



***CENTER FOR CATHOLIC STUDIES***

**TO: WBC AND MICAH PARTICIPANTS**  
**FROM: MONSIGNOR RICHARD LIDDY**  
**SUBJECT: *WHAT IS BUSINESS;GETTING IT IN PERSPECTIVE* JAMES O' CONNOR SJ**  
**DATE: WEDNESDAY, FEBRUARY 27, 2013**

- **Welcome and self introductions**
- **Woodstock Business Conference Mission Statement**

The mission of the Woodstock business Conference is to establish and lead a national and international network of business executives to explore their respective religious traditions in order to assist the individual executives:

- To integrate faith, family and professional life,
- To develop a corporate culture that is reflective of their religious faith and values, and
- To exercise a beneficial influence upon society at large

The Conference, grounded in the Roman Catholic tradition, welcomes believers who are open to and respectful of one another's religious tradition. It is committed to the conviction that ethics and values grow out of one's religious heritage.

- **Scripture Reading: Psalm 8**

O Lord, our Sovereign,  
how majestic is your name in all the earth!

When I look at your heavens, the work of your fingers,  
the moon and the stars that you have established;  
what are human beings that you are mindful of them,  
mortals that you care for them?

Yet you have made them a little lower than God,

and crowned them with glory and honor.  
You have given them dominion over the works of your hands;

you have put all things under their feet,  
all sheep and oxen,  
and also the beasts of the field,  
the birds of the air, and the fish of the sea,  
whatever passes along the paths of the seas.

O Lord, our Sovereign,  
how majestic is your name in all the earth!

## **Reflection:**

### **Topic: What is a Business? – Getting it in Perspective**

As we gaze down “from the moon” to planet earth, we see the energetic activity of people who are buying and selling. The more we look and try to analyze the basic pattern of this frenzied activity, we can gradually come to understand and describe it. Among all of the other activities we see down there on the earth, this frenetic frenzy can appropriately be called “busy-ness!” And I can’t help but wonder whether that is why we call it “business.”

Today we can define a “business” as “a for-profit organization of people and resources to meet the needs and desires of other people.” In its early origins business was much less frenzied than it is today. When we turn and look back in time we see a gradual evolution from cave persons to capitalism. Let’s trace the key steps in that transition.

Originally human beings were hunters and gatherers for their own individual and/or family needs. Then, groups of people began to recognize the value of specialization. “I’ll hunt animals. You raise vegetables. And then we can trade.” Nowadays we call that bartering. Over time specializations became more numerous and sophisticated and “trading” was replaced by “selling” -- which required the development of a monetary system of exchange. People could now pay money for a product instead of exchanging goods or services.

And so businesses were born into the economic system of buying and selling. And eventually people not only bought the goods that businesses produced and/or marketed, but they also bought businesses. They became share-holders or stock-holders. And for this investment they received a financial return. Money was “making” money – a profit on investment.

For a long time a central authority monitored and regulated the economy – authorities like monarchs, emperors, kings, dictators, and sometimes even church officials like popes or bishops. But eventually “free” markets were born, one of which is the capitalist economy that we have today. The competitive interests of the various businesses in play

within the economy provided the “checks and balances” required to keep the system working smoothly and efficiently. Most often, however, some minimum level of oversight and regulation by a central civic authority, a government, was found to be desirable.

Business is a “competitive sport,” like football, basketball, or baseball. And any competitive sport needs a referee or umpire to assure fair competition. A referee simply helps the players to abide by the rules to which the competitive players have all already agreed. The referee keeps the playing field “fair.” And that is what governments are expected by businesses to do on their behalf.

To clarify and explicitly articulate economically healthy interactions businesses eventually developed a set of “ethical” principles. According to the *American Heritage Dictionary*, an “ethos” is a set of values of a particular culture or people. Ethical values are values that are so fundamental, so basically human, that they are universally acknowledged. Aristotle’s major work is entitled, “The Nicomachean Ethics,” in which he describes the core of ethical behavior: the pursuit of happiness.

