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7-26-2012

### **BETH 701 - Anatomy of a Mindset: Vocation of the Business Leader**

Kenneth Goodpaster

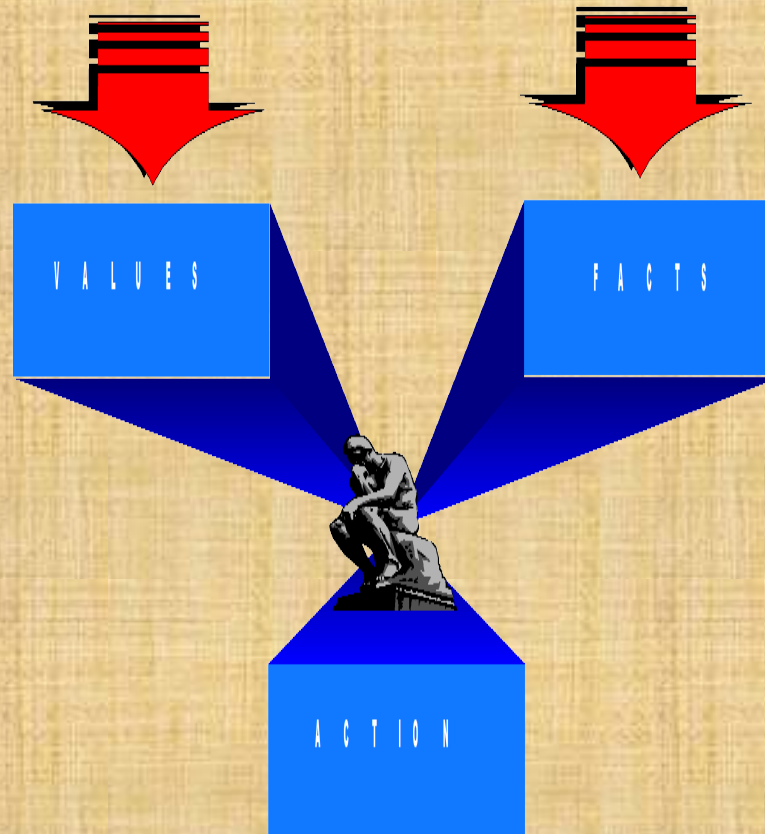
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# "Anatomy of a Mindset"

Sources of values:  
Dominant Goals or Purposes  
Self-Interest  
Stakeholder Concern  
Morality

Sources of factual beliefs:  
Experience  
Testimony  
Science



***Mindsets: Action proceeding from Values and Factual Beliefs***

# The "Ladder of Reflection"

Principle

Human Dignity,  
the Common Good,  
Happiness,  
Virtue

*IDEALS*

Liberty,  
Equality,  
Efficiency,  
Community,  
Rights

*VALUES*

Constitutional  
Government,  
Mass Media,  
Market Economy,  
Public Education,  
The Family

*SOCIAL  
ARRANGEMENTS*

Political Parties,  
Government  
Regulation &  
Tax Policies,  
Corporate Policies,  
Professional Norms

*PRAGMATICS*

Context



**Safety First?**

**NWA vs.  
WCCO-TV**

**Martha  
McCaskey**

**Vocation of the  
Business  
Leader**

**MBA Oath**

# **“Framing”**

*“. . . if you want to understand unethical behavior – and how such behavior spreads over large groups of people to create scandals like Enron or the subprime mortgage crisis – **you really need to better understand how people’s minds cognitively process the ethical decisions they face.**”*

*-- Chana Joffe-Walt and Alix Spiegel  
“Psychology of Fraud: Why Good People Do Bad Things”  
National Public Radio, May 1, 2012*

# **“Framing”**

*“And so researchers have been setting up lab experiments and conducting studies of large groups of people who have all been involved in fraud. And they’ve come up with a concept called **‘bounded ethicality.’** That’s the notion that cognitively, our ability to behave ethically is seriously limited.”*

*-- Chana Joffe-Walt and Alix Spiegel  
“Psychology of Fraud: Why Good People Do Bad Things”  
National Public Radio, May 1, 2012*



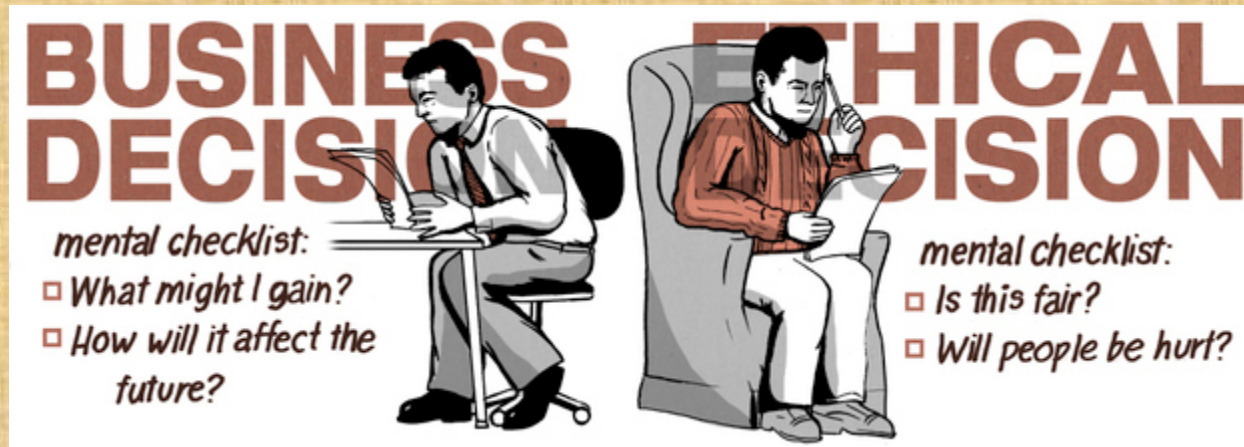
# **“Framing”**

*“The way that a decision is presented to me,” says Tenbrunsel, “very much changes the way in which I view that decision and then, eventually, the decision it is that I reach.”*

***“Essentially, Tenbrunsel argues, certain cognitive frames make us blind to the fact that we are confronting an ethical problem at all.”***

*-- Chana Joffe-Walt and Alix Spiegel  
“Psychology of Fraud: Why Good People Do Bad Things”  
National Public Radio, May 1, 2012*

# “Framing”



-- Chana Joffe-Walt and Alix Spiegel  
“Psychology of Fraud: Why Good People Do Bad Things”  
National Public Radio, May 1, 2012  
Web story produced and edited by Maria Godoy

# **“Framing”**

*“According to Tenbrunsel, the business frame cognitively activates one set of goals – to be competent, to be successful; the ethics frame triggers other goals – to be fair and not hurt others. And once you’re in, say, a business frame, **you become really focused** on meeting those goals, and other goals can completely fade from view.”*

*-- Chana Joffe-Walt and Alix Spiegel  
“Psychology of Fraud: Why Good People Do Bad Things”  
National Public Radio, May 1, 2012*



*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*



**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

# THE VOCATION OF THE BUSINESS LEADER: A REFLECTION

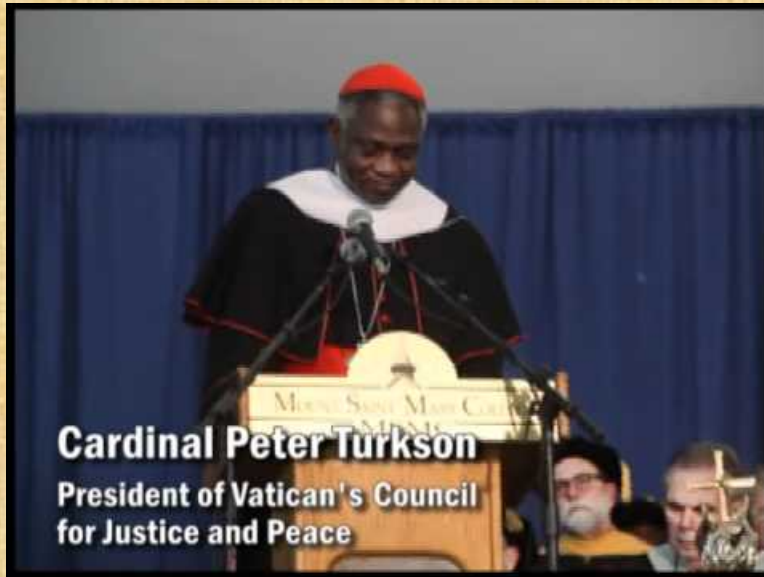
“Faith enables Christian business leaders to see a much larger world, a world in which God is at work, and where their individual interests and desires are not the sole driving force.”



## Outline

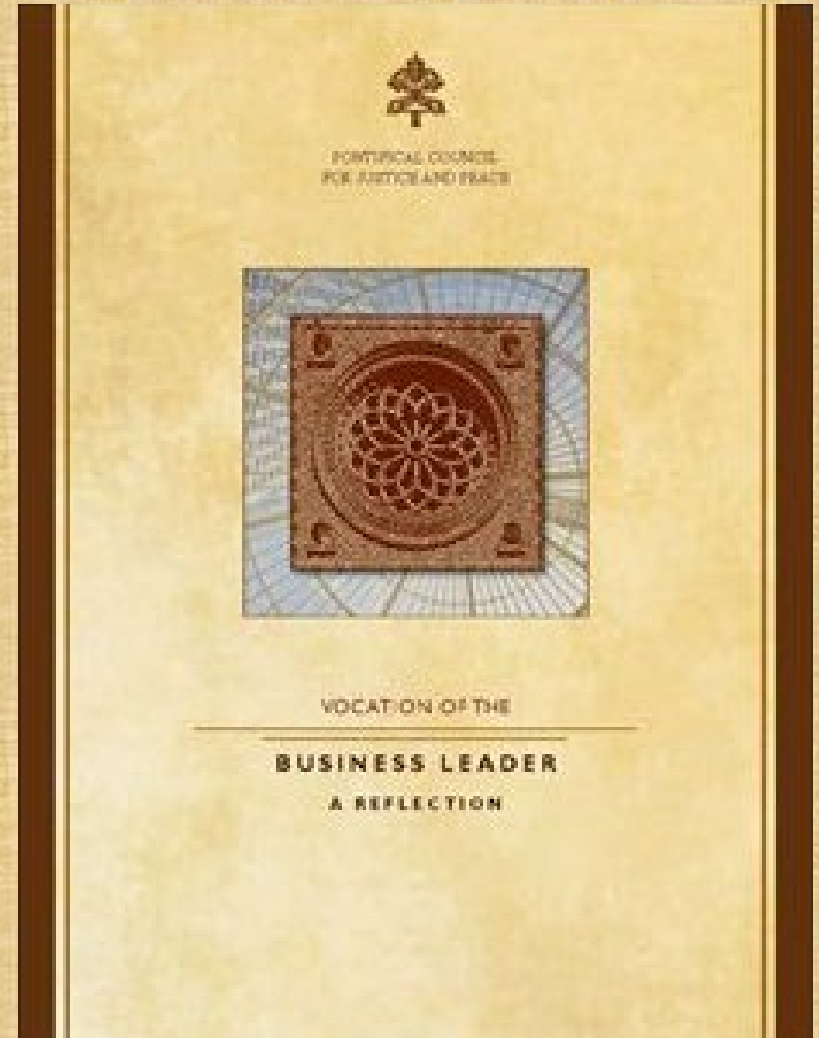
1. The Audience
2. The Central Theme: Business Leadership as a Vocation
  1. The Context
  2. The “Golden Calf”
3. The Structure of the Reflection
  1. Seeing
  2. Judging
  3. Acting
4. Relevance to “4 Avenues”
5. Implications for Business Educators

# THE AUDIENCE

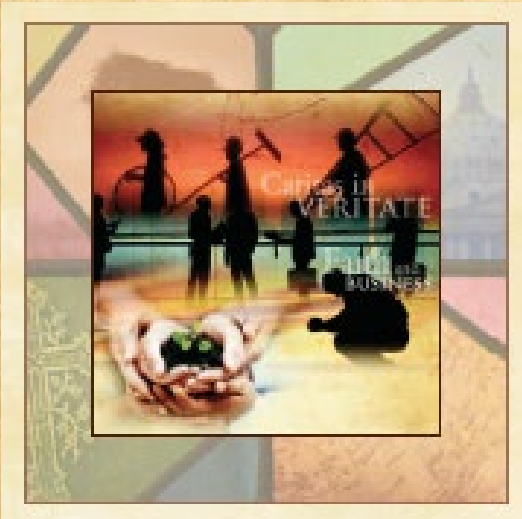


***"We wish to speak to all business leaders of good will who have an influence on the behaviors, values, and attitudes of the people comprising their enterprises.***

