

# Catholic Social Teaching: Addressing Globalization in Catholic Business Education<sup>1</sup>

James B. Ball, Ph.D.  
Zaida Martinez, Ph.D.  
Brian Toyne, Ph.D.

## Abstract

Although business schools are increasingly aware of the importance of globalization in educating future business leaders, their business programs have addressed globalization from a limited perspective that fails to provide students with a broader understanding of its impact on societies and its moral consequences. The conventional approach to the teaching of business ethics further exacerbates this problem. In this paper we argue that Catholic Social Teaching (CST) can help address this deficiency at Catholic colleges and universities. First, we describe the impact of globalization on business education and the limitations of ethical theories taught at business schools. We then explore our thesis that CST is a rich resource for business education that provides a moral foundation for readdressing the limited view of globalization.

## Introduction

In recent years, business practices in the U.S. have come under heavy scrutiny. Headline-making events such as the collapse of Enron and WorldCom and, more recently, the meltdown of the global financial system have resulted in serious criticism of business ethics. Business

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James Ball is Director of Graduate Studies in Theology, St. Mary's University, San Antonio, TX; Zaida Martinez is Professor of International Business, St. Mary's University, San Antonio, TX; Brian Toyne is Professor Emeritus, St. Mary's University, San Antonio, TX.

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schools have responded to these personal and institutional breaches of professional ethics and justice by creating chairs and distinguished professorships of ethics and social responsibility. They are addressing the question of ethics in existing courses and creating new courses that treat both ethical and social responsibility issues related to the conduct of business. While these initiatives are laudable, they do not get to the heart of the problem confronting Catholic and secular business schools. How are future business leaders to be educated so that they can recognize and act to create a better world for all, not just for the few?

It can be argued that the recent financial crisis is a further example of the continuing moral failure that has occurred within the global business environment. Moreover, as presently taught in business schools, ethics and social responsibility are limited to a professional code of conduct. The moral foundation on which a personal ethical code of conduct is built<sup>2</sup> and the ethical implications of current global economic and political structures are dismissed.<sup>3</sup>

The conceptualization of globalization in business schools demonstrates how the conditions for this moral failure were established. Michael James, commenting on the prevailing view that emerged from two major Catholic conferences on globalization,<sup>4</sup> stated that:

[T]he term globalization is reserved for private sector initiatives that result in the mergers and take-overs of economies with the intention for private profit. Globalization by this definition too often results in unintended consequences of greater suffering by the people within the weaker and impoverished nations involved.<sup>5</sup>

In addition to stark economic inequality, these consequences include environmental damage, corruption, and loss of cultural identity.

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<sup>2</sup> Johan Verstraeten, "From Business Ethics to the Vocation of Business Leaders to Humanize the World of Business," *A European Review*, 7:2 (1998): 111-124. Some thinkers in the fields of ethics and philosophy might argue that modern education, including professional education, is *intended* to be without moral foundation. Our approach is not, of course, predicated on such non-foundationalism. Further, we suggest that the problem with mainstream business education is not that it is "immoral," but that it is at times amoral—whether intentional or not.

<sup>3</sup> Joseph E. Stiglitz, *Making Globalization Work* (New York, NY: W.W. Norton & Company, 2007).

<sup>4</sup> The Vatican globalization conference of December, 2004, and the preparatory gathering for this conference, the 2002 Jubilee of University Professors.

<sup>5</sup> Michael J. James, "The Academic Profession, the Common Good, and Globalization," *Current Issues in Catholic Higher Education* (Winter, 2006): 127.

Academic silos,<sup>6</sup> that is, the departmentalization of academic programs, further exacerbate the limited perspective on globalization at business schools. The separation between humanities and social sciences schools on the one hand and the professional schools on the other is a case in point. Preparing technically competent business professionals without instilling in them a sense of business as a vocation is a major factor supporting the narrow view of globalization.

Catholic Social Teaching (CST) is the body of social thought and ethics crafted by popes and bishops since 1891. This paper examines CST's assessment of globalization and how it provides a moral foundation for redressing the limited view of globalization in business education programs at Catholic colleges and universities. We begin by describing the impact that globalization is having on business education and the limitations of the ethical theories and practices taught at business schools. We then explore our thesis that CST is a rich resource for business education and its coming to terms with globalization.

### **The Teaching of Globalization in Business Schools**

Usually, at most universities and colleges, international business (IB) scholars teach about the impact that globalization is having on business activity. IB first emerged as a field of study in the 1950s:

[B]usiness scholars concluded that U.S. business education was simply too parochial. It did not address the needs of an emerging cadre of international managers; at least for a few business students, business as examined and taught in the United States, needed to be broadened and made more universal.<sup>7</sup>

The initial focus was teaching business students the art of discerning when and how business functions were to be adapted to differences in the business environment caused by crossing national borders. IB scholars focused their research on the business functions of

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<sup>6</sup> Michael Naughton et al., "Business Education at Catholic Universities: An Exploration of the Role of Mission-Driven Business Schools" (background paper for the Seventh International Conference on Catholic Social Thought and Management Education, University of Notre Dame, June 11-13, 2008), <http://www.stthomas.edu/cathstudies/cst/conferences/becu/becu/POSITIONPAPERBusE.pdf>.

<sup>7</sup> Brian Toyne and Douglas Nigh, eds. *International Business: Institutions and the Dissemination of Knowledge* (Columbia, SC: University of South Carolina Press, 1999), 3.

multinational corporations.<sup>8</sup> More recently, however, and in response to the growing recognition that globalization also influences the conduct of business domestically, the educational and research focus has shifted to how multinational corporations “manage” socio-cultural diversity, technological diversity, and political diversity.<sup>9</sup> These corporations are viewed essentially as both responders to and drivers of economic globalization. Although attempts have been made to broaden the educational and research focus of IB scholars,<sup>10</sup> the majority of study persists on the operational challenges of multinational corporations.<sup>11</sup>

Therefore, it should not be too surprising that the textbooks used to introduce business students to the impact that globalization is having on business, societies, and their political systems and cultures are deficient. For example, in his introductory IB textbook, Charles Hill defines globalization as “the shift toward a more integrated and interdependent world economy. Globalization has several facets, including the globalization of markets and the globalization of production.”<sup>12</sup> He focuses on these two factors and pays attention to the issue of cultural, socio-economic, and political differences, strictly from the perspective of business. His concern is how these differences impact business transactions and operations that cross national borders.

This one-dimensioned perspective is prevalent among business scholars and educators in spite of recent efforts made by The Association to Advance Collegiate Schools of Business (AACSB) International<sup>13</sup> to have business schools address such issues as poverty and peace. John

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<sup>8</sup> John Fayerweather, *Management of International Operations, Text and Cases* (New York, NY: McGraw-Hill, 1960).

<sup>9</sup> For example, see: Christopher A. Bartlett and S. Ghoshal, *Transnational Management: Text, Cases, and Readings in Cross-Border Management* (Homewood, IL: Richard D. Irwin, 1992); Christopher A. Bartlett et al., *Managing the Global Firm* (New York, NY: Routledge, 1990); Brian Toyne and Douglas Nigh, eds., *International Business: An Emerging Vision* (Columbia, SC: University of South Carolina Press, 1997).

<sup>10</sup> See: Brian Toyne and Douglas Nigh, “A More Expansive View of International Business,” *Journal of International Business Studies*, 29:4 (1998): 863-876; and Toyne and Nigh, eds., *International Business: An Emerging Vision*.

<sup>11</sup> See: Mike W. Peng, “Identifying the Big Question in International Business Research,” *Journal of International Business Studies*, 35:2 (2004): 99-108; and Minna Söderqvist and Brian Toyne, “A Discourse Analysis of International Business Research: JIBS 1970-2005,” in *Thought Leadership in Advancing International Business Research*, ed. Arie Y. Lewin, et al. (New York, NY: Palgrave Macmillan, 2008).

<sup>12</sup> Charles W.L. Hill, *Global Business Today*, 6<sup>th</sup> ed. (New York, NY: McGraw-Hill Irwin, 2009), 7.

<sup>13</sup> AACSB International is the leading accreditation association for business education.

Fernandes, the president and executive officer of the AACSB International, believes that:

AACSB International and its members can make a great impact on world poverty and the advancement of peace by contributing resources and taking steps to prepare future business leaders who understand the business/peace link and possess the determination to end poverty and achieve world peace.<sup>14</sup>

How can a comprehensive understanding of globalization be gained by the business student when those who manage business activities and teach business view globalization strictly as an economic opportunity? Carolyn Woo, Dean of the Mendoza College of Business at University of Notre Dame, may have part of the answer:

We are called to think thoughts that matter, thoughts with impact, thoughts that challenge our students, our colleges, and business to reach full potential. If our thoughts do not recognize how business fosters peaceful societies, then we would have walked by the most pressing problem of the next generation, and the good which is ours to contribute.<sup>15</sup>

Woo's sentiments resonate with those of Catholic ethicist J. Bryan Hehir who maintains that "the Catholic university ought to be competitive about jobs, ought to cultivate a sense of profession, and ought to invite people to a sense of vocation...the notion that one lives one's life accountable to a higher reality."<sup>16</sup> Michael Naughton expressed a similar view that "Catholic universities must draw upon resources that are robust enough to engage students in the universal call for holiness, a discernment of their state of life, and their vocation to business."<sup>17</sup>

Addressing this concern requires sensitivity and a knowledge base that transcend the current focus on relevancy and the development of professional skills. It requires a deeper examination of globalization's consequences such as those "major impacts" emphasized by Michael Czerny, S.J., on (1) human dignity and the common good; (2) culture and religions; (3) poverty; (4) local and regional economies; (5) labor; and

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<sup>14</sup> See John Fernandes, "The Business of World Peace," AACSB-International's eNEWSLINE, 5:6 (June, 2006), 1.

<sup>15</sup> See Carolyn Woo's letter in AACSB International, *A World of Good: Business, Business Schools, and Peace* Report of the AACSB International, Peace Through Commerce Task Force (2006), 4.

<sup>16</sup> J. Bryan Hehir, S.J., "Catholic Identity: Ideas, Institutions and Community" (presentation at St. Mary's University, San Antonio, Texas, January 19, 2007).

<sup>17</sup> Michael Naughton, "Four Integrating Principles to a Catholic Business Education," *Finance and the Common Good* 30, no. 1 (2008): 62.

(6) the environment.<sup>18</sup> Achieving this greater understanding of these global challenges necessitates more collaboration between faculty in the liberal arts and business schools. Divergent views of the meaning of globalization in the popular and scholarly literature can hinder a spirit of collaboration.

### **Divergent Views of Globalization**

The 19.7 million websites that can be accessed on Google by simply using the search word “globalization” are an indication of the interest in and diversity of views on the topic. A quick perusal of the online bookseller, Amazon, results in a list of more than 10,500 books with “globalization” in the title. One readily finds divergent and sometimes conflicting views on the meaning of globalization, its causes, magnitude, chronology, and outcomes.<sup>19</sup> For example, Mike Peng, an international business scholar, tries to reconcile this diversity of views by comparing globalization to the story of the blind men:

Overall, like the proverbial elephant, globalization is seen by everyone and rarely comprehended. All of us felt sorry when we read the story of a bunch of blindmen trying to figure out the shape and form of an elephant. Although we are not blind, our task is more challenging than the blindmen who study a standing animal. This is because we (1) try to live with, (2) avoid being crushed by, and (3) even attempt to profit from a rapidly moving...beast called globalization.<sup>20</sup>

Peng concludes his analysis with the notion that globalization has both “rosy and dark sides.”<sup>21</sup> In contrast, the political scientist Manfred Steger, examining the underlying ideology of the contemporary forms of globalization, makes an important distinction between globalization and globalism. For him, globalization is a “multidimensional set of societal processes that create, multiply, stretch, and intensify worldwide social interdependencies and exchanges while at the same time fostering in people a growing awareness of deepening connections between the local and the distant.”<sup>22</sup> Globalism, though, is “an ideology that

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<sup>18</sup> Michael Czerny, S.J., “University and Globalization: Yes, But,” *The Santa Clara Lectures*, 9:1 (2002), 1-24.

<sup>19</sup> Manfred B. Steger, *Globalization: A Very Short Introduction* (Oxford: Oxford University Press, 2003), 1-16.

<sup>20</sup> Mike W. Peng, *Global Business* (Mason, OH: South-Western Cengage Learning, 2009), 13.

<sup>21</sup> *Ibid.*

<sup>22</sup> Steger, *Globalization*, 13.

endows the concept of globalization with neoliberal values and meanings.”<sup>23</sup> This ideology, based on a particular model of capitalism that took hold in the U.S. in the late 1980s, has contributed to an acceptance of existing unbalanced power relations in the private and public sectors, a moral issue in and of itself. The major global economic institutions—together with multinational corporations and other powerful global players—influence the rules of the global economy, creating an environment where “the opportunities and rewards of globalization are spread unequally, concentrating power and wealth amongst a select group of people, regions, and corporations at the expense of the multitude.”<sup>24</sup> Advocating for a more just form of globalization, James Hug, observes that “the imbalance in power among nations calls into question the justice of their agreements.”<sup>25</sup>

Well-meaning pro-globalization advocates may acknowledge that the benefits of globalization are uneven, but they tend to assume that the problems can be corrected within the current global economic structure. For example, a key point made in the commission report of the World Health Organization on Macroeconomics and Health (chaired by economist Jeffrey Sachs), stressed that:

The benefits of globalization are potentially enormous, as a result of the increased sharing of ideas, cultures, life-saving technologies and efficient production processes. Yet globalization is under trial, partly because these benefits are not yet reaching hundreds of millions of the world’s poor...<sup>26</sup>

A central recommendation of this commission for addressing the health problems of poor nations emphasizes a partnership between low- and middle-income countries with high-income countries. Although this is a step in the right direction, it is not enough. Joseph Stiglitz, the Nobel Prize winning economist and former chief economist at the World Bank, highlights the role of pharmaceutical companies in “making globalization work.” In his words:

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<sup>23</sup> *Ibid*, 94.

<sup>24</sup> *Ibid*, 104.

<sup>25</sup> James E. Hug, S.J., “Economic Justice and Globalization,” in *Globalization and Catholic Social Thought*, John A. Coleman and William F. Ryan, eds. (Maryknoll, NY: Orbis, 2005), 61.

<sup>26</sup> Report of the Commission on Macroeconomics and Health, *Macroeconomics and Health: Investing in Health for Economic Development* (World Health Organization, December 20, 2001), 1. Available at <http://www.cid.harvard.edu/archive/cmh/cmhrefport.pdf>.

New drugs and vaccines can, of course, make a big difference to the well-being of those in the developing countries. But the current system has not been working—it has not been investing in research to produce the drugs to attack the diseases that are prevalent in developing countries, and, not surprisingly, few drugs have been produced. We need to reform the global innovation system to encourage the development of medicines that treat and prevent such diseases.<sup>27</sup>

## Business Ethics and Globalization

Along with the changing perspective on the components of international business education, there has been a growing awareness of an ethical failure of U.S. capitalism. Sumantra Ghoshal, a well known management scholar and consultant to multinational corporations, has tied this failure to theories of management and business advanced in business schools that, in purporting to be value-free, are actually ideologically-driven enterprises. He explains: “Since morality, or ethics, is inseparable from human intentionality, a precondition for making business studies a science has been the denial of any moral or ethical considerations in our theories and, therefore, in our prescriptions for management practice.”<sup>28</sup> John Bogle, the founder and former CEO of Vanguard mutual funds, similarly cites recent examples such as Enron and WorldCom and argues that there has been a governance failure by Corporate America. He notes:

Corporate America went astray largely because the power of managers went virtually unchecked by our gatekeepers for far too long. Our corporate directors were primarily to blame. But our auditors, lawyers, regulators, legislators, and investors, those other traditional guardians of sound government, share the responsibility. They failed to “keep an eye on these geniuses” to whom they had entrusted the responsibility of the management of America’s great corporations.<sup>29</sup>

At the root of this governance failure is a moral failure. We must restore an appreciation for the practice of the virtues in business life, and a concern for the wellbeing of the societies in which U.S. companies operate. As Gentile and Samuelson point out, social responsibility issues and ethics are a business school’s charge; they need to assume an

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<sup>27</sup> Stiglitz, *Making Globalization Work*, 118.

<sup>28</sup> Sumantra Ghoshal, “Bad Management Theories Are Destroying Good Management Practices,” *Academy of Learning and Education*, 4:1 (2005): 75.

<sup>29</sup> John C. Bogle, *The Battle for the Soul of Capitalism* (New Haven, CT: Yale University Press, 2005), 45.

active role in making “a positive difference in the preparation of future business leaders.”<sup>30</sup> Business educators must present a more complete articulation of business managers’ responsibilities to the common good through a more holistic approach to ethics and social responsibility. Students must be made aware that economic decisions have cultural, societal, and political implications, and these need to be taken into account. More importantly, the underlying assumptions of neoliberal economics and the U.S. model of capitalism need to be addressed.

Globalization and the moral breakdown of Corporate America require that greater attention be given to the humanities and social sciences in business education. Philosophical and theological ethics help cultivate moral wisdom in students. Philosophy and theology create a context for a deeper understanding of globalization’s impact on communities than one limited by technical or scientific rationality. Sociology provides frameworks and tools for grasping how the pressures of globalization function in particular settings and cultures.

Incorporating a chapter on ethics and corporate social responsibility in IB textbooks is inadequate for addressing these two challenging trends. In addition, international business textbooks provide a mixed presentation on such topics as ethics and the social responsibility of business. Whereas Hill<sup>31</sup> devotes one chapter to “Ethics in International Business” and Peng<sup>32</sup> devotes one chapter to “Managing Corporate Social Responsibility Globally,” Czinkota, Ronkainen, and Moffett<sup>33</sup> do not broach the ethical issues, and their coverage of social responsibility is sparse.

If the AACSB-International’s peace and poverty proposal is to be successful, and a more profound understanding of the role of ethics is to be gained, greater emphasis needs to be placed on specific courses in the liberal arts curriculum (e.g., philosophy, theology, sociology, political science, and economic development). More importantly, an integrated approach to teaching future business leaders is necessary. Business faculty would perhaps argue against integrating the liberal arts core and business curriculum because 1) these global societal issues are already

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<sup>30</sup> Mary C. Gentile and Judith F. Samuelson, “The State of Affairs of Management Education and Social Responsibility,” Keynote Address to the AACSB International Deans Conference, *Academy of Management Learning & Education*, 4:4 (2005): 504.

<sup>31</sup> Hill, *Global Business Today*.

<sup>32</sup> Peng, *Global Business*.

<sup>33</sup> Michael R. Czinkota, et al., *International Business*, 7<sup>th</sup> ed. (Mason, OH: Thomson/South-Western, 2005).

addressed in the humanities and social sciences and 2) because such integration would encroach upon the hours necessary for the traditional business curriculum. This is an impasse that must be broached.

### **Catholic Social Teaching and Globalization**

Having identified some of the limitations of business education and its treatment of globalization, and in view of our purpose of describing how CST can enhance Catholic business education in a global context, it is necessary to offer a brief exposition of the core of CST and its treatment of globalization. CST offers a comprehensive vision of the human person and society known as the common good within which political economy and market mechanisms are evaluated. Globalization is the principal “sign of the times,”<sup>34</sup> creating conditions that allow the growth of both human solidarity and social structures that undermine the well-being of persons.

#### *The Common Good*

Catholicism espouses a view of the human person as profoundly social. Its social anthropology is grounded not only in the Western natural law tradition but also in the Christian understanding of God as relational. Because God is a community of loving persons (Father, Son, Spirit), human beings—precisely because they are made in the image and likeness of this Triune God—constitute a human family. This occurs not by choice or happenstance. While irreducibly unique and capable of egoism, the human person is, by natural endowment and by the grace of God, made for community. What is good or objectively valuable for the person is tied up with what is good for others—discovered in cooperative and just relationships<sup>35</sup>—not set against, or apart from the good of others. In ordinary speech, this is a “win-win” situation, not a “zero sum game.” Therefore, we must speak of the *common* good, which “refers to circumstances in which all members are flourishing in their particular situations, and all together effectively and cooperatively

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<sup>34</sup> Vatican II, *Guadium et spes: Pastoral Constitution on the Church in the Modern World* (1965), no. 4. English translations of this and other papal or conciliar documents are taken from *Catholic Social Thought: The Documentary Heritage*, David J. O'Brien and Thomas A. Shannon, eds. (Maryknoll, NY: Orbis, 1992).

<sup>35</sup> Lisa Sowle Cahill, “Globalization and the Common Good,” in *Globalization and Catholic Social Thought*, Coleman and Ryan, eds, 42-54.

contribute to the flourishing of the whole.”<sup>36</sup> As the Second Vatican Council indicates, this does not happen spontaneously: the objective “conditions of social life”<sup>37</sup>—including economic, political, and familial—must be consciously fostered so that human flourishing can be realized.

Since 1961, CST has recognized the growing interdependence characterizing modern societies. The fundamental human virtue that corresponds to this reality is now called solidarity, “a firm and persevering determination to commit oneself to the common good.”<sup>38</sup> This requires a more equitable sharing of the world’s goods so that those on the economic and political margins of life may become full participants in the common good.

Reciprocal rights and duties characterize the relationship between the person and society. The person has a moral claim on society, that it respect and support his or her right to basic necessities of life such as economic, civil, and political rights. Society, with the assistance of the government, has the corresponding duty in justice to meet that claim. Conversely, society has a moral claim on the person for his or her contribution to the common good, and the person has a duty to respond. In this way, Catholic social theory is neither individualist (i.e., absolutizing the rights or freedoms of the person) nor collectivist (i.e., absolutizing the importance of society and the role of the government). Instead, the common good concerns “the good of all, and of each individual.”<sup>39</sup>

This notion of the common good is applicable to a community on any scale—whether the business school, the business firm, the nation, or the global situation. Beginning with Pope John XXIII’s pontificate in the late-1950s, Catholicism’s social mission “assumed an internationalist and universalist perspective”<sup>40</sup> and the Church has been a transnational actor for far longer than that. In contemporary CST, it is the “universal common good”<sup>41</sup> to which we are summoned. Whether or not one calls this a “global ethic,” the Catholic emphasis on the common good engenders an expansive social consciousness. All religions, peoples, and cultures are seen as contributors to the common good.

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<sup>36</sup> Christine Firer Hinze, *Comprehending Power in Christian Social Ethics* (Atlanta, GA: Scholars Press, 1995), 287.

<sup>37</sup> Vatican II, *Gaudium et spes*, no. 74.

<sup>38</sup> John Paul II, *Sollicitudo rei socialis: On Social Concern* (1987), no. 38.

<sup>39</sup> *Ibid.*

<sup>40</sup> Howland T. Sanks, “Globalization and the Church’s Social Mission,” *Theological Studies*, 60:4 (1999): 629.

<sup>41</sup> John XXIII, *Pacem in terris: Peace on Earth* (Vatican City: Typis Polyglottis Vaticanis, 1963), no. 135.

### *Capitalism and Neoliberalism*

CST does not offer or mandate its own macroeconomic theory, much less seek to micromanage finance, marketing, management, international business, and the like. Instead, it offers a value structure and principles, as well as a critique of particular systems and ideologies if and when they impinge on the dignity of persons. Just as CST's social theory critiques individualism and collectivism, its teachings on political economy critique laissez faire capitalism and Marxism.

Pope John Paul II, in responding to the question of whether capitalism should be the model for Third World development in a post-Cold War world, captures the nuance of the Catholic perspective:

If by *capitalism* is meant an economic system which recognizes the fundamental and positive role of business, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a *business economy, market economy* or simply *free economy*. But if by capitalism is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical [regulatory] framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.<sup>42</sup>

Insofar as neoliberalism (sometimes called neoconservative economics) is the child of this economic “liberalism,”<sup>43</sup> Catholicism has strong reservations about whether neoliberalism is serving human dignity and the common good. John Paul II spoke disapprovingly of “a certain capitalist neoliberalism that subordinates the human person to blind market forces.”<sup>44</sup> The “idolatry of the market” mistakenly assumes that the market can effectively address all problems and human needs.<sup>45</sup> “(T)he all-consuming desire for profit”<sup>46</sup> and concentration of wealth and “financial power”<sup>47</sup> thwart human development and can be

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<sup>42</sup> John Paul II, *Centesimus annus: On the Hundredth Anniversary of Rerum novarum* (Vatican City: Typis Polyglottis Vaticanis, 1991), no. 42.

<sup>43</sup> Pius XI, *Quadragesimo anno: After Forty Years* (Vatican City: Typis Polyglottis Vaticanis, 1931), no. 27.

<sup>44</sup> As cited in John Sniegocki, “Neoliberal Globalization: Critiques and Alternatives,” *Theological Studies* 69:2 (2008): 337.

<sup>45</sup> John Paul II, 1991, no. 40.

<sup>46</sup> John Paul II, 1987, no. 37.

<sup>47</sup> John Paul II, 1991, no. 47.

numbered among the “human inadequacies of capitalism.”<sup>48</sup> Consumerism and “artificial consumption”<sup>49</sup> are characteristic of contemporary capitalism.

Nevertheless, the basic message from CST on political economy is that markets, business, economic initiative, and profits are good things. But, like everything else, they are misused if not put to truly human ends, and cannot simply be assumed to benefit the people. These two qualifications are the crux of the matter.

### *Globalization*

The theologian T. Howland Sanks argues that globalization represents a challenge and an opportunity for Catholicism and its social mission. It is a challenge because CST has historically addressed the nation-state and not civil society at large. It is an opportunity because of the “subjective side” of globalization,<sup>50</sup> “(t)he dramatic new communication technologies [that] offer the greatest possibility of all time for a heightened sense of human solidarity.”<sup>51</sup> Social scientists and theologians speak of “glocalization” as a way of preserving the particularities of local cultures and social movements amid the pressures of globalization.<sup>52</sup>

Moral evaluation of globalization is imbedded within CST’s account of the common good and the strengths and limitations of the market economy. Pope John Paul II’s *Centesimus annus* (1991) is the most recent papal social encyclical to date and the only one that speaks explicitly of globalization. Immediately after his discussion of justice and the preferential option for the poor, John Paul II notes the following:

Today we are facing the so-called ‘globalization’ of the economy, a phenomenon which is not to be dismissed, since it can create unusual opportunities for greater prosperity. There is a growing feeling, however, that this increasing internationalization of the economy ought to be accompanied by effective international agencies which will oversee and direct the economy to the common

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<sup>48</sup> *Ibid.*, no. 33.

<sup>49</sup> *Ibid.*, no. 36.

<sup>50</sup> Sanks, 1991, 631.

<sup>51</sup> *Ibid.*, 651.

<sup>52</sup> Robert J. Schreiter, *The New Catholicity: Theology Between the Global and the Local* (Maryknoll, NY: Orbis, 1997), 12.

good, something that an individual state, even if it were the most powerful on earth, would not be in a position to do.<sup>53</sup>

John Paul II then urges that these “agencies” focus on “peoples and countries which have little weight in the international market, but which are burdened by the most acute and desperate needs.”<sup>54</sup>

After 1991, John Paul II addressed globalization several times in formal speeches and ecclesial documents. In general, his criticisms of the negative effects of globalization (especially the economic effects) became more pronounced, even as he continued to accept it as a defining reality of our times and promote its political and communicative dimensions.<sup>55</sup>

Pope Benedict XVI’s pontificate began in 2005 and his first social encyclical is expected to be released in 2009. In his speeches and authoritative documents, we see a pressing concern for the direction being taken by globalization and the human and Christian mandate to repair its damage. “We cannot remain passive before certain processes of globalization which not infrequently increase the gap between the rich and the poor worldwide. We must denounce those who squander the earth’s riches, provoking inequalities that cry out to heaven.”<sup>56</sup>

On the basis of CST from John Paul II and his successor, we submit that globalization of the economy should not be met by uncritical acceptance. For instance, if globalization translates into free trade, unregulated international markets, and the dollar’s proverbial “race to the bottom”—a kind of *laissez faire* on a now global scale—it will not promote the dignity of persons. “Neoliberal globalization”<sup>57</sup> is the expression used to encapsulate this economic theory and practice, the appropriateness of which is taken for granted in the business school. “The key issue” writes John Coleman, “[is] how do we humanize globalization and make it serve our habitat and humanity?”<sup>58</sup> Economic, cultural, and ecological considerations are intertwined. In the words of John Paul II,

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<sup>53</sup> John Paul II, 1991, no. 58.

<sup>54</sup> *Ibid.*

<sup>55</sup> For examples of such criticisms, see John Sniegocki, “Neoliberal Globalization.”

<sup>56</sup> Benedict XVI, *Sacramentum caritatis: Sacrament of Charity* (Vatican City: Typis Polyglottis Vaticanis, 2007), no. 90.

<sup>57</sup> Sniegocki, “Neoliberal Globalization,” 322. Sniegocki situates CST’s approach to globalization vis à vis what he terms the mainstream, radical, and grassroots critics of globalization.

<sup>58</sup> John A. Coleman, S.J., “Making the Connections: Globalization and Catholic Social Thought,” in *Globalization and Catholic Social Thought*, Coleman and Ryan eds., 14.

Globalization, *a priori*, is neither good nor bad. It will be what people make of it. No system is an end in itself, and it is necessary to insist that globalization, like any other system, must be at the service of the human person; it must serve solidarity and the common good.<sup>59</sup>

## Business Education and the Catholic Ethic

The Catholic ethic we have described in broad strokes gives business education a new context for the development of professional skills and competency. It is *not* that business is unethical, but we cannot ignore the high profile abuses in Corporate America. The Catholic business school must decide, deliberately or by default: What *kind* of ethic will it offer students? We submit that a CST-grounded education will give them more than a professional code of conduct, more than a utilitarian calculus, more than a list of Kantian moral principles, and certainly more than ethics as a means to economic success.

The nature of this “more” emerges when John Paul II writes in general on the relationship between consumption and the holistic picture of the human person:

It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed toward “having” rather than “being,” and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself.<sup>60</sup>

Such an “ethic of being”<sup>61</sup> cultivates within the student the settled disposition or virtue of putting his or her professional skills to good use. It goes beyond the necessary work of avoiding the most egregious ethical lapses, and acknowledges that many in the world cannot be said “to have” at all. Further, the student is more likely to do what all educators speak of—“thinking outside the box”—questioning some of the assumptions of business thought and practice. A student whose unique personality has encountered the Catholic ethic and the liberal arts might be equipped to take up John Paul II’s challenge of working toward the “change of lifestyles, of models of production and consumption, and of

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<sup>59</sup> Quoted in Czerny, 2002, 13.

<sup>60</sup> John Paul II, 1991, no. 36.

<sup>61</sup> Richard M. Gula, *Reason Informed By Faith: Foundations of Catholic Morality* (New York: Paulist, 1989), 7. “The ‘ethics of being’ in a Christian context asks ‘What sort of person should I become because I believe in Christ.’” *Ibid.* For John Paul II, this character and virtues-based approach is in serious tension with materialism and consumerism (both directed toward “having” for its own sake).

the established structures of power which today govern societies.”<sup>62</sup> No doubt these are daunting words. But deans of business schools ask their students to “think big.” Finding something worthy of our talent and efforts is the Catholic idea.

When business schools focus on technical knowledge and skills needed for a job upon graduation, students are trained rather than educated. Students completing a business education program may achieve excellence in technical knowledge and skills and acquire some knowledge of basic ethical and social responsibility practices—mainly in relation to their area of study (e.g., accounting, finance). Adding business ethics and corporate social responsibility to the curriculum as a stand-alone course, or superficially embedding these concerns in different courses across the curriculum, presents a narrow view of ethics and social responsibility. Such an approach fails to help students question business theories and practices driven by ideology. This limits their moral development within a business context and their awareness of social structures at work. Furthermore, it can hinder students’ understanding of globalization and the need to address pressing global challenges together. Students develop neither the *habits of the mind* that lead them to question the underlying assumptions of what they learn, nor the *habits of the heart* by which they reflect on who they are becoming *in and through* their professional activities, and how they engage the world.<sup>63</sup>

The fragmented approach commonly used in business education curricula may help students develop the knowledge and skills they need for their first job out of college. However, as Naughton and Bausch make clear:

When a gulf between liberal arts and management curriculum occurs, it creates the impression in students that they are receiving two types of education: one that make them more human, and the other that makes them more money, but they are unclear about how the two fit together.<sup>64</sup>

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<sup>62</sup> John Paul II, 1991, no. 58.

<sup>63</sup> Interestingly, our ethic of being harmonizes with some elements of the “ethic of care” originating from the field of moral psychology in the 1980s. For instance, it is person-centered and holistic, virtue-based (not just reliant on principles of justice), and conscious of the insufficiency of technical rationality. For discussion of the ethic of care debate, see Owen Flanagan, *Varieties of Moral Personality: Ethics and Psychological Realism* (Cambridge, MA: Harvard University Press, 1991), 203-252.

<sup>64</sup> Michael Naughton and Thomas A. Bausch, “The Integrity of a Catholic Management Education,” *California Management Review*, 38:4 (1996): 121.

Furthermore, this approach reinforces the artificial separation of who we are as spiritual and religious individuals from what we do in our professional lives. According to Naughton and Bausch:

Work, seen through the eyes of faith, is a participation in God's creation. Every human work that contributes to an organization where people can develop is a participation in the ongoing creation of God. Christian faith and its intellectual tradition views work with a different *key and determining principles* that recontextualize the role of profits, efficiency, property/ownership, work, productivity, wages, quality, and so forth.<sup>65</sup>

We believe CST can guide us toward this goal and facilitate meaningful connections between the liberal arts and the business courses our students take. Finance professor Lee Tavis, reminds us that:

Catholic social teaching calls for attention to the individuality of the corporate stakeholders who are affected by the activities of the corporation. In the study of the global economic/financial system, for example, technical analysis has led to significant improvements in efficiency. Catholic social teaching requires a focus on the unevenness of the benefits associated with enhanced productivity where some people gain disproportionately while others slide further behind. The centrality of human dignity in Catholic social teaching insists that both the individual and, particularly, the poor be represented in any consideration of global resource allocation.<sup>66</sup>

More importantly, by examining globalization and its consequences through the lens of CST we present students with the possibility of engaging their moral imagination in promoting social justice in business processes. The “ethic of being” integral to CST ensures a holistic business curriculum in a global context.

## Concluding Comments

The application of CST within a global context is perhaps the most important stage in developing future business leaders who have the passion to use their knowledge, skills, and talents to be change agents for the common good. Charles Cotrell, President of St. Mary's University, stated in 2007 that “Catholic social teaching and Marianist values instill in us the obligation to serve humankind and advance the

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<sup>65</sup> Ibid, 124.

<sup>66</sup> Lee A. Tavis, “Professional Education in a Catholic University,” in *The Challenge and Promise of a Catholic University*, Theodore M. Hesburgh, ed., (Notre Dame, IN: University of Notre Dame Press, 1994), 331-332.

common good.”<sup>67</sup> He further noted, in words relevant to all mission-driven Catholic business schools, that:

As a Catholic and Marianist university, our obligation is not only to educate for service, but to provide our students the working laboratories that allow them to see the possibilities of what can be achieved by helping others—in our own neighborhood, in our nation, in our *world* [emphasis added]. By educating to serve and offering opportunities to serve we will produce graduates who are true servant leaders.<sup>68</sup>

Although business views globalization as driven primarily by an integration of markets and production facilitated by developments in technology and communication, this process has moral dimensions. The economic, political, social, and cultural features of globalization require a deeper moral understanding than either business or liberal arts alone can achieve. The current processes of economic globalization are not inevitable or predetermined, but rather “human constructions that can be changed by human decisions and ingenuity.”<sup>69</sup>

Catholic business schools should seek to cultivate in their students a global consciousness, through collaborative initiatives between business and liberal arts faculty (especially theologians and philosophers). CST is a natural point of contact between business and the liberal arts. The richness and holistic nature of CST offers a moral compass that is often lacking in traditional business ethics courses, and provides guiding principles for examining the consequences of globalization.

CST presents a balance between individual rights and community requirements. This balanced position needs to be “a product of rational public discussion”<sup>70</sup> that engages people of different faiths and backgrounds. A dialogic community can serve this purpose and encourage fruitful dialogue on globalization among the humanities, social sciences,

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<sup>67</sup> Charles L. Cotrell, “Educating for International Knowledge and Ethics in a Global Context,” *St. Mary’s University Gold & Blue* (Summer 2007), 2, [http://www.stmarytx.edu/gold&blue/pdf/G&B\\_summer2007.pdf](http://www.stmarytx.edu/gold&blue/pdf/G&B_summer2007.pdf).

<sup>68</sup> *Ibid.*

<sup>69</sup> William F. Ryan, S.J., “Personal Comments, Reflections, and Hopes,” in *Globalization and Catholic Social Thought*, Coleman and Ryan, eds., 2005, 249. Rev. Ryan made clear that the authors agreed on this point. A similar view was expressed by Steger in his book, *Globalization: A Very Short Introduction*, and by Stiglitz in his book, *Making Globalization Work*.

<sup>70</sup> Oliver F. Williams, C.S.C., “Catholic Social Teaching: A Communitarian Democratic Capitalism for the New World Order,” *Journal of Business Ethics*, 12 (1993): 928.

and business schools. The theologian Bernard Lee, makes the purpose of a dialogic community clear:

[A] dialogic community is a healthy response to a world that seems to be increasingly fragmented and hostile, a world marked by destructive conflicts along ideological, national, ethnic, religious, sexual and other lines. Dialogic community openly acknowledges these differences among us. It does not seek to suppress diversity by imposing an absolute uniformity. Instead, it seeks to engage persons and groups in constructive conversation that cuts across lines of destructive conflict.<sup>71</sup>

CST has a rich variety of resources to learn from and apply in business education. CST moves the discussion of what makes for excellence in business and economics beyond the supposedly value-free approach on the one hand and the quagmire of political ideology on the other. It allows an educational environment to develop in which our students can be inspired to become change agents for the global common good.

Archbishop J. