

The Common Good of Business: Addressing a Challenge Posed by «*Caritas in Veritate*»

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Abstract *Caritas in Veritate* (CV) poses a challenge to the business community when it asks for “a profoundly new way of understanding business enterprise” (CV 40). The paper proposes the concept of the “common good” as a starting point for the discussion and sketches a definition of the common good of business as the path toward an answer for this challenge. Building on the distinction between the material and the formal parts of the common good, the authors characterize profit as the material part of the common good of business and work as the formal part that expresses the essential significance of business.

Keywords Aquinas · Aristotle · Business in society · Benedict XVI; *Caritas in Veritate* · Catholic Social Teaching · Common good · Profit · Work

Abbreviations

CST	Catholic Social Teaching
CV	Benedict XVI, <i>Caritas in Veritate</i>
NE	Aristotle, Nicomachean Ethics
<i>Compendium</i>	Pontifical Council for Justice and Peace, <i>Compendium of the Social Doctrine of the Church</i>

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Caritas in Veritate (henceforth CV) by Benedict XVI (2009) poses a challenge to the business community when it asks for “a profoundly new way of understanding business enterprise” (CV 40), as well as for a deeper reflection on the meaning of the economy and its goals (CV 32). In the context of the economic situation at that time, Benedict XVI states that the current crisis “becomes an opportunity for discernment, in which to shape a new vision for the future” (CV 21).

Moreover, Pope Benedict also offers some insights into a possible answer to this challenge. Together with some remarks about current trends in business and economic activity, he acknowledges the existence of some initiatives that, “without rejecting profit, aim at a higher goal than the mere logic of the exchange of equivalents, of profit as an end in itself” (CV 38).

Certainly, the question regarding the purpose of the firm is not a new one, and it has been widely addressed. The traditional paradigm that assumes that the main goal of business is to maximize profit (Friedman 1970; Jensen and Meckling 1976; Sundaram and Inkpen 2004) has been revisited and questioned from different angles (Drucker 1955; Fama 1980; Duska 1997; Koslowski 2000; Kennedy 2000; Abela 2001; Handy 2002; Freeman et al. 2004; Ghoshal 2005; Fontrodona and Sison 2006).

Furthermore, a request for a new way of understanding business implies rethinking not only the purpose of the firm, but also how business contributes to the common good of the society in which it operates. As Pope Benedict states: “Economic activity cannot solve all social problems through the simple application of *commercial logic*. This needs to be directed towards the pursuit of the common good” (CV, 36).

The concept of common good has received attention by authors close to Aristotelian thought and/or the Christian

tradition (Solomon 1992, 2004; Koehn 1995; Naughton and Bausch 1996; Argandoña 1998; Smith 1999; Alford and Naughton 2002; Moore 2005; Hartman 2006, 2008; Sison 2007; Melé 2009; O'Brien 2009; Mortreuil 2009). However, most of this literature focuses on how business contributes to the common good of society, whereas the discussion of the common good of business itself—as a conceptual framework for defining the purpose of the firm—has received less attention. It is our understanding that both questions are not independent; on the contrary, the role of business in society, and how business contributes to the common good of society, depends on how the purpose of business—its common good—is understood.

The purpose of this paper is to react to the challenge for a new paradigm of business posed by CV, by reflecting on the common good of business itself. The hermeneutical context for this reflection will be the same context that Benedict XVI takes for his document, i.e., “the tradition of the Church’s social doctrine” (CV 10), together with the works of Aquinas and Aristotle.

First, we will highlight the main points of CV related to our topic. Second, we will briefly make a historical review of the concept of common good. Third, we will discuss the concept of common good in business and we will suggest an approach that bestows a central role to work instead of profit. The paper will end with some suggested further questions related to the challenge about a new paradigm for business.

Development, Economic Activity and the Common Good in *Caritas in Veritate*

The main purpose of CV, on the occasion of the 40th anniversary of the publication of *Populorum Progressio* (Paul VI 1967), is to revisit the teachings of Paul VI on integral human development and to apply them to the present time (CV 8). For the purpose of our paper, the main points that Benedict XVI highlights regarding development are:

1. An authentic development must be integral, that is, it has to promote the good of every man and of the whole man (CV 18).
2. An authentic human development concerns the whole of the person in every single dimension, avoiding the risk of being reduced to the mere accumulation of wealth (CV 11).
3. The person in his or her integrity is the source, the focus and the aim of all economic and social life (CV 25). The economy needs an ethics that is person-centered (CV 45).
4. Progress of a merely economic and technological kind is insufficient (CV 23). Conversely, “the key to

development is a mind capable of thinking in technological terms and grasping the fully human meaning of human activities, within the context of the holistic meaning of the individual’s being” (CV 70).