*The best of all things must, we conceive, be something final...Happiness seems more than anything else to answer to this description: for we always choose it for itself and never for the sake of something else... In applying this term we do not regard a man as an individual leading a solitary life, but we also take account of parents, children, wife, and, in short, friends and fellow-citizens generally, since man is naturally a social being.*

In describing life’s “ethos” as the pursuit of *happiness* Aristotle is in agreement with the Jewish and Christian scriptures. In Latin “happiness” is *beatitudo* which is also translated, “blessed.” Christ also promises happiness to the blessed, as, for instance, in the “Beatitudes” of Matthew’s Gospel (5:3-10)

*Blessed are the poor in spirit: for theirs is the kingdom of heaven.  
Blessed are the meek: for they shall possess the land.  
Blessed are they who mourn: for they shall be comforted.  
Blessed are they that hunger and thirst after justice: for they shall have their fill.  
Blessed are the merciful: for they shall obtain mercy.  
Blessed are the clean of heart: for they shall see God.  
Blessed are the peacemakers: for they shall be called the children of God.  
Blessed are they that suffer persecution for justice' sake, for theirs is the kingdom of heaven.*

We find the same counsels in the Hebrew Scriptures, as, for instance in the gift of the Ten Commandments which Moses receives from God on Mount Sinai. And the heart and soul of a Jewish faith is expressed in the mandate: “You shall love the Lord your God with all your heart and with all your soul and with all your strength.” (*Deuteronomy* 6:5) Later in the New Testament we see the addition, “And love thy neighbor as thyself.” Moreover,

many strong statements on social justice for the promotion of the common good – the *ethos*!! – are to be found in *Leviticus, Deuteronomy, Exodus, Numbers, and 1 Samuel*.

Devout Buddhist, Japanese citizen, successful business leader, and prolific author, Kazuo Inamori, agrees totally with the Christian and Jewish views about promoting the common good, the *ethos* of society. Just look at his insightful book entitled *For People and For Profit: A Business Philosophy for the 21<sup>st</sup> Century*. On page 130 he has an attractive graph with the words: “Respect the Divine and Love People” at the top and “Pursue Material and Spiritual Happiness and the Welfare of Mankind” at the bottom. In between the two he lists the qualities required for both of those ideals: “Sincerity, Love, and Harmony.”

*As a follower of the Buddha’s teachings, I believe that it is necessary for us to remember the 2,500-year-old philosophical and ethical teachings of the Buddha, which is “to know when one has received enough.” We need to learn to keep our endless desires under control and appreciate what we are given.*

A good friend of mine, Father William J. Byron, S.J., proposes and promotes these very same values in his book entitled, *The Power of Principles: Ethics for the New Corporate Culture*. He devotes a chapter to each of ten key ethical principles: **Integrity** (character, honesty, trustworthiness, and responsibility), **Veracity** (telling the truth, being accountable and transparent), **Fairness** (justice, treating equals equally, giving to everyone his or her due), **Human Dignity** (acknowledging a person’s inherent value simply for being human), **Workplace Participation** (another’s right not to be shut out from decision making within the organization), **Commitment** (counted on for their dependability, reliability, fidelity, loyalty), **Social Responsibility** (the obligation to look to the interests of the broader community); **The Common Good** (the antidote to individualism by aligning one’s personal interests with the community’s well-being); **Delegation (Subsidiarity)** (delegation and decentralization, keeping decision making close to the ground); and **Love** (a willingness to sacrifice one’s time, convenience, and a share of one’s ideas and material goods for the good of others).

Practically speaking, every business needs to address and promote the following list of “Principle Ingredients” to achieve its goals and continue to grow. Let’s use it as a “checklist” with which you can evaluate the performance of your own business

- **MISSION STATEMENT**- Does your company have one? If so, is your corporate culture described in your mission statement? What are the key values? Should some be revised and/or others added?
- **EMPLOYEES** -- Compensation: fair and equitable? Health care, retirement benefits, child care? Respectful treatment? Human and humane? Opportunities for growth in learning and skill, advancement? "People over profits?" Team building, clear job descriptions, delegation? Good communications and regular evaluations?
- **COMMUNICATIONS**: Internal to business and external to customers and others. Understand the competition and effectively communicate the unique advantages

