

**Section A. *Is Already a Profession***





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## Leadership, Management, and the Common Good

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We should understand leadership and management to be a true profession. A profession is an occupation which, when practiced properly, promotes the common good. Since this is true of leadership and management, it is a true profession theoretically. But leadership and management is not generally taught and practiced as a true profession because it is not generally understood to be a true profession. Therefore, we need to begin understanding it to be what it already, in fact, is, so that we can teach and practice it as a true profession.

Although this chapter focuses on business leadership and management, we should understand the leadership and management of non-commercial organizations also to be a true profession. Furthermore, given the potential of leadership and management to do both great good and great harm to the world, it is imperative that we begin to understand it as a true profession as soon as possible.

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## Leadership and Management

Although using “leadership and management” as a singular noun is awkward, it is preferable to the alternatives. The terms “leadership” and “management” are not synonyms. One manages both human and non-human resources; one leads only persons. But the two concepts are not separable because no one can be an excellent leader without being a manager and no one can be an excellent manager without being a leader.

Nothing exists that approaches a consensus regarding the relationship between leadership and management. Some authors consider management to be above and beyond leadership: “Management is a specialized kind of work which represents a maturation of leadership. A manager is a particularly competent, knowing, and, hopefully, most effective kind of leader” (Allen 1964, p. ix). Other authors consider leadership to be above and beyond management: “The critical difference between management and leadership is reflected in the root meanings of the two words—the difference between what it means to handle things and what it means to go places. The unique role of leaders is to take us to places we’ve never been before” (Kouzes and Posner 1995, p. 36). And various attempts have been made to explain the difference and relationship between leadership and management in other ways: “The words ‘manager’ and ‘leader’ are metaphors representing two opposite ends of a continuum. ‘Manager’ tends to signify the more analytical, structured, controlled, deliberate, and orderly end of the continuum, while ‘leader’ tends to occupy the more experimental, visionary, flexible, uncontrolled, and creative end” (Hickman 1990, p. 7). Although there is agreement that leadership and management are related, there is no agreement concerning how they are related.

Excellent executives are both leaders and managers. In searching for a single word that encompasses both leadership and management, one might settle on “administration.” But this word is rarely used in the context of business, except to identify a course of study or academic degree within an academic institution. Therefore, it seems best to use “leadership and management” as the name of that which should be considered a profession.

## The Professions

Many authors have pointed out that “vocation” is at its root a theological concept. To have a vocation originally meant to be called by God to do something. Fewer authors note the religious root of “profession.” The term’s Latin root is *professio*, meaning an open or public declaration. “Profession” was first used in the English language to mean a formal vow made upon entering a religious order. From there it gradually took on the meaning of an occupation in which one professes to be skilled.

Professions are traditionally distinguished from “trades.” John K. Davis (1991) provides a helpful way of understanding the difference between a profession and a trade: “For the professional person work must be justified by *reasons* independent of the preferences of the consumer who purchases that work” (p. 168; emphasis in original). For the tradesman, “the consumer’s money, taken in trade for the work, is the basis for justifying the way the work is done” (Davis 1991, p. 168). While this analysis is correct as far as it goes, it points to a deeper and more significant difference: the tradesman works to obtain money; the professional seeks an end higher than money.

The higher end at which the professional aims is the “common good,” the “well-being of a community considered as a whole” (Marcum 2001, p. 73). A true community, in turn, is something more than a mere collection of individuals. In the latter, each individual’s pursuit of self-interest can and frequently does conflict with the self-interest of other individuals. In a true community, there is harmony between the good of the community as a whole and the good of its members. All human persons seek their own happiness as their final end and seek intermediate ends that they perceive as good for themselves, as contributing to their own happiness. According to the collective wisdom of the Western intellectual tradition, with its roots in the ancient Mediterranean world, the secret to attaining true happiness is recognizing that there is a hierarchy of human goods and that true happiness involves more than the goods of pleasure, fame, and fortune. We all love ourselves; to love oneself properly is to prefer higher-order goods to lower-order goods. To make the point with an extreme case, Aristotle explains that the soldier who sacrifices his life

in defense of his country “awards himself the greater good” (Aristotle 1985, 1169a29–30). If scarce goods such as pleasure, fame, and fortune were the highest goods, conflicts of self-interest would be inevitable. But, because the higher goods of a virtuous life are not goods of competition, it is possible for the members of a true community to pursue their own true happiness without conflicting with other community members’ pursuit of their true happiness.

Various attempts have been made to define the concept of professionalism in terms of some set of criteria that professions must meet. For example, Abraham Flexner (1915) tells us: “Professions involve essentially intellectual operations with large individual responsibility; they derive their raw material from science and learning; this material they work up to a practical and definite end; they possess an educationally communicable technique; they tend to self-organization; they are becoming increasingly altruistic in motivation” (p. 904). Louis A. Allen (1964) defines a “profession” as “a specialized kind of work practiced through the use of classified knowledge, a common vocabulary, and requiring standards of practice and a code of ethics established by a recognized body” (p. 87). And Bernard Barber (1967) offers yet another set of defining criteria:

A high degree of generalized and systematic knowledge; primary orientation to the community interest rather than to individual self-interest; a high degree of self-control of behavior through codes of ethics internalized in the process of work socialization and through voluntary associations organized and operated by the work specialists themselves; and a system of rewards (monetary and honorary) that is primarily a set of symbols of work achievement and thus ends in themselves, not means to some end of individual self-interest. (Barber 1967, p. 18)

Asserting that a profession is an occupation which, if practiced properly, promotes the common good, assumes a distinction between essential and accidental properties. An essential property is one that something must possess in order to be the kind of thing that it is. An accidental property is one that something has, but that is not an essential property. For example, oviparity is an essential property of all birds; being able to

fly is an accidental property of most birds. Promoting the common good when practiced properly is an essential property of all professions. Each of the three sets of defining criteria above includes something similar: altruistic motivation, standards of practice, primary orientation to the community interest. The other criteria in the three lists are non-essential, accidental properties.

If we first decide which occupations are professions and then identify their features, we get “many differing ad hoc lists of attributes” (Saks 2012, p. 2) with no distinction between essential and accidental properties. But if we then ask the reason each property is a property of a profession, we can distinguish the essential from the accidental. Promoting the common good is not a means to the ends of possessing an educationally communicable technique, having a common vocabulary, having a high degree of self-control, etc. These are means to the end of promoting the common good, which is the purpose of all true professions.

## The Profession of Leadership and Management

The distinction between pursuing profit and pursuing higher goods is found at the very roots of the Western intellectual tradition. Thales of Miletus (c. 624–c. 546 BC) is considered to be the first Western philosopher. He is also reputed to have been a part-time businessman. Aristotle relates a story, according to which Thales turned a significant profit, in order to make a point about philosophy:

He was reproached for his poverty, which was supposed to show that philosophy was of no use. According to the story, he knew by his skill in the stars while it was yet winter that there would be a great harvest of olives in the coming year; so, having a little money, he gave deposits for the use of all the olive-presses in Chios and Miletus, which he hired at a low price because no one bid against him. When the harvest-time came, and many were wanted all at once and of a sudden, he let them out at any rate which he pleased, and made a quantity of money. Thus he showed the world that philosophers can easily be rich if they like, but that their ambition is of another sort. (Aristotle 1999, 1259a9–18)

Plato provides one of the earliest theories of leadership. In portraying the ideal city-state, he describes relationships between different classes of citizens and different excellent character traits, or virtues. The ruling class is characterized by the virtue of wisdom, “which does not deliberate about any particular matter but about the city as a whole” (Plato 1974, 428c–d). The rulers’ purpose is to promote the common good of the city-state. Furthermore, the rulers of Plato’s ideal city-state are not wealthy. He rejects oligarchy as an unacceptable form of government, which tends to ruin because of its rulers’ “insatiable desire of wealth, and their neglect of other things for money-making” (Plato 1974, 562b).

One of the earliest theories of management is given to us by Aristotle, who distinguishes two ways of acquiring wealth. One kind of wealth acquisition belongs to household management (in Greek, *oikonomia*, the root of the English word “economics”) and uses money as a means to the end of securing the goods necessary for the household’s members to live good lives. This way of acquiring wealth has a limit, “for the amount of property which is needed for a good life is not unlimited” (Aristotle 1999, 1256b31–32). The other kind of wealth acquisition, according to Aristotle, is practiced by merchants. Money is not a means but the end, and the acquisition of money is unbounded, for merchants “increase their hoard of coin without limit” (Aristotle 1999, 1257b33–34).