5. Development cannot be guaranteed “through automatic or impersonal forces, whether they derive from the market or from international politics”. Development requires “upright men and women [...] whose consciences are finely attuned to the requirements of the common good” (CV 71).

Although development should not be reduced to economic progress alone, economic activity “is part and parcel of human activity” (CV 36) and it has a role to play in development. Economic activity is not inherently inhuman and opposed to society, although when it is conceived merely as an engine for wealth creation may produce grave imbalances (CV 36). In this sense, Benedict XVI draws attention to some concerns and risks; those of special interest for our purpose are:

1. The distinction between the short and the long term. Although the short-term view might favor economic profits, “in the long term [it] impedes reciprocal enrichment and the dynamics of cooperation”. Therefore, “the human consequences of current tendencies towards a short-term economy—sometimes very short-term—need to be carefully evaluated” (CV 32).
2. Profit is a means of business activity, and not an end. “Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty” (CV 21). Maximization of profit as the sole criterion for action in business is one expression of technology’s takeover (CV 71) that gives too much attention to the “how” instead of the “why” (CV 70).
3. Responsibility toward the stakeholders, and not only shareholders. Although he expresses some concerns regarding the ethical considerations that inform the current debate on the social responsibility of business, Benedict XVI joins the “growing conviction that business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business”, and contrasts those managers who “are often answerable only to shareholders generally consisting of anonymous funds” with those far-sighted managers who are “increasingly aware of the profound links between their enterprise and the territory or territories in which it operates” (CV 40).

Summarizing these observations, Benedict XVI states that “today’s international economic scene, marked by

grave deviations and failures, requires a profoundly new way of understanding business enterprise” (CV 40) and a “further and deeper reflection on the meaning of the economy and its goals, as well as a profound and far-sighted revision of the current model of development” (CV 32). At the same time, he observes that, in recent decades, a broad new composite reality has emerged, made up of initiatives which, “without rejecting profit, aim at a higher goal than the mere logic of the exchange of equivalents, of profit as an end in itself” (CV 38).

These concerns and observations set the scene for the rest of this paper. We want to elaborate on this new way of understanding business. We propose looking at the concept of the common good of business, since the common good helps to define the purpose of a given community and, in the case of business, its contribution to human development. First of all, we will learn from the historical evolution of the concept; then, we will apply it to business.

Historical Roots of the Concept of Common Good

Caritas in Veritate provides a definition of common good that goes along the lines of other documents of the Catholic Social Teaching (henceforth *CST*) (John XXIII 1961, 37–40; Paul VI 1967, 42; Vatican Council II 1965, 26). In its broadest sense, the common good may be defined as “a good that is linked to living in society”, that is, “the good of ‘all of us’, made up of individuals, families and intermediate groups who together constitute society” (CV 7).

Before its discussion by *CST*, the common good has long been the object of attention in the Aristotelian–Thomistic philosophical tradition. The following paragraphs will describe the main moments of this sequence, focusing especially on Aristotle, Thomas Aquinas and *CST*.

Aristotle characterizes *eudaimonia* or happiness as a flourishing life, the choicest worthy, complete and self-sufficient among the different possible goods pursued in themselves (Aristotle 1985, 1097b, henceforth *NE*). *Eudaimonia* consists of a good life in common, shared with one’s family, friends and fellow-citizens in the *polis*. As such, *eudaimonia* is not only the highest good that any individual can pursue, but also the supreme good that all together may achieve. In those cases where “the good is the same for the individual and for the state, nevertheless, the good of the state is manifestly a greater and more perfect good, both to attain and to preserve” (*NE*, 1094b). Rourke (1996, p. 230) concludes that “from Aristotle we learned to distinguish the individual good from the common good, and to perceive the moral primacy of the latter”. This is clearly manifested in those cases where it is ethically acceptable to sacrifice private goods in order to promote the common good, as, for example, in the case of

punishing a criminal act or expropriating a piece of property (O’Brien 2009, p. 29). Similarly, the common good of any community is embedded in the common good of larger communities, the common good of the political community being the highest of all (Aristotle 1988, I, 1) (Melé 2009).