- of your product.
- **PRODUCT** -- Quality? Pricing? Social worth? Differentiating your product: develop unique product-positioning strategies highlighting product's true value.
- **CUSTOMERS** -- Service? Respect? Customer satisfaction? Responsiveness? Marketing? Advertising? -- By the Internet and e-mail, or the old-fashioned way—through broadcast media, print ads, direct mail, telemarketing, or by cold-calling? Learn from experience.
- **DELIVERY AND DISTRIBUTION OF PRODUCT(S)**: on the Internet, through a direct sales force; through distributors or value-added resellers; always properly designed and packaged for the channel through which they will be distributed to customers
- **PRICING** - estimate your total costs, analyze the competitive landscape, and map out your long-term strategy. Price must be greater than the product's overall cost.
- **INCOME** -- sufficient to cover all costs and commitments? Responsibly, fairly, and equitably allocated, especially in terms of salary levels; accounting standards and procedures
- **INVESTORS** -- Fair return on investment. Reasonably informed.
- **SUPPLIERS** -- Fairly and promptly compensated
- **ENVIRONMENT** -- (a) Social: Fulfilling responsibility for the economic order which is a shared network for any individual business or business transaction -- a "common good?" (b) Natural: Collaborating with others to sustain the natural environment required for human life and productive activity – air, space, earth, climate, light, warmth, etc.?
- **EVALUATION** – Of what and whom? By whom

It is interesting – in view of these “Ingredients” or “Operations” of business – to notice the courses which are offered to students in the MBA program of Loyola University Maryland's Sellinger School of Business and Management: Leadership, Strategic Planning and Analysis, Marketing, Accounting and Finance, Economics and Ethics, Legal and Governmental Issues, Managing Human Resources, and Global Execution. In actual practice, ethics is a component of each of these course offerings.

### **Insight from a successful and ethical business leader:**

It is one thing to look at the curriculum offered by a business school. It is another – and far more impressive thing – to see what a business actually does – and can do. A good friend of mine who is the CEO of an international business gave me a personal response to my question, “What is business?” This is what he told me.

*A business is a group or community of people gathered together to produce and supply goods or services to others for a profit. A business leader is called to lead such an enterprise as a role of **service** to others. And the good business leader is one who is and feels fully responsible for a company. He is responsible for “the flourishing of the company.” And to achieve this “flourishing” he (and the whole team) has to successfully fulfill two – closely interrelated – types of goals: financial goals and non-financial goals. The financial goals are self-evident. You’ve got to make a financial profit if the business is to survive and grow. The financial goal is profitability, a healthy profitability, on a long term*

*basis. Profits are necessary for a company to stay healthy and flourish. They are needed for growth, for reinvestment, to experiment, to provide growing opportunities to the executives and employees and to stay competitive. Therefore a responsible leader insists on the regular, systematic use of the accurate “yardsticks” that have been developed to measure financial performance.*

*How profits are used is a question each business leader or group has to decide at a given time and under the specific circumstances. It could be to invest, or to increase dividend, or to increase some benefits to executives or employees, or to lower prices to customers, or to pay more to suppliers, or to experiment with new startup divisions, or the like. Decisions about how profits will be used – just like decisions about how profits are generated – will be decided by practical demands and considerations, guided by a sensitive conscience (see below). Obviously, profit is not the goal of the business leader or the business itself. Profits are necessary for the company to flourish and stay healthy.*

*There’s no need to dwell at length on the importance of meeting financial goals. It’s a constant preoccupation and worry of business people everywhere. In fact, financial goals can become such a preoccupation that it can diminish or even block advertence to other goals, goals that are “non-financial.” Until recently most businesses didn’t even list or evaluate non-financial goals in their annual reports. We have begun to see increased focus on “balanced scorecards” that give attention to all aspects of business performance – sales, profits, ROA, customer satisfaction, associate satisfaction and others.*

*Non-financial goals are all the factors, other than financial, that contribute to the flourishing of a company. Principally, they regard the many different **people**, all of whom need to be working together, carrying out their different functions productively and efficiently, in order for the company to be able to provide to the customer the products or services that it has chosen to focus on.*

*The question is how have these people “flourished” in and through the company. Do they form a genuine work-place community? Do they feel well respected as human beings, who are endowed by God with dignity deserving reverence? Is there care for their personal growth and develop in creativity, skills, and understanding? Are they justly and generously compensated, proportionate to their contribution and the locale of employment? Are work policies “family friendly?” Is there mobility and opportunity for advancement for an industrious, dedicated, and imaginative worker? Does care for team-building create and foster relationships of friendship as well as collegueship among workers, for heightened morale and a supportive environment? In short, is the company **humane**, and not simply concerned with **things**? The fostering and development of this kind of work community needs an intelligent, caring leadership that is concerned, for instance, with:*