***"From CEOs to heads of teams to those with informal influence, business leaders of all kinds play a critical role in shaping economic life and creating the conditions for all people to develop integrally through business institutions."***

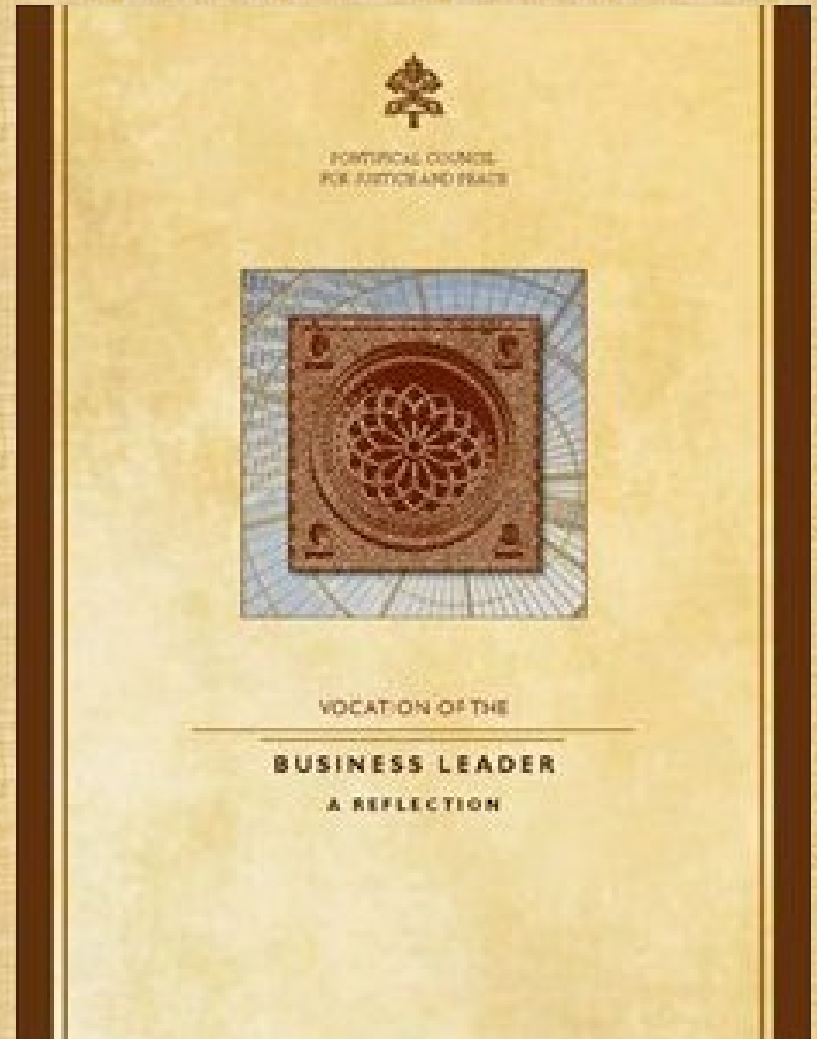






***Business leaders have a special role to play in the unfolding of creation—they not only provide goods and services and constantly improve them through innovating and harnessing science and technology, but they also help to shape organizations that will extend this work into the future. . . . When they realize that they are participating in the work of the Creator . . . they may begin to realize the grandeur and awesome responsibility of their vocation.***

## THE VOCATION

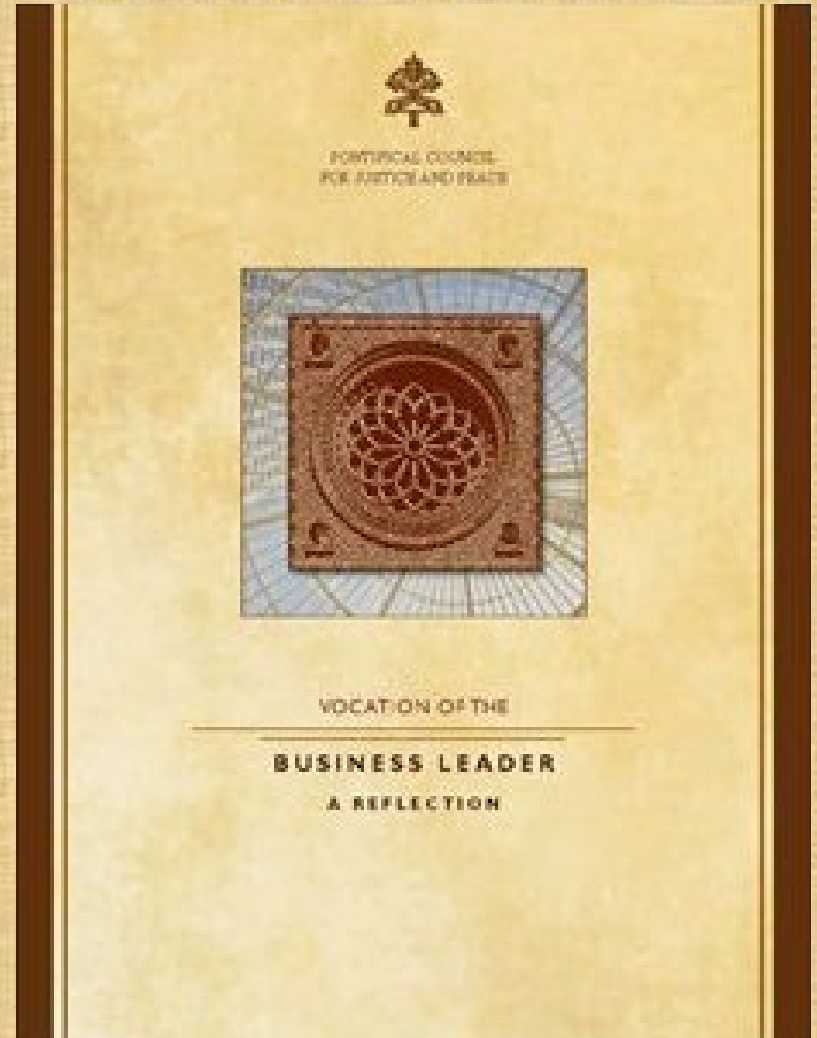




*In this young century alone, many businesses have already brought forth marvelous **innovations** which have cured disease, brought people closer together through technology and created prosperity in countless ways.*

