

Vocation of the Business Leader: A Reflection

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Foreword

From the 24th to 26th of February 2011 a seminar entitled “Caritas in Veritate: The Logic of Gift and the Meaning of Business” was held at the Pontifical Council for Justice and Peace (PCJP), in collaboration with the John A. Ryan Institute for Catholic Social Thought of the Center for Catholic Studies at the University of St. Thomas and the Ecophilos Foundation. The meeting followed the October 2010 conference “Caritas in Veritate and the USA”, which the PCJP held in partnership with the Institute for Advanced Catholic Studies of Los Angeles, and continued its study of business organizations in light of Pope Benedict XVI’s social encyclical Caritas in Veritate. Underlying both meetings is the Church’s firm conviction that all Christians are called to practice charity in a manner corresponding to their vocation and according to the degree of influence they wield in the polis (CIV, 7).

Business men and women, university professors, and experts on the subject contributed to “Caritas in Veritate: The Logic of Gift and the Meaning of Business” in an innovative way. Their discussions centered on a volume of texts, previously prepared and published, which facilitated the debate that took place during the three-day seminar at the Pontifical Council for Justice and Peace.

The working days were intense and profitable. Indeed, the meeting resulted in the resolution to write out a kind of vade-mecum for business men and women, a handbook to be utilized by professors in formative moments and for instruction in schools and universities. This is the way in which the reflections contained in this volume, *The Vocation of the Business Leader: a Reflection*, came to light. The volume is intended to be an educational aid that speaks of the “vocation” of the business men and women who act in a wide range of business institutions: cooperatives, multinational corporations, family businesses, social businesses, for-profit/non-profit collaborations and so on; and of the challenges and opportunities that the business world offers them in the context of intense technological communications, short-term financial practices, and profound cultural changes.

Business leaders are called to engage the contemporary economic and financial world in light of the principles of human dignity and the common good. This reflection offers business leaders, members of their institutions, and various stakeholders a set of practical principles that can guide them in their service of the common good. Among these principles, we recall the principle of meeting the needs of the world with goods which are truly good and which truly serve without forgetting, in a spirit of solidarity, the needs of the poor and the vulnerable; the principle of organising work within enterprises in a manner which is respectful of

human dignity; the principle of subsidiarity, which fosters a spirit of initiative and increases the competence of the employees—considered “co entrepreneurs”; and, finally, the principle of the sustainable creation of wealth and its just distribution among the various stakeholders.

In these difficult times for the world economy, during which many business men and women suffered the consequences of crises that deeply reduced the income of their enterprises, risked their survival, and threatened many jobs, the Church does not relinquish the hope that Christian business leaders will, despite the present darkness, restore trust, inspire hope, and keep burning the light of faith that fuels their daily pursuit of the good. Indeed, it is worth recalling that Christian faith is not only the light that burns in the heart of believers but also the propulsive force of human history.

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Executive Summary

When businesses and market economies function properly and focus on serving the common good, they contribute greatly to the material and even the spiritual well-being of society. Recent experience, however, has also demonstrated the harm caused by the failings of businesses and markets. The transformative developments of our era—globalisation, communications technologies, and financialisation—produce problems alongside their benefits: inequality, economic dislocation, information overload, financial instability and many other pressures that interfere with serving the common good. Business leaders who are guided by ethical social principles, lived through virtues and illuminated for Christians by the Gospel, can, nonetheless, succeed and contribute to the common good.

Obstacles to serving the common good come in many forms—lack of rule of law, corruption, tendencies towards greed, poor stewardship of resources—but the most significant for a business leader on a personal level is leading a divided life. This split between faith and daily business practice can lead to imbalances and misplaced devotion to worldly success. The alternative path of faith-based “servant leadership” provides business leaders with a larger perspective and helps to balance the demands of the business world with those of ethical social principles, illumined for Christians by the Gospel. This is explored through three stages: seeing, judging, and acting, even though it is clear that these three aspects are deeply interconnected.

SEEING: The challenges and opportunities in the world of business are complicated by factors both good and evil, including four major “signs of the times” influencing business. Globalisation has brought efficiency and extraordinary new opportunities to businesses, but the downsides include greater inequality, economic dislocation, cultural homogeneity, and the inability of governments to properly regulate capital flows. Communications technology has enabled connectivity, new solutions and products, and lower costs, but the new velocity also brings information overload and rushed decision-making. Financialisation of business worldwide has intensified tendencies to commoditise the goals of work and to emphasise wealth maximisation and short-term gains at the expense of working for the common good. The broader cultural changes of our era have led to increased individualism, more family breakdowns, and utilitarian preoccupations with self and “what is good for

me”. As a result we might have more private goods but are lacking significantly in common goods. Business leaders increasingly focus on maximising wealth, employees develop attitudes of entitlement, and consumers demand instant gratification at the lowest possible price. As values have become relative and rights more important than duties, the goal of serving the common good is often lost.