- *setting a clear direction for the company so that executives and employees can pull together to achieve a superior result*
- *having the right person in the right place*
- *developing a participative management style*
- *training people and developing their talent*

- *giving motivation, recognition, and encouragement*
- *evaluating performance*
- *cultivating honesty, helpfulness, and solidarity among all members*
- *reducing fear and encouraging freedom to speak up*
- *evaluating and creating new opportunities and tasks*
- *overseeing research that recognizes shifts in customer preferences and the underlying reasons*
- *establishing and maintaining an attractive corporate culture, in which people like to work productively, where they are helpful to each other, and where ideas and feedback are welcome*
- *setting no barriers for people to lead integrated lives, i.e., lives that can integrate faith and family with their work*
- *setting a standard by the leader's own commitment and behavior.*

What most impressed me in his response was his view of the relationship between profit and people. People come first, and profit is a *means* for human development and prosperity. Members of the work community are not and never can be means to an end (in this case, profit). Humans are ends in themselves. They have an inviolable and intrinsic dignity, which is God given – as we hear in our Declaration of Independence every 4th of July:

*We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.*

In the wonderful document of the Second Vatican Council, called “The Church in the Modern World,” we read about the dignity with which each human person is endowed and in which ALL of us are endowed, as members of the human COMMUNITY and FAMILY, sisters and brothers of one another. Here are two key paragraphs:

*As God did not create us for life in isolation, but for the formation of social unity, so also "it has pleased God to make us holy and save us not merely as individuals, without bond or link between us, but by making us into a single people, a people which acknowledges Him in truth and serves Him in holiness." So from the beginning of salvation history He has chosen us not just as individuals but as members of a certain community. Revealing His mind to them, God called these chosen ones "His people" (Ex. 3:7-12), and even made a covenant with them on Sinai. ...*

*In His preaching He clearly taught the people of God to treat one another as brothers and sisters. In His prayers He pleaded that all His disciples might be "one." Indeed as the redeemer of all, He offered Himself for all even to point of death. "Greater love than this no one has, that one lay down his life for his friends" (John 15:13). He commanded His Apostles to preach to all peoples the Gospel's message that the human race was to become the Family of God, in which the fullness of the Law would be love. (#32)*

Since this is basically who we ARE, then it is the way we should relate to one another in doing “BUSINESS” – even as competitors in a capitalist system. Otherwise we have “ingested” a fundamentally inaccurate self-identity.

I am sure that all of the above – about “What is Business?” -- is self-evident to most readers! It is offered here simply as an “overview” which, we hope, will put what follows into a larger perspective.

On a second reading, it might occur, however, that, self-evident as it is, it is quite a responsibility to live out faithfully “who we are.” And so it is understandable that we feel moved to pray for the grace to be consistently and faithfully committed to this responsibility. Caring for one another and for our world is the basic “business” of us human beings. It is the responsibility that God gave Adam in the Garden of Eden, as we read in the book of *Genesis* (2:15): “The LORD God took the man and put him in the Garden of Eden to *work it and take care of it.*”

***Closing Prayer (which is the favorite prayer of St. Ignatius Loyola)***

Dear Lord, teach me to be generous,  
Teach me to serve Thee as Thou deservest,  
To give and not to count the cost,  
To fight and not to heed the wounds,  
To toil and not to seek for rest,  
To labor and not to ask for any reward  
- save that of knowing that I do your will. AMEN

***Questions for Reflection and Discussion***

1. Does my friend’s description of contemporary business practice seem accurate?
2. What would you add to – or subtract from -- his description?
3. Is government really a “referee” of businesses? How would you describe the proper relationship of government to business?
4. What are the most pressing ethical issues you face in business practice – and how do you manage them?
5. Did you have a course in ethics when you were a student? Have you read recent books on ethics in business? You might want to check the bibliography at the end of this volume.
6. When your firm hires new members do they get a briefing about the ethical standards of the company?