Since “the modern business firm, historically speaking, is an offshoot of the household” (Mueller 2010, p. 256), Aristotle’s distinction between household and business management can also be understood as a distinction between two different ways of leading and managing a modern firm. One way is to understand some financial variable as the end and to understand goods and/or services as means, as is related in Alfred P. Sloan’s (1965) account of leading and managing General Motors Corporation: “The primary object of the corporation, therefore, we declared was to make money, not just to make motor cars” (p. 64). The other way is to understand excellent financial management as the means to the end of producing goods that are truly good for society and/or services that truly serve society.

The traditional professions—foremost among them law, medicine, and religious ministry (including teaching)—have been understood to promote the common good. Although professionals were remunerated,



sometimes handsomely, their aim was understood to be higher than financial gain. To be sure, within the traditional professions there have always been individuals who did, in fact, aim at amassing wealth for themselves, but such persons were understood to be charlatans, not true professionals.

In order to live good lives, we require an array of goods and services. Although some are provided by the traditional professions, many services and most goods are provided by business. Whatever may be the historical reasons for distinguishing business from the professions, there is no reason to continue doing so. Business executives and the organizations they lead and manage have enormous potential both to benefit and to harm society. We need to understand the common good as the proper end of business, and financial management as a necessary means to that end, so that business benefits society. The urgency of understanding business leadership and management as a true profession is intensified by the current trend to convert most of the traditional professions into branches of industry. If law, medicine, engineering, etc. were to become species of business while the purpose of business was considered to be making money, that would be the death of the traditional professions.

## A Critique of Rakesh Khurana's Argument

Rakesh Khurana has given us an excellent account of attempts to professionalize business leadership and management in *From Higher Aims to Hired Hands* (2007). His conclusion is that “the delegitimation of managerial authority and the abandonment of the professionalization project in business schools have created conditions in which the ultimate purposes of management and of business schools as institutions are now up for grabs” (Khurana 2007, p. 382), providing us with an opportunity to try anew to get it right. While I agree with his conclusion, I maintain that management already is a true profession. What we need to do is recognize it for what it already is. I would also like to suggest some ways in which his argument could be strengthened. When Khurana looks to tradition for wisdom to guide us today, he seldom looks further than Max Weber. While we can, indeed, learn much from Weber, my suggestion is that by

looking at a longer sweep of intellectual history, we can find even more wisdom to guide us today.

Khurana sometimes writes about “virtues”: “The reinvention of management itself along the lines envisioned for it by our predecessors... would have obvious benefits for society if it helped foster such virtues as custodianship, duty, and responsibility” (Khurana 2007, p. 381). But he also writes uncritically about “values”: “At its founding, as we have seen, the American research university... attempted to maintain a delicate balance between the goals of instilling future elites with the character, values, knowledge, and skills that would contribute to the common good, and providing individuals with the means of economic and social advancement” (Khurana 2007, p. 367). The concept of “virtues” has a long and respectable pedigree. Virtues are necessarily good and are opposed to vices, which are necessarily bad. While “value” has a long history as an economic concept, it is of relatively recent origin as an ethical concept. The term “traditional values” is an oxymoron because the concept of moral “values” originated only in the nineteenth century. “Virtues” are opposed to “vices,” and are necessarily good. “Values” are opposed to “facts” and can be either good or bad, depending upon what one happens to value. The concept of “values” is too weak to play a role in the professionalization of leadership and management.

Khurana is also uncritical of calls to subordinate self-interest to the greater good: “In sum, discipline, self-restraint, and a willingness to renounce individual self-interest to preserve the good name of the professional community and advance the greater good are hallmarks of professionals in the sense that the original advocates for the professionalization of management understood the term” (Khurana 2007, p. 374). But renouncing individual self-interest is contrary to human nature. Although the neoclassical understanding of human persons as self-interested utility maximizers is inconsistent with reality, “mankind always act in order to obtain that which they think good” (Aristotle 1999, 1252a2–3). According to the mainstream of the Western intellectual tradition for the two millennia preceding the Enlightenment, to progress from living unethically to living ethically is not to love oneself less and others more, but to love oneself better by seeking higher-order goods. Because it is natural for human persons to live in community, loving oneself better

necessarily involves loving other persons. The contrast between vicious self-love and virtuous self-love is qualitative, not quantitative. To become a professional business leader and manager is not to renounce individual self-interest in order to promote the common good, but to promote the common good by promoting one's own true self-interest.

