people – who make up the firm's most valuable asset – to be humiliated and their dignity offended.... Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business.^[44]

In the same document, John Paul II discussed alienation and the mistake of reversing means and ends:

Alienation is found also in work, when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labour, grows or diminishes as a person, either through increased sharing in a genuinely supportive community or through increased isolation in a maze of relationships marked by destructive competitiveness and estrangement, in which he is considered only a means and not an end.^[45]

Finally, *The Catechism of the Catholic Church* stated in 1992:

A theory that makes profit the exclusive norm and ultimate end of economic activity is morally unacceptable. The disordered desire for money cannot but produce perverse effects. It is one of the causes of the many conflicts which disturb the social order.^[46]

From this brief survey of documents in the tradition of Catholic Social Teaching, it is clear that any theory of business management consistent with this tradition must regard the business firm as a community and must understand its purpose to be service to larger communities – in the case of large, multinational corporations, the global community. The members of the corporation must be regarded, not as individuals whose self-interest conflicts with the self-interest of the owners of the

corporation, but as persons whose individual good is consistent with the corporation's common good.

3. Conclusion

In our present age of globalisation, we need a theory of global business management designed to promote the common good of all national communities in the world, as well as the global community. Anglo-American management theory is incapable of meeting this challenge. It views the business firm as a collection of individuals, all of whom are attempting to maximise their own utility, when they should be maximising the material wealth of the firm's owners. Such a firm is characterised by "conflict of interest". When put into practise, Anglo-American management theory is reasonably successful in maximising total wealth, but not in promoting the common good.

Because it correctly understands the nature of human persons and human communities, Catholic Social Teaching can serve as the starting point for developing a more adequate theory of global business management. Such a theory can, of course, also make use of whatever is good and true in other cultural, philosophical, and religious traditions. The development of such a theory will require much more than what has been accomplished in this paper. Nevertheless, two central elements of such a theory must be correct understandings of the nature and of the purpose of the firm.

Once such a theory is developed, the next step will be to teach it to present and future managers. This will require significant change in most schools of business administration. The assumption in most Catholic universities is that an Anglo-American business education plus business ethics equals a Catholic business education. What students of business administration need, however, is not an unethical business management theory plus a business ethics theory that contradicts it. As long as it is granted that the purpose of business management is to maximise profit or owner value, business ethics can be nothing more than a means to

that end. Why should we be ethical? Because we will make more money – at least in the long run – if we are ethical.

Unfortunately, that is not true. Ethical business actions sometimes do and sometimes do not lead to more profit and owner value than unethical actions. In many situations, one can maximise profit and owner wealth by acting unethically. One of the challenges of business ethics is to motivate business managers to be ethical in situations where they could make more money by being unethical.

Instead of an unethical theory of business management plus a business ethics theory that contradicts it, students need a single, comprehensive theory of ethical business management. Some components of present business education would not change. Others, however, would need to be transformed. Financial management would still be among the most important components of business education. But prudent financial management would be regarded as a means to the end of promoting the common good – something that is real, but unquantifiable. This would require some change in the way financial management is taught.

While this is true of Catholic business education, the same changes would need to take place in non-Catholic academic institutions that are now teaching Anglo-American management theory, but see a theory consistent with Catholic Social Teaching, traditional cultures, and human nature as a superior alternative.

In my judgment, such a theory of business management and such a change in business education is needed especially in Africa. True development in this part of the world will require an increase in the productivity of African workers, but in a manner consistent with all that is good in traditional African cultures. Adopting Anglo-American management practises will result in increased production, but at the cost of destroying traditional cultures. The gain would not be worth the loss. Adopting and applying a theory of business management consistent with

Catholic Social Teaching, on the other hand, would be an important step towards true development in Africa and what John Paul II called “global solidarity”.^[47]

End Notes

^[1] Libreria Editrice Vaticana, 2004.

^[2] Economists in the Anglo-American tradition tend to speak of the maximisation of profit, while management scholars usually speak of maximisation of owner wealth. Strictly speaking, the two are not identical. For present purposes, however, the distinction is insignificant.

^[3] See, for example, Michel Albert, *Capitalisme contre capitalisme*, Paris: Editions du Seuil, 1991; trans. Paul Haviland, *Capitalism against Capitalism*, London: Whurr Publishers, 1993. Albert contrasts Anglo-Saxon capitalism with “Rhine capitalism”, and urges France to choose the latter.

^[4] Confucius, *Analects*, trans. James Legge, XVII, vi.

^[5] Confucius, *Analects*, trans. James Legge, I, ii.

^[6] Plato, *Republic*, IV.

^[7] Aristotle, *Politics*, I, ii.

^[8] Kwame Gyekye, ‘Person and Community in African Thought’, in Kwasi Wiredu and Kwame Gyekye, eds., *Person and Community*, Washington: Council for Research in Values and Philosophy, 1992.

^[9] W. Emmanuel Abraham, ‘Prologue: Crisis in African Cultures’, in Kwasi Wiredu and Kwame Gyekye, eds., *Person and Community*, Washington: Council for Research in Values and Philosophy, 1992.