*Unfortunately, this century has also brought business scandals and serious economic disturbances, and an **erosion of trust** in business organizations and in free-market institutions generally.*

## THE CONTEXT



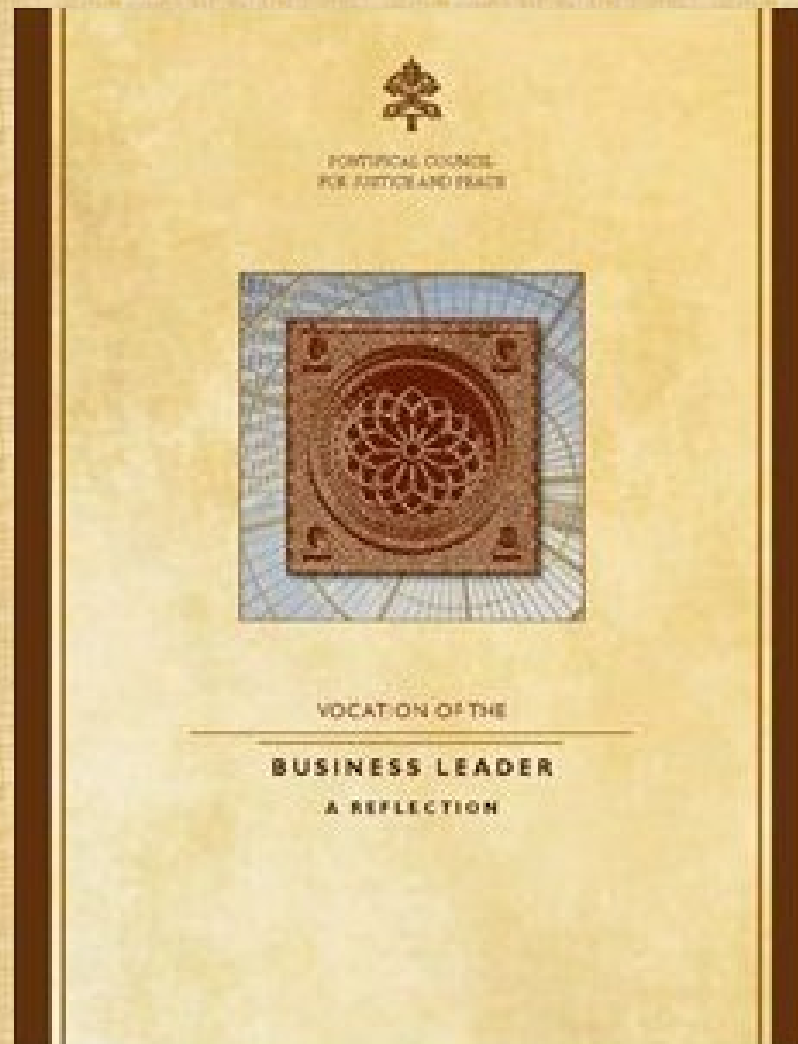




## THE “GOLDEN CALF”

*The **golden calf** is a symbol of **misplaced devotion**, born of a false idea of true success. There are many surrogates for the golden calf in modern life.*

*They emerge when “the sole criterion for action in business is thought to be the maximization of profit”; when technology is pursued for its own sake; when personal wealth or political influence fails to serve the common good; or when utilitarian or consequential reasoning becomes dominant.*

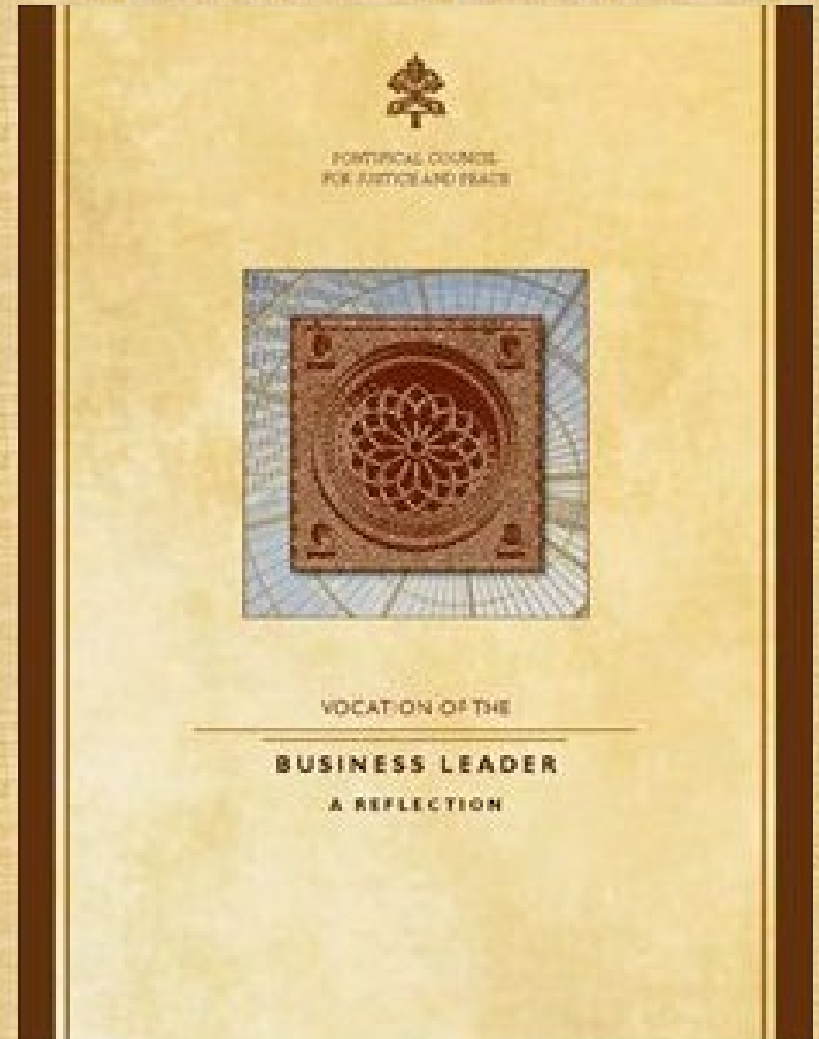


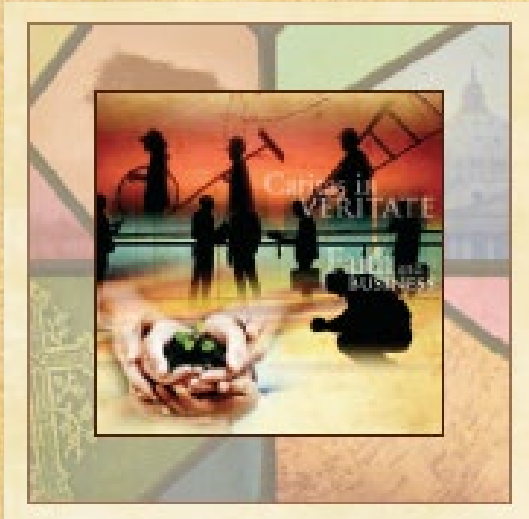


## THE “GOLDEN CALF”

*Each of these “golden calves” amounts to a kind of **fixation**, usually accompanied by **rationalization**.*

