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# The Vocation of the Business Leader

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For much of its history, the attitude of the Church toward business has been ambivalent. The Church welcomed the wealth assembled by merchants and other business people and gratefully accepted portions of that wealth offered in support of its mission. At the same time, it frequently expressed its reservations about the moral worthiness of business in general and about the integrity of individuals engaged in commerce. It would not be too much to say that the common opinion was that a life spent in business was not quite a proper occupation for a Christian.

Could business be a calling? Before the Second Vatican Council, it was common to speak about proper Christian vocations as if they were limited to clergy and religious. Even after the Council, we remained reluctant to apply the term “vocation” to more than a few professional areas (such as medicine, law and perhaps education). We acknowledged that the laity had a general vocation to seek holiness but we hesitated to see most lay occupations, the spheres of work where ordinary people spent most of their time and energy, as potential paths to sanctity.

Against this background, the reflection entitled *The Vocation of the Business Leader: a Reflection*, published in March 2012 by the Pontifical Council for Justice and Peace, is an unusual document in many respects. While other official documents of the Church, notably the encyclicals *Centesimus annus* and *Caritas in veritate*, have acknowledged that business can play a positive role in society, this document goes much further. It asserts, probably for the first time in any formal statement issued by the Vatican, that the

roles of the entrepreneur and the manager of an enterprise can be “genuine human and Christian calling.” (VBL, 6) Persons who embrace these vocations “have a special role to play in the unfolding of creation” (VBL, 7) and their “importance in the life of the Church and in the world economy can hardly be overstated.” (VBL, 6)

Nor can the importance of acknowledging entrepreneurship and management as vocations be easily overstated. A Christian vocation is an invitation from God to individuals to devote their talents and energies in very particular ways to building up the Kingdom of Heaven. To be sure, not everything a Christian does is properly a response to a vocation. But by claiming that entrepreneurs and managers can, in fact, understand their work to be a response to God’s call, the Council recognizes, as no other Vatican document has ever done, that people in business contribute to the building of the Kingdom by their work and not merely by their donations. This means, of course, that the work they do takes on a dignity that had not been previously recognized. With this as a starting point, the document unfolds as a reflection on the nobility of business and the corresponding obligations of Christians who embrace that vocation.

Needless to say, it is not easy to bring one’s Christian commitments to the world of business. The document acknowledges the difficulties and obstacles that business leaders face in bringing their faith to work. There are the seductive temptations of wealth and power along with prevailing attitudes which

tend to regard employees as mere factors of production, government as an opponent (when it is not used as an ally against one's competitors) and profit as the only measure of success.

More fundamentally, however, the greatest obstacle for Christian business leaders is the temptation to lead a "divided life." Leading such a life, separating one's faith from one's work, "contributes to much of the damage done by businesses in our world today" (VBL, 10) to say nothing of the harm it does to individuals and their families. The document warns that "business leaders who do not see themselves serving others and God in their working lives will fill the void of purpose with a less worthy substitute." (VBL, 10) Indeed, to live a divided life is to reject, on a very practical level, the claim that a life in business is a genuine Christian vocation. Instead, we are drawn to a divided life in order to insulate our work from our faith. Often we do this because we think that our faith will demand behaviors that are incompatible with success in business. But this is literally a deliberate and voluntary assault on our personal integrity. We reject a personal wholeness in favor of fragmentation; we seek professional success at the cost of our very selves.

It would be entirely fair to understand this document as an extended reflection on why working successfully in business does not require a divided life or, more powerfully, why the divided life can never lead to more than limited success while authentic personal integrity opens new horizons and possibilities. Though the document does not (and really cannot) explore these possibilities in detail, it offers some suggestions by drawing attention to what business leaders are called to be.

The vocation of the business leader might be summarized around two key ideas. The first is that business leaders are called to be stewards of the resources of the earth and collaborators with God in the unfolding of creation. This draws upon a conceptual framework introduced by Blessed John Paul II in the encyclical *Laborem exercens*. On this view, the work of creation, though initiated and directed by the Creator, is neither solely his work nor complete once

and for all. Instead, God invites his human creatures to participate freely in this work over time and to join him in realizing ever more completely his plan for creation. Of course, individuals are free to reject this invitation, to impede God's plan in favor of their own preferences and to do violence to the created order. But those who accept the invitation, who respond to the vocation to be stewards and collaborators, will work not only to protect the resources of the earth and the environment but, more importantly, to release the potential of these resources to serve authentic human needs.

When people reject their vocations, they do so, in one way or another, out of fear. This might be fear of failure or fear of loss or fear of something else but fear lies at the heart of it. The situation is no different with business leaders, whose fears incline them away from the risks they perceive in the call to be a steward and collaborator. If they were not limited by their fears, if an integrated life permitted their faith to give them confidence in their professional lives, they might focus less on profit and more on the good that their businesses can do, for their customers, their employees and all others with whom they interact. They might also have confidence – and this is one hope of the document – that embracing the vocation to stewardship and collaboration is not, after all, an obstacle to profitability.

The second key idea is that business leaders are to be agents of justice. That is to say, as stewards of resources they play an important role in ensuring that all of the constituencies with which a business engages are treated fairly in every respect. This includes a fair distribution of the benefits and burdens of the operation of the business. As agents of justice, business leaders are not merely servants of shareholders. Their responsibilities also extend to employees (who deserve adequate compensation and good working conditions), to customers (who deserve fair prices and, in the language of the document, "goods that are truly good and services that truly serve") as well as to creditors, suppliers, communities and others. The business leader must balance competing interests and claims, manifest

fairness and, thereby, secure the success and future of the organization.

## I. Six Practical Principles for Business

At the heart of the Catholic social tradition is a distinctive vision of the human person, who is both an image of God, destined to share his life, and by nature a social animal, who develops his full humanity within a community. Each individual, therefore, has a profound and irreducible dignity that must be respected, and each person is a subject worthy of love. At the same time, each individual has an obligation to measure his choices and actions against the common good of the community, within which persons live and hope to flourish. Business leaders, in their professional capacities, have a duty to respect both human dignity and the common good.

Building upon the foundation of these concepts, the document identifies six practical principles that ought to guide entrepreneurs and managers. These principles are organized around the idea that businesses at their best are not uni-dimensional activities, where there is only one measure of success (profit, for example). Instead, businesses are multi-dimensional activities, where success is measured by the ability of the business (and its managers) to achieve and keep in balance at least three broad objectives. The document identifies these objectives, the deep and abiding purposes of business, as: 1) offering needed goods and services to customers, 2) organizing good and productive work for employees, and 3) creating wealth and distributing it justly. Each objective gives rise to two broad principles that should shape the actions of business leaders.

*1. In order to contribute to the common good, businesses must produce goods that are truly good and services that truly serve.*

Absent a profound understanding of the true nature of human persons, we are apt to define human needs so narrowly as to reduce them to those few things without which we die or so, broadly as to include anything we may desire. When business is

not shaped by an understanding of human persons, it inclines to be agnostic about what a human need really is. It is enough that we often hear from the marketing people, that a product or service is wanted by the customer. The business has no warrant for making a judgment about the moral quality of the customer's wants.

This document presents another vision. Inspired by the conception of the human person supplied by the Church's tradition, Catholic business leaders can understand that products and services that genuinely contribute to the well-being of their customers satisfy real human needs. The range of needs is as wide as the possibilities for human fulfillment and flourishing. But at the same time, some products and services are excluded –one thinks immediately of pornography and non-therapeutic drugs– because they assault human dignity and attack human flourishing. Even though they may be powerful customer wants, and very profitable for a business to supply, they are unworthy of Christian business leaders, who do indeed have a duty to make judgments about the goodness of their products and services.

*2. Business leaders ought to maintain solidarity with the poor by being alert for opportunities to serve otherwise neglected populations and people in need.*

The virtue of solidarity entails an orientation to choose actions that support the common good of society in concrete ways. It requires more than the determination to avoid harms; it moves people to be alive to the needs of others and creative about the ways in which they might use their own gifts and resources to address those needs.

Business leaders must certainly attend to the profitability of their operations but a lack of solidarity may incline them to focus so tightly on increasing profits that they become blind to opportunities to serve. Just as professional firms often engage in *pro bono* work, business firms can and should look for unmet and overlooked needs. These needs can be invisible, especially if they exist somewhere other than the headquarters country of a corporation, but

business leaders moved by solidarity will be energetic in searching for such needs and imagining ways in which their resources can address them. Nothing prevents a business from earning a fair profit while serving these needs, but it may also be an act of proper corporate philanthropy to moderate or even forego revenue in order to serve the poor.

*3. Leaders must foster the special dignity of human work.*

As Pope John Paul II noted in his first social encyclical, *Laborem exercens*, work is for man and not man for work. In other words, the purpose of the work we do is always to serve the well-being of persons. Something has gone drastically wrong when the well-being of the person doing the work is diminished or even sacrificed for the sake of efficiency. Jobs are designed with little regard for the impact of the job on the worker or the environment in which the worker labors. Indeed, in a modern economy, it is so often the case that employees are regarded merely as one more factor of production to be managed.

But the worker is always a person, always a who and never merely a what. He or she is not just a factor in a production process, a cost to be reduced but rather a collaborator in the mission of the organization. Recognizing this, business leaders take on a solemn responsibility to ensure that the work done in their organizations is fully respectful of human dignity. To be sure, it must be efficient and effective but this does not require work to assault the worker. Business leaders have a duty to create and sustain good work, work that is productive, well-organized, stable, and worthy of an image of God.

*4. Leaders ought to embrace the idea of subsidiarity and provide opportunities for employees to exercise appropriate authority as they participate in the work of the organization.*

Subsidiarity, as it is understood in the Catholic tradition, calls for respect for the layered or hierarchical structure of human communities, whether societies or organizations. In a large company, for example, there will be a chief executive but also managers responsible for the smaller

operating units into which the company is organized. Subsidiarity requires that the managers of the smaller units to be permitted to make decisions that are proper to that unit. It is not so much a matter of driving decisions down to the lowest level but rather identifying and respecting the proper level at which certain kinds of decisions should be made. Experience shows us, however, that higher authorities have a tendency to siphon decisions up to their level and to deny lower-level managers the freedom they ought to have.

This is probably done both out of a desire for unnecessary consistency and out of apprehension about the ability of subordinate managers to make decisions well. As the document recognizes, to do this is to fail to respect the human dignity of employees. Business leaders have a two-fold responsibility here. On the one hand, they must be sure to appoint competent people to positions and ensure that these people have the training and information they require to make sound decisions. But on the other hand, they must learn to accept risk as they entrust responsibilities in the organization. Just as Jesus entrusts his mission to the Church and takes the risk that his disciples will fail from time to time, so an executive must accept the same risk with regard to subordinates.

*5. Leaders must be good stewards of the resources—whether capital, human or natural—which are at their disposal.*

Stewardship of resources is a familiar concept. In the Catholic tradition it begins in the acknowledgement that the true owner of creation is God, who has made a gift of what he has made to his human creatures. In accepting these gifts, which include not only the material world but also our personal talents and capacities, we are implicitly bound to use them well. This means using them for good purposes, not only our own well-being but also the well-being of others and the support of the common good. And it also means avoiding waste and greed. We have a duty to others, not least to future generations, to pass on to them a fair share of the gifts that we have received.

6. *Leaders must allocate justly all of the benefits and burdens associated with their operations among all of the relevant stakeholders, including customers, employees, investors, creditors, suppliers and the community.*

A common understanding of business firms insists that they are organizations oriented to maximizing the wealth of owners and investors. Relationships with other groups who interact with the organization—customers, employees and so on—are simply instrumental to this end. Therefore, the relationships should be managed as far as possible to increase benefits to owners and to reduce burdens. An objective notion of fairness in distributing benefits and burdens, while it may exclude outright fraud, has no role to play in shaping a firm's interactions with these groups.

The Catholic tradition offers an alternate vision of a business firm. As mentioned above, a business is multi-dimensional. It succeeds as an organization, it becomes a good business, when it performs well in several distinct ways, which we can identify in terms of the groups who participate in the firm's operations. Customers, for example, are well served when they receive a good product or service at a fair price but for their part they must be content with that fair price. Employees deserve fair compensation and decent working conditions but for their part they must work loyally and well for the organization. And in the Catholic view, while owners and investors deserve a fair return on their investments, their claim to this fair return is no more powerful than the claims to fairness of other stakeholders. This is not to elevate other stakeholders to a place of privilege above owners and investors, but rather to recognize that each participant in an enterprise deserves to be treated fairly, and that it is the business leader's responsibility to ensure that fairness in the concrete.

## **II. The Final Word: An Examination of Conscience**

Much about this document is not new, at least in the sense that its principles are deeply embedded in the Catholic social tradition, even if the specific applications

have not been articulated so clearly before. Executives, though, may well find the "Examination of Conscience" offered at the end of the document to be particularly useful. This section was proposed and principally drafted by an experienced executive, not by philosophers and theologians. It invites business leaders to reflect in very practical ways upon their own management style and practice. In years to come, it may well be the best-remembered section of the document.

In sum, this reflection from the Pontifical Council is a new and welcome sort of document from the Church. Less doctrinal than pastoral, it acknowledges for the first time the importance of business and the Christian vocation of the business leader. Those who study it should come away with a renewed sense of the dignity of their work in building up the Kingdom of God and a renewed commitment to overcome the divided life by integrating their faith and their work.

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