^[10] Jean-Paul Sartre, “Existentialism”, trans. Bernard Frechtman, in *Existentialism and Human Emotions*, New York: Philosophical Library, 1957, p. 15: “There is no human nature, since there is no God to conceive it.”

[11] To be sure, some aspects of African traditions are inconsistent with Catholicism. For example, polygamy is practised in many traditional African cultures, but is not permitted by Catholicism. The claim that I am making about consistency between Catholic Social Teaching and traditional African cultures concerns the relationship between the person and the community, the relationship between the individual good and the common good, and the fact that both the individual good and the common good involve more than material goods.

[12] John Paul II, Encyclical Letter *Sollicitudo Rei Socialis*, 30 December 1987, ¶ 41.

[13] Pius XI, Encyclical Letter *Quadragesimo Anno*, 15 May 1931, ¶ 10.

[14] Pius XI, Encyclical Letter *Quadragesimo Anno*, 15 May 1931, ¶ 120.

[15] John Paul II, Encyclical Letter *Centesimus Annus*, 1 May 1991, ¶ 42.

[16] Thomas Hobbes, *Leviathan*, London: Andrew Crooke, 1651, p. 60.

[17] John XXIII, Encyclical Letter *Pacem in Terris*, 11 April 1963, ¶ 16.

[18] Second Vatican Ecumenical Council, Pastoral Constitution on the Church in the World of Today *Gaudium et Spes*, 7 December 1965, ¶ 6.

[19] Second Vatican Ecumenical Council, Pastoral Constitution on the Church in the World of Today *Gaudium et Spes*, 7 December 1965, ¶ 32.

[20] Second Vatican Ecumenical Council, Pastoral Constitution on the Church in the World of Today *Gaudium et Spes*, 7 December 1965, ¶ 52.

[21] Paul VI, Encyclical Letter *Populorum Progressio*, 26 March 1967, ¶ 38.

[22] Milton Friedman, *Capitalism and Freedom*, Chicago: University of Chicago Press, 1962, p. 33.

[23] I speak of the “traditional family”, because “family” can be applied in contemporary American English to any collection of individuals who happen to cohabitate.

[24] Milton Friedman, “The Social Responsibility of Business is to Increase Its Profits”, *New York Times Magazine*, 13 September 1970, p. 32.

[25] Thomas Hobbes, *Leviathan*, London: Andrew Crooke, 1651, p. 1.

- [26] Michael C. Jensen and William H. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure," Revised Version, in *Economics and Social Institutions: Insights from the Conferences on Analysis and Ideology*, ed. Karl Brunner, Boston: Martinus Nijhoff, 1979, pp. 170-71.
- [27] Second Vatican Ecumenical Council, Pastoral Constitution on the Church in the World of Today *Gaudium et Spes*, 7 December 1965, ¶ 25.
- [28] John Paul II, Encyclical Letter *Laborem Exercens*, 14 September 1981, ¶ 4.
- [29] John XXIII, Encyclical Letter *Mater et Magistra*, 15 May 1961, ¶ 91.
- [30] John Paul II, Encyclical Letter *Laborem Exercens*, 14 September 1981, ¶ 20.
- [31] John Paul II, Encyclical Letter *Centesimus Annus*, 1 May 1991, ¶ 32.
- [32] John Paul II, Encyclical Letter *Centesimus Annus*, 1 May 1991, ¶ 35.
- [33] Milton Friedman, "The Social Responsibility of Business is to Increase Its Profits", *New York Times Magazine*, 13 September 1970, p. 32.
- [34] *Ibid.*
- [35] Lex Donaldson and James H. Davis, "Stewardship Theory or Agency Theory: CEO Governance and Share holder Returns", *Australian Journal of Management*, 16, 1, June 1991, p. 62.
- [36] Pius XI, Encyclical Letter *Quadragesimo Anno*, 15 May 1931, ¶ 86.
- [37] Pius XII, "Vocation of Businessmen," Address to the Delegates of the World Congress of Chambers of Commerce, 27 April 1950; *The Catholic Mind*, 48 (August 1950), pp. 510-11.
- [38] Paul VI, Encyclical Letter *Populorum Progressio*, 26 March 1967, ¶ 19.
- [39] Leo XIII, Encyclical Letter *Rerum Novarum*, 15 May 1891, ¶ 20.
- [40] Pius XI, Encyclical Letter *Quadragesimo Anno*, 15 May 1931, ¶ 132.
- [41] Second Vatican Ecumenical Council, Pastoral Constitution on the Church in the World of Today *Gaudium et Spes*, 7 December 1965, ¶ 64.
- [42] John Paul II, Encyclical Letter *Laborem Exercens*, 14 September 1981, ¶¶ 11, 17.

[43] John Paul II, Encyclical Letter *Sollicitudo Rei Socialis*, 30 December 1987, ¶¶ 37, 38, 47.

[44] John Paul II, Encyclical Letter *Centesimus Annus*, 1 May 1991, ¶ 35.

[45] John Paul II, Encyclical Letter *Centesimus Annus*, 1 May 1991, ¶ 41.

[46] *The Catechism of the Catholic Church*, 1992, ¶ 2424.

[47] John Paul II, Encyclical Letter *Sollicitudo Rei Socialis*, 30 December 1987, ¶ 45.

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