*Each has the capacity to “en-trance” us as Pope Benedict XVI says in his social encyclical *Caritas in Veritate*, and business leaders must pay careful attention to avoid the lure of idolatry.*

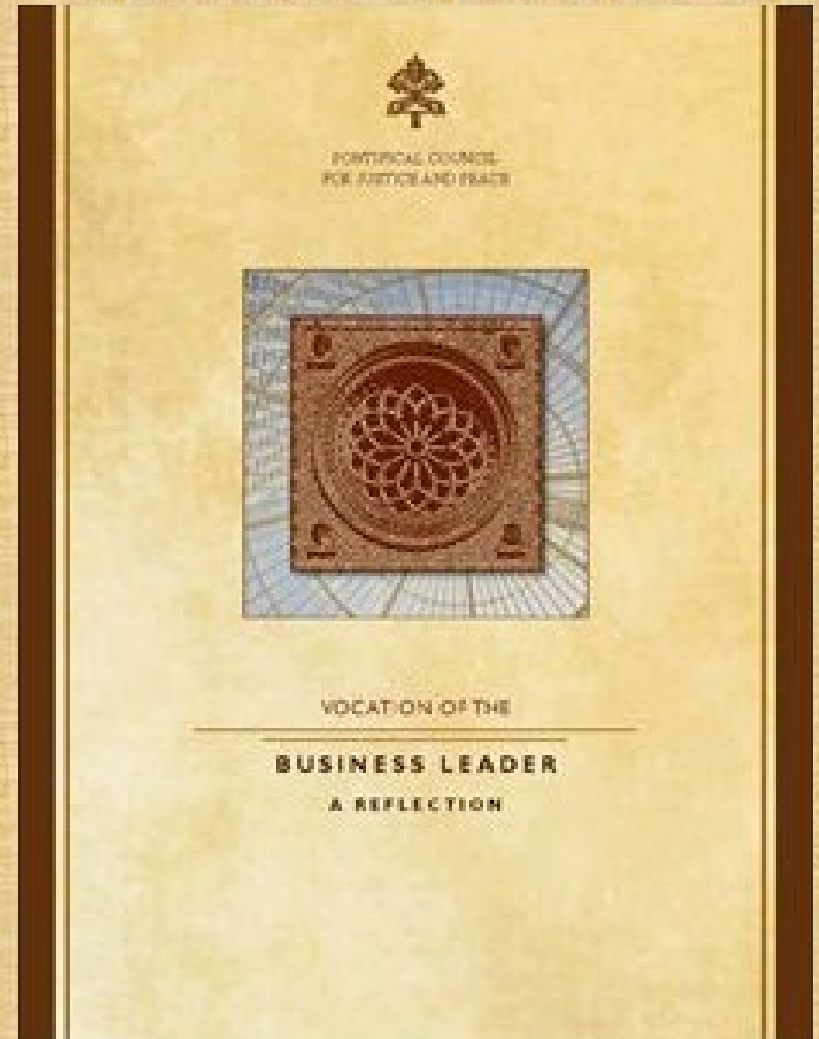




# THE STRUCTURE OF THE REFLECTION

*“Servant leadership” provides business leaders with a larger perspective and helps to balance the demands of the business world with those of ethical social principles, illumined for Christians by the Gospel.*

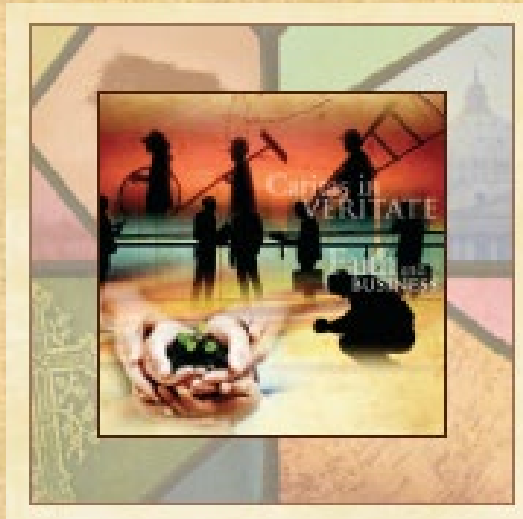
*This is explored in three stages: **seeing**, **judging**, and **acting**, even though they are deeply interconnected.”*





*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

## **VOCATION OF THE BUSINESS LEADER A REFLECTION**



***seeing***

*“Servant leadership” provides business leaders with a larger perspective . . . illumined for Christians by the Gospel. This is explored in three stages: **seeing**, **judging**, and **acting**, even though they are deeply interconnected.”*

## **VOCATION OF THE BUSINESS LEADER A REFLECTION**

*seeing*

- The challenging “signs of the times”
  - *Globalization*
  - *Enhanced Communication*
  - *Financialization*
  - *Cultural Individualism*

*All these trends, however, need to be guided by ethical social principles, illumined for Christians by the Gospel, and embedded in sound cultural institutions. Without such a constant influence, societal trends risk being detrimental to “**integral human development**”. This is where the social teachings of the Church and our belief in God’s love can offer an authentic perspective, enabling business leaders to fulfill their Christian calling.*