Therefore, the common good is not a mere aggregation of all the private goods of the members of a society, but “a qualitatively autonomous species of good that is both higher and richer in goodness than any other human good enjoyed by individuals or lesser associations” (O’Brien 2009, p. 29). In summary, “the common good is both a condition for, and the result of, the happiness that those persons who participate in the common good attain by living virtuously” (O’Brien 2009, p. 31).

Aquinas’ major contribution as a Christian philosopher lies in proposing God as the common good of the whole (Aquinas 1954, c. 13, n. 634), but he does so without turning his back on the earthly *polis*. Aquinas is able to combine these two aspects by describing them as “common good”—since both act as a final cause or common end of the whole human species and of every human being—but in an analogous manner: God is the extrinsic, ontological and speculative common good on which political *eudaimonia*—the intrinsic, social and practical common good—ultimately depends, i.e., God is a good that is (1) external to the political community (extrinsic), (2) a good himself (ontological) and (3) the object of a loving contemplation (speculative), whereas political *eudaimonia*, on the other hand, is (1) internal to the political community (intrinsic), (2) a multiplicity of beings orderly united (social) and (3) the object of human action (practical) (Smith 1995, pp. 72–74).

As a good that has a unity of order, *political eudaimonia* is an integral common good (Walshe 2006), divisible into formal and material parts (Rourke 1996). A material part of the common good is that good whose effectiveness lies in being divided and distributed; it cannot be shared without diminishing. It is a common good only in potency, that is, before being divided; once divided, it is not common anymore. Water, for example, is a material part of *eudaimonia*, because its quantity diminishes while being distributed among the members of the political community. Another characteristic of a material part is that one unit (of water, say) can be substituted by any other equal unit.

On the other hand, a formal part of the integral common good refers to something that does not diminish when it is divided and distributed among many, and can thus be actually shared. Think of knowledge, for example: it does not diminish when it is shared; indeed, it increases. Furthermore, a unit of knowledge has a unique value and cannot be substituted by another unit. In society, examples of goods that do not diminish when they are shared would be friendship, citizenship, solidarity, peace, justice, charity and so on.

Material and formal parts are distinct, but related. Actually, when material parts are distributed justly, these actions foster right relationships among the members of the society and the development of those aspects that are more related to the formal parts. Material or potential parts are necessary, but not sufficient conditions for the common good, whereas the common good rests, mainly, on the formal parts.

Melé (2009) rightly describes the common good as a broad concept in which several aspects can be distinguished, such as socio-cultural values, as well as organizational, economic and environmental conditions. The distinction between material and formal parts might provide some help in ordering these different elements, as well as rejecting some criticism that describe the common good as difficult (Rourke 1996) or ambiguous (Michellini 2007).

Some authors have posited the difficulty of defining the common good in a pluralistic society (Rourke 1996; Hollenback 2002; O'Brien 2009). Again, the distinction between material and formal parts might provide some help in solving these criticisms. There is no unique material solution to the question of how the common good can be achieved (Rourke 1996). Determining what contributes to the common good in each community depends on circumstances, and it is part of the responsibility of the ruler of that society (Melé 2009). But in any case, the common good must always have the form of the common good, which is to say that it must be a good to which all members are willing to contribute and participate in, and whose distribution to one does not exclude the participation of others (Rourke 1996). Moreover, this distribution must be done “with the due respect for human dignity and innate rights, and following the legitimate proceeds established within such community” (Melé 2009, p. 236).

In fact, CST highlights some aspects that manifest the complexity of the concept of the common good nowadays. Firstly, it recognizes—in more explicit terms than Aristotle—the different expressions of social life and their interrelation (Pontifical Council for Justice and Peace 2004, 165; henceforth *Compendium*), in such a way that the lower levels find their orientation and meaning in the common good of the higher ones, the political community being the highest (*Compendium*, 168). Secondly, CST states that “the demands of the common good are dependent on the social conditions of each historical period” (*Compendium*, 166), and that it is the responsibility of everyone to contribute to the improvement of these social conditions (*Compendium*, 166).

CST provides different definitions of common good, which overall can be classified in two different and complementary approaches. The first approach defines common good as “the sum total of social conditions which allow people, either as groups or as individuals, to reach their

fulfillment more fully and more easily” (*Compendium*, 164; see also John XXIII 1961, 65). This definition looks more at the means—conditions—necessary for human development, and highlights the idea that human fulfillment is not independent of the social conditions under which human beings live. From this perspective, it is also stated that “the common good of society is not an end in itself; it has value only in reference to attaining the ultimate ends of the person and the universal common good of the whole of creation” (*Compendium*, 170). Benedict XVI also refers to this point: “It is a good that is sought not for its own sake, but for the people who belong to the social community and who can only really and effectively pursue their good within it” (CV 7).

The second approach to the common good looks primarily at human fulfillment as the end of human and social activity. According to this view, the common good is defined as the “development of the whole man and of all men” (Paul VI 1967, 42), or as “the good of all people and of the whole person” (*Compendium*, 165). Melé (2009, p. 235) reviewed some of the contemporary definitions of the common good in line with the CST (Messner 1965, pp. 118 and 124; Finnis 1986, p. 165) and concluded that they highlight two features of the common good: it is shared by all members of the community (all people) and it contributes to human flourishing (the whole person).

Whereas the first approach tends to be more descriptive, or, at least, open to the diversity of circumstances, the second approach combines a descriptive element—all people—with a prescriptive one—the whole man—since it implies taking a position regarding what the *development of the whole man* means. These two different approaches can be identified with the material and formal parts of the common good. The approach that looks at the conditions that allow people to reach their fulfillment might be related to the material common good. On the other hand, the approach that looks at the development of the whole man and of all men is more related to the formal common good.

O'Brien (2009) notes that sometimes common good is mistakenly equated with the utilitarian ideal of “the greatest good for the greatest number” or with the focus on stakeholder value. However, the main difference is that these two theories rely on an individualistic assumption about the person and society, either because the good of the society results in an aggregation of individual goods or because it is an aggregation of the good for those groups included in the “stakeholder” category, whereas the common good relies on a notion of the person that underlines its social nature. Benedict XVI also remarks that not all the ethical theories that support the current debate on corporate social responsibility are acceptable from the perspective of CST (CV 40). Those which are acceptable include only those that are people-centered and based on these two

pillars: the inviolable dignity of the person and the transcendent value of natural moral norms (CV 45).

In summary, a historical review of the proposals around the concept of common good as offered by Aristotle, Thomas Aquinas and CST provides some useful insights into the meaning of common good:

1. Common good refers to the good of society—the *polis*, mainly, but also other forms of social life—and also to the good of the individuals, since the social conditions are means for the human fulfillment or *eudaimonia*. Both dimensions are related, since “any good of an individual that is a real good is rooted in the good of the community, and, conversely, any common good that is a real good is at the same time the good of all individuals who share in that community” (O’Brien 2009, p. 29).
2. The common good has a descriptive aspect that refers to “a complex web of mutual relationships that enable individuals to achieve far more than they would if left to their own devices in isolation”; and a prescriptive aspect that implies a way of ordering the individuals, since it preserves “this greater good even when confronted with competing individual goods” (O’Brien 2009, p. 30).
3. The common good should not be understood only as the highest good—*summum bonum*—but mainly as an integral good—*totum bonum*—(Adler 1970), where the different parts—material and formal—have different characteristics and play different roles. This articulated and complex definition of the common good requires a hierarchical relation of dependence (a unity of order), not only among the different goods that configure the common good, but also among the different forms of society, the lower ones being dependent on the higher ones.
4. The formal part of the common good is a constitutive element of the significance of every particular society; it allows all its members to contribute and participate without diminishing. On the other hand, the material part refers to those conditions and particular circumstances of a given society that set up the bases for an integral development of people living in that society.

With these characteristics in mind, we shall now turn to the firm and, based on this previous characterization of the common good, reflect on the content of the common good of business.

Dissecting the Common Good of the Firm: Its Material and Formal Parts

Human beings socialize and achieve personal identity through intermediate institutions that make the interaction

of individuals more manageable (Fort 1996). CST also acknowledges this reality: “Civil society, organized into its intermediate groups, is capable of contributing to the attainment of the common good by placing itself in a relationship of collaboration and effective complementarities with respect to the State and the market” (*Compendium*, 356).

Business is understood as a mediating institution that plays a significant role in a free society (Fort 1996). CST has widely characterized business as a community of persons working together (John XXIII 1961, 65; John Paul II 1991, 35; *Compendium*, 338). Solomon (2004, p. 1027) concludes that, as a community, business cannot be a mere collection of self-interested individuals, but communal creatures who have shared interests.

Drawing inspiration from Aristotle, who emphasizes the purposive character of every human enterprise (Solomon 2004, p. 1023), CST looks at the purpose of business (Calvez and Naughton 2002). The concept of the “common good” provides a twofold interpretative reference for the purpose of business. On the one hand, business contributes to the common good of society (John Paul II 1991, 43). On the other hand, business is an intermediate institution (Fort 1996), and as such it can be defined in terms of its own common good (Sison 2007; Melé 2009). In fact, “no expression of social life—from the family to intermediate social groups, associations, enterprises of an economic nature, cities, regions, States, up to the community of peoples and nations—can escape the issue of its own common good” (*Compendium*, 165). Both aspects are related in such a way that business contributes to the common good of society through the fulfillment of its own common good (Melé 2009, p. 238; Pérez-López 1993).

The Role of Profit

The most common belief about the purpose of business seems to be that the primary purpose of business is to maximize profit (Duska 1997). Benedict XVI, however, takes a critical stand toward considering profit as the main goal of business and considers instead that its proper role is to serve “as a means towards an end that provides a sense both of how to produce it and how to make good use of it. Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty” (CV 21).

Profit in itself is not to be rejected (CV 38) nor excluded from the scope of legitimate business objectives (CV 46). Benedict XVI simply warns against seeking it as an end in itself, instead of a means to achieving other human and social ends. Furthermore, he cautions us about falling into the trap of engaging in financial speculation for short-term

profit (CV 40) and of believing that profit maximization is the sole rationale for business (CV 71).

In his encyclical *Centesimus Annus*, John Paul II recognized the legitimate role of profit as an indication that a business was functioning well, although 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. Besides being morally inadmissible, this will eventually have negative repercussions on the firm's economic efficiency. [...] 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" (John Paul II 1991, 35).

Profits are rightly conceived of as means or instruments. They are partially constitutive of the common good, but their proper role is to serve the end or main purpose of the common good of the firm. Profits are necessary for the medium- to long-term viability of the firm and, to that extent, cannot be neglected. How profits are produced is as important as whether or not they are produced, but they cannot be understood as the ultimate goal of the firm.

Profits, like any instrumental good, must be at the service of not just individual agents, such as shareholders or employees, but at the service of the common good; otherwise, profits corrupt the agent who pursues them (Alford and Naughton 2002). Managers who first occupy themselves exclusively with profits hardly ever get the chance to actually focus on other governance issues, much less on values, despite their best intentions. Faulty instrumental reasoning clouds their thinking (Ghoshal 2005) in such a way that they fail to realize when they have already achieved sufficient profits.

On the other hand, from a Thomistic perspective, the common good of business can be understood as an "integral whole" (Walshe 2006) or a *totum bonum*, composed of different parts (mainly the material and the formal parts). Under this distinction, profit can be classified as a material part of the common good. It has the characteristics of a material part: its effectiveness leans on being divided and used, either as dividends for stakeholders, as part of compensation schemes for managers and employees, or kept for future investments.

Accepting that profit is a material part of the common good, we need to establish what can be considered a formal part of the common good of business. For that reason, we turn our attention to the CST's discussion on the purpose of business.

CST states that the purpose of business "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" (John Paul II 1991, 35). To be a "good firm" means, then, not only to be productive—that is, serving society providing goods and services in an efficient manner—but also to provide the conditions for its members to satisfy their basic needs—or, in a more positive way, to develop their potentialities—together with contributing to the achievement of a better society. Work or production in common is the context where people come together in the firm, and what unites the different individual interests toward a common goal (Llano 1997, p. 233). Certainly, since people's activity does not take place in a void, material resources are needed. But people share more directly in work than in the final products of their work.

Work has, therefore, the characteristic of a "formal" part: it can be shared without decreasing; indeed, people working together create synergies that make their work more productive. It is necessary, however, to clarify what we understand by "work", since not every human activity performed in a business context may have the characteristics that would allow it to be described as a formal part of the common good.

Work and the Common Good of the Firm

Caritas in Veritate calls our attention to the human significance of every type of work as a "personal action" (*actus personae*), a consideration that is prior to its productive dimension (CV 41). It is reminiscent, in this regard, of the priority of the subjective element of work—the worker himself as a free and rational being—over the objective element (John Paul II 1981, 5), which encompasses technology and all products of human activity (CV 69).

In an Aristotelian perspective, not all human acts qualify as work, since work consists of a purposive and free human act (NE, 1111a). Work designates the subset of productive actions (NE, 1139a, b) that change and transform objects, as opposed to theory or abstract thought, which simply reflects on the universal and necessary realities without modifying them.

For Aristotle, activities carried out by human beings can be divided into two: making (*poiesis*) or doing (*praxis*). In "making", the importance lies in the external object itself, as the product of an art or craft (NE, 1174a), and in the techniques that are applied in the process of production; the skills of the artist or artisan come in the second place. On the other hand, "doing" is an immanent activity, which produces changes in the person who performs this action (Llano 1990). In "doing", the human being is the agent and the patient of production. It is a process of "self-production", where man may be considered, in a certain sense, his own maker (*homo faber*). The main result of "doing" is not an artifact, but an operative habit or virtue (intellectual or

moral). Therefore, this form of “self-production” becomes at once “self-realization” or “self-perfection”. While “making” is guided by technical skills, “doing” is guided by practical wisdom (or prudence).

According to Aristotle, the distinction between making and doing establishes a real classification among people: the members of the productive class (making or *poiesis*), on one side, and, on the other, those citizens who form the elite, engaged in leisure, democratic deliberation and contemplation (doing or *praxis*). However, going beyond Aristotle, making and doing might be interpreted as inseparable dimensions in any form of work (Llano 1990; Chirinos 2002; Fontrodona et al. 2008). Using these concepts as categories that might be present simultaneously in the same reality, work is understood not as a mere commodity or factor of production (making), but also as a means for self-perfection through joint deliberation and action (doing).

This is the way that CST has thought about work. John Paul II (1981) distinguishes two dimensions: objective and subjective. “Insofar as work has a self-determining effect on the person it is subjective. Insofar as work has an effect on an external object (i.e., the product or service) it is objective [...] Work then is an activity that causes changes in the subject and the object” (Naughton and Lacznik 1993, p. 982). Despite not being directly observable, the subjective element certainly has consequences in the agent’s actions: changes in agent’s abilities and attitudes. CST, therefore, democratizes Aristotelian *praxis* and places it within reach even of the members of the productive class who engage in *poiesis*.

Together with these two dimensions, work also has an intrinsic social dimension (*Compendium*, 273; see also John Paul II 1981, 10), since it serves as an occasion for meaningful exchange, relationship and encounter among human beings. In this intrinsic social dimension of work lies the aptitude of human beings to take part in the firm, that is, to see themselves as a community of work and not merely as an enclave of interests (Cornwall and Naughton 2003). In summary, Cornwall and Naughton (2003), building on John Paul II’s *Laborem Excercens* (1981), describe three distinct kinds of goods that define entrepreneurial success: the good of being technically competent (objective dimension), the good of the individual (subjective dimension) and the good of community (social dimension).

For a person-centered approach, such as the one that CST takes, human beings are more important than the things they produce and the consequent profits they generate. Profits are seen as the result of an efficient productive activity and play an important role in allowing business to exist into the future; however, they should be perceived only as part—and not even the most important one—of the

results of business activity, and worthy only insofar as they facilitate the achievement of other results related to the subject that performs the activity, such as knowledge, and the skills and learning of craftsmanship and the fine arts. Among the latter, moral virtues hold a place of honor, since virtue has a critical role to play in integrating the subjective and the objective dimensions (Cornwall and Naughton 2003).

Work is neither only an opportunity to avoid idleness and other vices, nor just a condition or means that allows one to put into practice other more noble aspects of his or her personality in other spheres of life (Alford and Naughton 2001, pp. 88–94, pp. 214–222). Work is itself an occasion for both contemplation (*theoria*), which is the highest of virtues according to Aristotle, and growing in the moral virtues, which received greater consideration by Aquinas and CST. All human beings, regardless of the work they do, are equally capable of acquiring the intellectual and moral virtues that contribute to their flourishing as human beings (*Compendium*, 336).

Going back to the distinction between material and formal parts, the common good of the firm does not refer primarily either to the goods and services it produces or the profit obtained. These aspects, together with the non-personal conditions, resources, instruments and means that make work possible, have to be understood only as “material” and “potential” parts of the common good, and as such they do not express the main content of the common good of the firm.

The constitutive element of the common good that expresses the essential significance of business—the formal part—is work, i.e., the activity performed by the members of the business community, rather than the results of such activity, i.e., the good and services that business provides to society. Just as citizens participate in the common good of the *polis* by exercising citizenship, employees and managers (and indirectly, the rest of stakeholders) might be considered as participating in the common good of the firm through the work they carry out.

Through their work, human beings not only produce goods and services (the objective dimension), but, more importantly, develop technical, artistic and moral virtues (the subjective dimension) and create a life of interdependence with the members of their community (the social dimension). Of course, not every work qualifies for this definition, but only the one that has an ethical value and takes the human person as the measure of its dignity (*Compendium*, 271). In that sense, work not only contributes to the integral human development, which is the main topic of CV, but also sets the path for an answer to the challenge posed by CV about a new understanding of business.

Conclusion

CV provides the opportunity to rethink the role and purpose of business in society. It suggests an approach that, going beyond the accepted paradigm of the maximization of the shareholder value, will take into account a wider range of values beyond profit. This broader significance of business activity is convenient to construct an economy that will soon be in a position to serve the national and global common good (CV 41).

We have used the concept of common good—and especially the distinction between material and formal parts of the common good—as a framework in which to look for an answer to the challenge of a new business paradigm. Instead of the traditional view that takes profit as the final goal of business activity, we consider that profit is only a material part of the common good, and that the formal part defining the essential content of business activity is work, i.e., human activity.

Some related questions arise to move the discussion forward. At least three questions immediately follow from what has been already said and will need to be addressed in the future.

First of all, “one of the greatest risks for businesses is that they are almost exclusively answerable to their investors, thereby limiting their social value” (CV 40). The common good of the firm is not limited to shareholders, as the financial theory of the firm suggests (Friedman 1970), but open to other stakeholders (Freeman 1984; Melé 2009). Shareholders have a role to play, because their financial resources—representing accumulated or capitalized work (Llano 1997)—are used by the firm. But, certain assumptions of the agency theory and the maximization of shareholder value paradigm might be questioned (Fontrodona and Sison 2006). Therefore, one question still open is to analyze how each stakeholder group (employees, customers, suppliers, competitors and so forth) contributes to the common good of business under this new paradigm (Sison 2008, pp. 86–93).

A second question arises from the assertion that “the economy needs ethics in order to function correctly—not any ethics whatsoever, but an ethics which is people-centered” (CV 45). Therefore, it is necessary to formulate an adequate ethical theory that goes in line with this new understanding of business. CST can make a specific contribution based on its underlying system of morality that holds that man is created “in the image of God” (Gen 1:27), a datum which gives rise to the inviolable dignity of the human person and the transcendent value of natural moral norms, as the two pillars at the base of any other ethical consideration. From this starting point, a critical review of different ethical theories might be undertaken.

Finally, a third question arises from the claim that “economic activity cannot solve all social problems through the simple application of commercial logic” (CV 36). Benedict XVI offers a sketch of the social structure and the articulation of the multiple spheres of human action: besides the “logic of exchange” that characterizes market transactions (CV 39) and “the logic of public obligation” that guides the state action, Benedict XVI proposes “the logic of gratuitousness,” which finds institutional expression—as John Paul II (1991, 35) earlier pointed out—in civil society (CV 38). From this sketch, he suggests that the logic of gratuitousness has to find its place within economic activity (CV 36). In that sense, it would be interesting to evaluate how the logic of gratuitousness enters into the realm of business and might help to reformulate the nature and purpose of business in society.

Our proposal not only has an impact at the theoretical level, regarding how to think about the role and purpose of business, but also affects other practical issues related to management and corporate governance. For example, it would be interesting to analyze how managers translate into their particular decisions the principle that establishes that “labor has an intrinsic priority over capital” (*Compendium*, 277) or how they deal with the particular case of those workers who also own equity stakes. It also opens a debate about how to build respected companies (Canals 2010) and related questions, such as how to define their success, how to measure their performance, and how to describe the role and responsibilities of the managers and the board of the company.

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