JUDGING: Good business decisions are those rooted in principles at the foundational level, such as respect for human dignity and service to the common good, and a vision of a business as a community of persons. Principles on the practical level keep the business leader focused on: producing goods and services that meet genuine human needs while taking responsibility for the social and environmental costs of production, of the supply chain and distribution chain that serve the common good, and watch for opportunities to serve the poor; organising productive and meaningful work by recognising the dignity of employees and their right and duty to flourish in their work, (“work is for man” rather than “man for work”) and structuring workplaces with subsidiarity that designs, equips and trusts employees to do their best work; and using resources wisely to create both profit and well-being, to produce sustainable wealth and to distribute it justly (a just wage for employees, just prices for customers and suppliers, just taxes for the community, and just returns for owners).

ACTING: Business leaders can put aspiration into practice when they pursue their vocation, motivated by much more than financial success. When they integrate the gifts of the spiritual life, the virtues and ethical social principles into their life and work, they may overcome the divided life, and receive the grace to foster the integral development of all business stakeholders. The Church calls upon the business leader to receive—humbly acknowledging what God has done for him or her—and to give—entering into communion with others to make the world a better place. Practical wisdom informs his or her approach to business and strengthens the business leader to respond to the world’s challenges not with fear or cynicism, but with the virtues of faith, hope, and love. This document aims to encourage and inspire leaders and other stakeholders in businesses to see the challenges and opportunities in their work; to judge them according to ethical social principles, illumined for Christians by the Gospel; and to act as leaders who serve God.

Appendix

A discernment checklist for the business leader

- Do I see work as a gift from God?
- Is my work as a “co-creator” truly a participation in God’s original creative act?
- Do I promote a culture of life through my work?
- Have I been living a divided life, separating Gospel principles from my work?
- Am I receiving the sacraments regularly and with attention to how they support and inform my business practices?
- Am I reading the Scriptures and praying with the will to avoid the risk of a divided life?
- Am I sharing my spiritual path with other Christian business practitioners (my peers)?
- Am I seeking to nourish my business life by learning more about the Church’s social teaching?
- Do I believe that taking the dignity of the person seriously in my business decision-making will promote integral human development while making my company more efficient, more agile and more profitable?

Meeting the needs of the world

- Do I see the responsibilities of my company as extending to all the participants who contribute to its life, not simply to the interests of the owners?
- Am I creating wealth, or am I engaging in rent-seeking behaviour?
- Am I engaging in anti-competitive practices?
- Is my company making every reasonable effort to take responsibility for externalities and unintended consequences of its activities (such as environmental damage or other negative effects on suppliers, local communities, and even competitors)?
- Do I recognise the importance of strong and lively “indirect employers” to ensure the right levels of labour protection and community dialogue?
- Am I sensitive to the fact that if corporate decisions are not deeply grounded in the dignity of the human person, they will be prone to instrumentalist and utilitarian constructs which fail to promote integral human development within business?
- Do I regularly assess the degree to which my company provides products or services which address genuine human needs and which foster responsible consumption?

Organising good and productive work

- Do I provide working conditions which allow my employees appropriate autonomy at each level? In other words, when I organise human resources, am I mindful of the subsidiarity principle in my company management system?
- Am I assuming the risk of lower level decisions to assure that his autonomy is genuine?
- Are jobs and responsibilities in my company designed to draw upon the full talents and skills of those doing the jobs?
- Have employees been selected and trained to be able to meet fully their responsibilities?
- Have these responsibilities and their scope been clearly defined?
- Am I making sure that the company provides safe working conditions, living wages, training, and the opportunity for employees to organise themselves?
- Have I embedded a set of comprehensively defined principles and integrated them into my performance measurement process? Am I honest with my employees about their performance?
- In all countries where my company is engaged, is it honouring the dignity of those indirectly employed and contributing to the development of the communities hosting these operations? (Do I follow the same standard of morality in all geographic locations?)
- Do I place the dignity of all workers above profit margins?

Creating sustainable wealth and distributing it justly

- as a business leader, am I seeking ways to deliver fair returns to providers of capital, fair wages to employees, fair prices to customers and suppliers, and fair taxes to local communities?
- Does my company honour all its fiduciary obligations to providers of capital and to local communities with regular and truthful financial reporting?
- In anticipation of economic difficulties, is my company taking care that employees remain employable through appropriate training and variety in their work experiences?
- When economic difficulties demand layoffs, is my company giving adequate notifications, employee transition assistance, and severance pay?

- Does my company make every effort to reduce or eliminate waste in its operations, and in general to honour its responsibility for the natural environment?

In summary

- **As a Christian business leader, am I promoting human dignity and the common good in my sphere of influence?**
- **Am I supporting the culture of life; justice; international regulations; transparency; civic, environmental, and labour-standards; and the fight against corruption?**
- **Am I promoting the integral development of the person in my workplace?**