*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

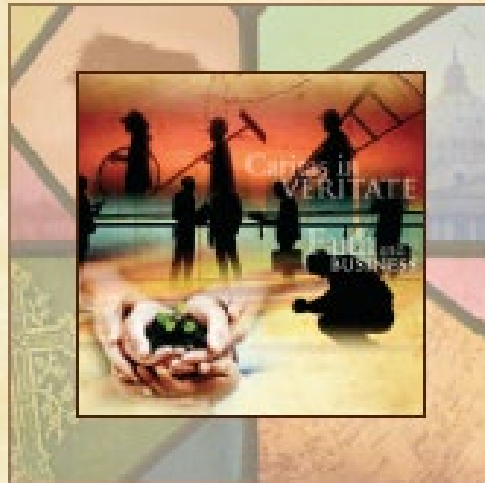
*seeing*

- Is about leadership discernment
- Is about moral insight – *realizing one's neighbor* (Josiah Royce)
- But looks beyond “neighbors” – to *fraternity* (Benedict XVI)
- Is about revealing “the greater purpose of the trip” (*The Parable of the Sadhu*)

*“As society becomes ever more globalized, **it makes us neighbors but does not make us brothers.** Reason, by itself, is capable of grasping the equality between men and of giving stability to their civic coexistence, but it cannot establish fraternity. This originates in a transcendent vocation from God the Father, who loved us first, teaching us through the Son what fraternal charity is.” -- Caritas in Veritate*

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

## **VOCATION OF THE BUSINESS LEADER A REFLECTION**



*judging*

*“Servant leadership” provides business leaders with a larger perspective . . . illumined for Christians by the Gospel. This is explored in three stages: **seeing**, **judging**, and **acting**, even though they are deeply interconnected.”*

PONTIFICAL COUNCIL FOR JUSTICE AND PEACE

## VOCATION OF THE BUSINESS LEADER A REFLECTION

*judging*

Business leaders are called to engage the contemporary economic and financial world in light of the principles of *human dignity* and the *common good*. This reflection offers business leaders, members of their institutions, and various Stakeholders a set of *practical principles* that can guide them in their service of the common good. Among these principles, we recall the principle of *meeting the needs of the world* with goods that are *truly good* and services that *truly serve* without forgetting, in a spirit of solidarity, the needs of the poor and the vulnerable; the principle of *organizing work within enterprises* in a manner which is *respectful of human dignity*; the principle of subsidiarity, which fosters a spirit of initiative and increases the competence of the employees—considered “co-entrepreneurs”; and, finally, the principle of the *sustainable creation of wealth and its just distribution* among the various stakeholders.



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**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

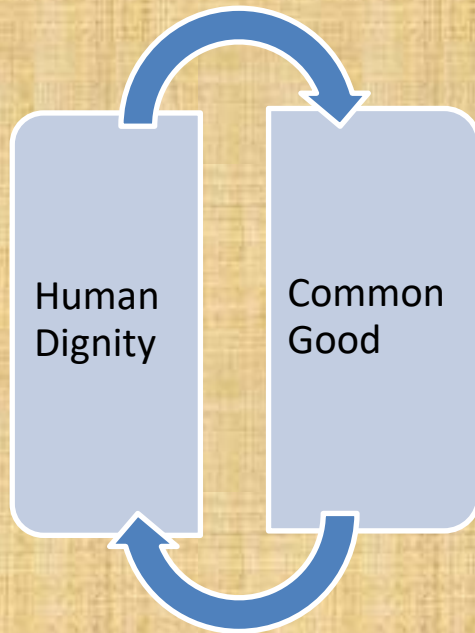
*judging*

- Is about doing what is *right*
- But also about understanding the *good*
- Beyond stockholders *and* stakeholders
- Draws upon
  - Foundations
  - Purposes of Business
  - Practical Principles of Leadership

“Of itself, an economic system does not possess criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality. In singling out new needs and new means to meet them, one must be guided by *a comprehensive picture of man* which respects all the dimensions of his being. . .” -- John Paul II, *Centesimus Annus* 1991

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## VOCATION OF THE BUSINESS LEADER A FRAMEWORK FOR **JUDGMENT**

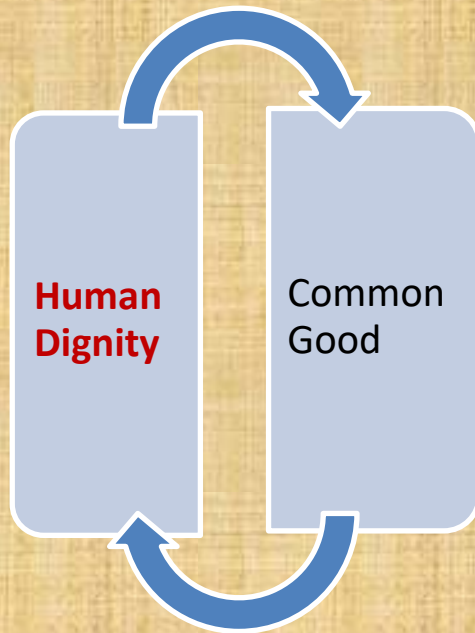


**FOUNDATIONS**

*Respect for **human dignity** and the **common good** are foundational principles which should inform the way we organize the labor and capital employed, and the processes of innovation, in a market system.*



## VOCATION OF THE BUSINESS LEADER A FRAMEWORK FOR JUDGMENT



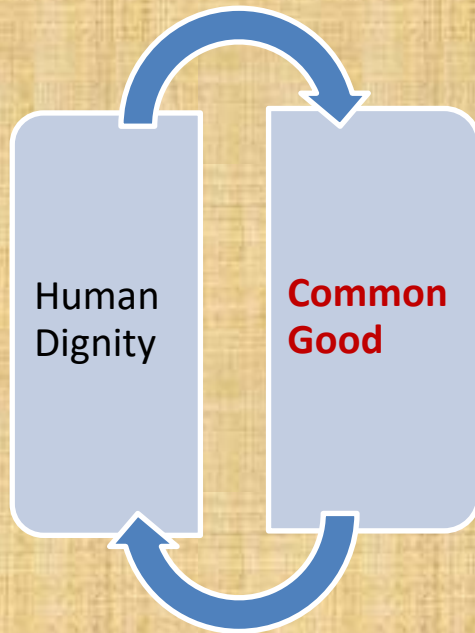
### FOUNDATIONS

**Human dignity:** *At the very foundation of the Church's social tradition stands the conviction that each person, regardless of age, condition, or ability, is an image of God and so endowed with an irreducible dignity or value.*

*Each person is an end in him or herself, never merely an instrument valued only for its utility—a **who**, not a **what**; a **someone**, not a **something**. This dignity is possessed simply by virtue of being human. It is never an achievement, nor a gift from any human authority; nor can it be lost, forfeited, or justly taken away. **All human beings regardless of individual properties and circumstances enjoy this God-given dignity.***

# PONTIFICAL COUNCIL FOR JUSTICE AND PEACE

## VOCATION OF THE BUSINESS LEADER A FRAMEWORK FOR **JUDGMENT**



**FOUNDATIONS**

**Common good:** *The social nature of human beings, reflecting the community of the Trinity, points to another foundational principle, the importance of the common good. The Second Vatican Council defined the common good in the following way: “the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily”.*

*The common good embraces and supports all the goods needed to allow each human being and all human beings to develop, individually and communally.*

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**VOCATION OF THE BUSINESS LEADER**  
**A FRAMEWORK FOR JUDGMENT**



*God asks us to . . . continue His creation and make it better for others. For the business leader, this entails*

- *creating goods which are truly good and services which truly serve;*
- *organizing work where employees develop their gifts and talents; and*
- *creating sustainable wealth so that it can be distributed justly.*

**PURPOSES OF BUSINESS**



*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**PURPOSES OF BUSINESS JOINED TO FOUNDATIONS  
YIELD PRACTICAL PRINCIPLES FOR LEADERS**

*True Goods and  
Services*

- *Businesses that produce goods which are truly good and services which truly serve contribute to the common good.*
- *Businesses maintain solidarity with the poor by being alert for opportunities to serve deprived and underserved populations and people in need.*

*Community of Work*

- *Businesses make a contribution to the community by fostering the special dignity of human work.*
- *Businesses provide, through subsidiarity, opportunities for employees to exercise appropriate authority as they contribute to the mission of the organization.*

*Sustainable Wealth  
Creation*

- *Businesses model stewardship of the resources—whether capital, human, or environmental—they have received.*
- *Businesses are just in the allocation of resources to all stakeholders: employees, customers, investors, suppliers, and the community.*



# RELATING THE AVENUES FOR ETHICAL ANALYSIS TO THE VOCATION OF THE BUSINESS LEADER



## Some Questions

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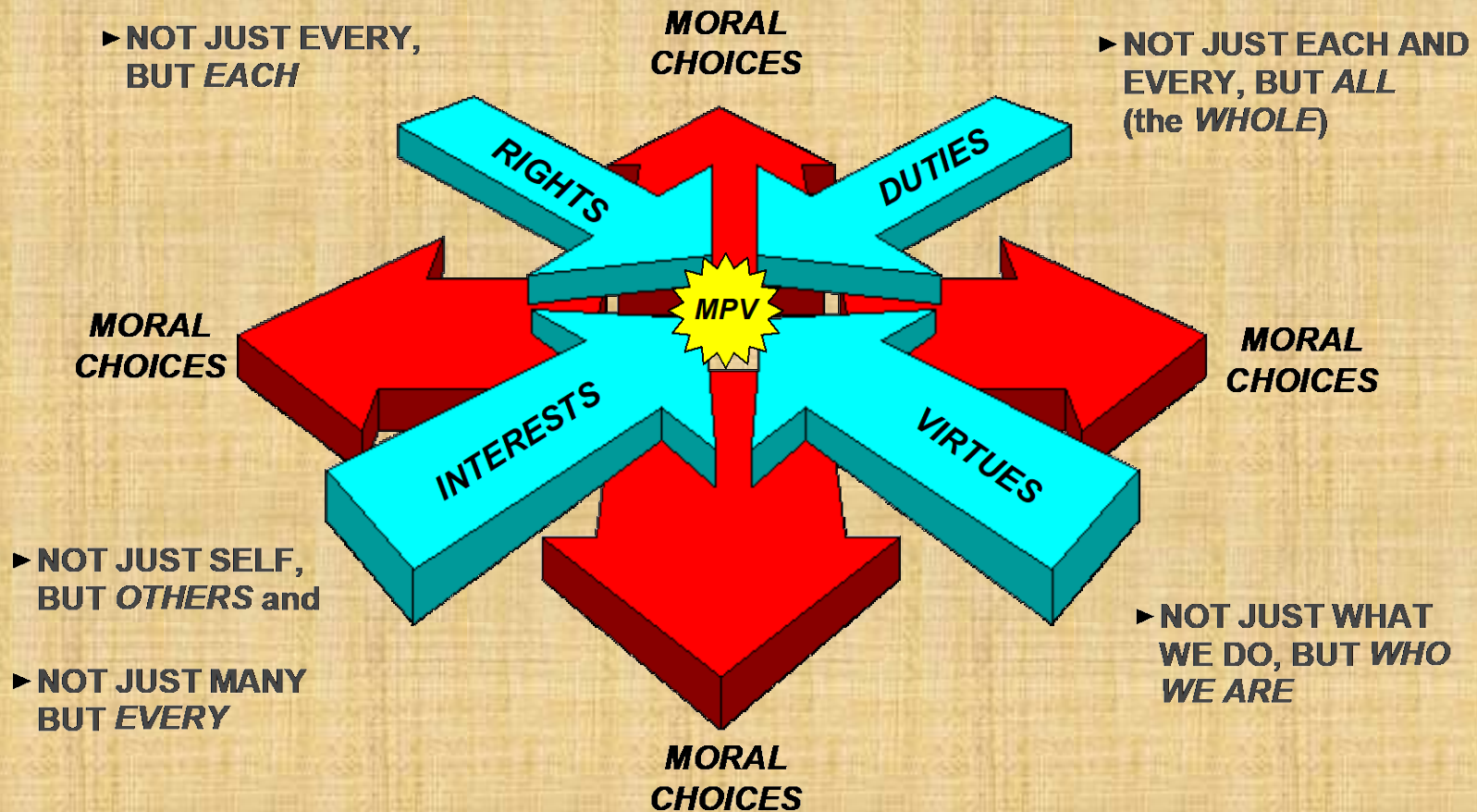
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# The Vocation of the Business Leader: In Search of Moral Insight

- **RIGHTS** based on human dignity
- **Subsidiarity** – teach, equip, trust.

- **Nested Common good(s)** **DUTIES** based on the social nature of human beings and society.



- **INTERESTS** understood as “integral human development” of the whole man and of all men.

- Avoidance of the “divided life”
- Reason-based **VIRTUES** like prudence and justice
- Faith-based **VIRTUES**.



# PONTIFICAL COUNCIL FOR JUSTICE AND PEACE

## VOCATION OF THE BUSINESS LEADER A FRAMEWORK FOR JUDGMENT

### SIX PRACTICAL PRINCIPLES FOR BUSINESS

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The principles of respect for **human dignity** and pursuit of the **common good** are the foundations of the Church's social teaching. Joined with the six practical principles of business, they can offer more specific guidance on the three broad business objectives.

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#### **Meeting the Needs of the World through the Creation and Development of Goods and Services**

1. Businesses that produce goods which are truly good and services which truly serve *contribute to the common good*.
  2. Businesses maintain *solidarity* with the poor by being alert for opportunities to serve otherwise deprived and underserved populations and people in need.
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#### **Organising Good and Productive Work**

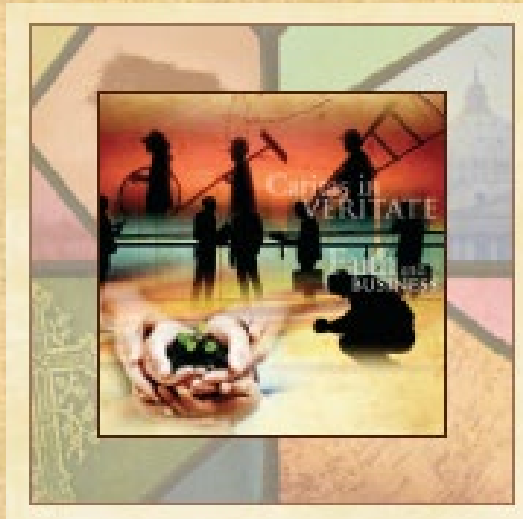
3. Businesses make a contribution to the community by fostering the special *dignity of human work*.
  4. Businesses provide, through *subsidiarity*, opportunities for employees to exercise appropriate authority as they contribute to the mission of the organisation.
- 

#### **Creating Sustainable Wealth and Distributing it Justly**

5. Businesses model *stewardship* of the resources—whether capital, human, or environmental—they have received.
6. Businesses are *just* in the allocation of resources to all stakeholders: employees, customers, investors, suppliers, and the community.

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

## **VOCATION OF THE BUSINESS LEADER A REFLECTION**



***acting***

*“Servant leadership” provides business leaders with a larger perspective . . . illumined for Christians by the Gospel. This is explored in three stages: **seeing, judging, and acting**, even though they are deeply interconnected.”*



## VOCATION OF THE BUSINESS LEADER A REFLECTION

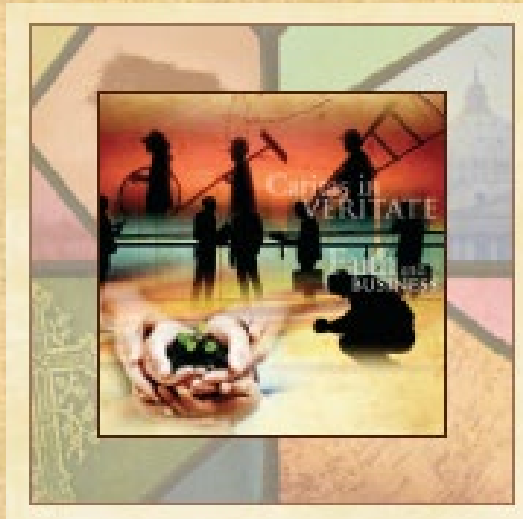
*acting*

- Is about appreciating the importance of *virtue . . .*
  - key virtues for business are *practical wisdom* and *justice*, as well as *faith, hope, and love*
  
- . . . and the reality of *sin*
  - undermining conscience (*teleopathy* – fixation, rationalization, detachment)

. . . [the divided life] can ultimately lead to idolatry, an all-too-common **occupational hazard of business life**, one which threatens both individuals and organizations. The golden calf is a symbol of *misplaced devotion*, born of a false idea of true success.

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

## **VOCATION OF THE BUSINESS LEADER A REFLECTION**



***educating business leaders***

*Teachers need to inspire their students to discover the good which is within them and to **follow the call** they have to use their professional skills and judgment as a force for good in the world.*

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

*educating  
business  
leaders*

*In our own time, business students are informed by powerful theories and highly trained in technical skills; but some unfortunately leave university without the ethical and spiritual formation which would ensure that their insights and skills are used for the welfare of others and the support of the common good. **Indeed, some leave with a formation which predisposes them to live the divided life rather than giving them the fundamentals which could help them build an integrated life.** Consideration of the ideas presented here can contribute to a more complete formation of these students, educating them to be highly principled and effective business leaders.*

*Teachers need to inspire their students to discover the good which is within them and to **follow the call** they have to use their professional skills and judgment as a force for good in the world.*

*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

*Conclusion*

Obstacles to serving the common good come in many forms — lack of rule of law, corruption, tendencies towards greed, poor stewardship of resources—but **the most significant for a business leader on a personal level is leading a *divided life***. This split between faith and daily business practice can lead to imbalances and misplaced devotion to worldly success.

Faith enables Christian business leaders to see a much larger world, a world in which God is at work, and where their individual interests and desires are not the sole driving force.



*PONTIFICAL COUNCIL FOR JUSTICE AND PEACE*

**VOCATION OF THE BUSINESS LEADER  
A REFLECTION**

*Conclusion*

Business leaders may be tempted, whether from self-centeredness, pride, greed or anxiety, to reduce the purpose of business solely to maximizing profit, or to growing market share or to any other solely economic good. In this way, *the good that a market economy may do, for individuals and for society, can be diminished or distorted.*

The Christian business leader *serves the common good by **creating goods which are truly good and services which truly serve.***

# THE MBA OATH



**As a business leader I recognize my role in society.**

- **My purpose is to lead people and manage resources to create value that no single individual can create alone.**
- **My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.**

**Therefore, I promise that:**

- **I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.**
- **I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.**
- **I will refrain from corruption, unfair competition, or business practices harmful to society.**
- **I will protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.**
- **I will protect the right of future generations to advance their standard of living and enjoy a healthy planet.**
- **I will report the performance and risks of my enterprise accurately and honestly.**
- **I will invest in developing myself and others, helping the management profession continue to advance and create sustainable and inclusive prosperity.**

**In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers and to society for my actions and for upholding these standards.**

**This oath I make freely, and upon my honor.**

# RELATING THE AVENUES FOR ETHICAL ANALYSIS TO THE MBA OATH

## Some Questions




	ETHICAL AVENUES QUESTIONS	MBA OATH ELEMENTS
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**VOCATION OF THE BUSINESS LEADER: A REFLECTION**

**and**

**THE MBA OATH**

*Discussion*