Khurana argues correctly and persuasively that agency theory, which asserts that the purpose of business management is to maximize shareholder value, is incompatible with understanding business leadership and management as a profession:

In keeping with the concept of the corporation as a mere nexus of contracts, and in contrast to the notion that the interests of the professional manager would be aligned with the interests of those institutions they were charged with leading, agency theory defined the interests of managers as separate and distinct not only from shareholders' but also from the organization's. Thus managers were no longer fiduciaries or custodians of the corporation and its values. Instead, they were hired hands, free agents who, undertaking no permanent commitment to any collective interests or norms, represented the antithesis of the professional. (Khurana 2007, p. 325)

But Khurana sometimes suggests that stakeholder theory, which asserts that managers should promote the interests of all of the firm's stakeholders, is a satisfactory corrective to the errors of agency theory. He associates "stakeholder interests" with the much richer concepts of stewardship and the common good: "Agency theory dissolved the idea that executives should be held—on the basis of notions such as stewardship, stakeholder interests, or promotion of the common good—to any standard stricter than sheer self-interest" (Khurana 2007, p. 323). And he follows a description of factors that "may be rendering the investor capitalism model unsustainable" (Khurana 2007, p. 365), with a suggestion that stakeholderism can help us discover the way forward:

Yet these and other developments in the world since the rise of investor capitalism suggest that a new model—one akin to the stakeholder model that reigned in American capitalism during the era of managerialism, one that recognizes the legitimate economic and social interests of many mem-

bers of society other than shareholders—may well be called for. (Khurana 2007, pp. 365–6)

The fundamental problem with agency theory is not that it considers us to be self-interested, but that it considers us to be isolated individuals. If the firm is merely a nexus of contracts between individuals, there can be no harmony of interests. Stakeholderism is an attempt to correct agency theory (or its profit-maximizing ancestors), without going to the root of the problem. Stakeholder theory is no less individualistic than agency theory. The difference is that agency theory tells managers to promote the interests of one collection of individuals, the shareholders, while stakeholder theory tells leaders and managers to promote the interests of many collections of individuals, without any guidance about what to do when one group's interest conflicts with another's. Agency theory at least has the virtue of telling managers to aim at one target; stakeholder theory tells managers to aim at many targets simultaneously.

Although stakeholder theory and the theory that leaders and managers should promote the common good may appear similar at first glance, they belong to rival traditions of political theory. Stakeholderism is rooted in the social contract tradition of Thomas Hobbes, John Locke, Jean-Jacques Rousseau, and their successors. The concept of the common good belongs to the tradition of Plato, Aristotle, Cicero, and their heirs. With stakeholder theory, there is no common good, only the aggregate of the interests of the firm's various stakeholder groups. Khurana is correct in maintaining that “the purpose of management and corporate leadership necessarily goes beyond ‘maximizing shareholder value’” (Khurana 2007, p. 366). But it also necessarily goes beyond satisfying the interests of stakeholders.

## Conclusion

Leadership and management is, by its very nature, a true profession. We urgently need to understand, teach, and practice it as a true profession. Because it promotes the common good when practiced properly, it possesses the one essential property of a profession. Whether it should

acquire the accidental properties that some of the other professions possess is a question independent from the question of whether it is already a true profession.

The distinction between theoretical reason and practical reason explains many of the differences between leadership and management, on one hand, and professions such as law and medicine, on the other. While all of these professions involve both theoretical and practical reason, law and medicine required a greater proportion of theoretical reason, and leadership and management requires a greater proportion of practical reason. Consequently, the knowledge required by members of the legal and medical professions is more amenable to being generalized and systematized. This also makes it easier to establish certification standards in law and medicine. The knowledge required by professional leaders and managers is no less intellectual, but is more practical and, therefore, more difficult to generalize and systematize. Becoming an excellent leader and manager requires years of experience. But this does not mean that leadership and management is inferior to law and medicine as a profession.

The distinctive characteristic of the professional leaders and manager is excellent judgment, the habit of consistently making right decisions in situations where no theory or algorithm can tell us what decision to make. This habit of excellent judgment is the virtue of prudence or practical wisdom. According to James O'Toole (2008), "such practical wisdom is the prerequisite of 'moral excellence,' the *sine qua non* of leadership" (p. 197). Agency theory "discredited the idea of training managers to exercise judgment and responsibility" (Khurana 2007, p. 333). Rather than constraining leaders and managers' discretion in order to force them to maximize shareholder value, we should help them exercise professional judgment. Only when leaders and managers understand themselves as true professionals will they be able to actualize their full potential to promote the common good.

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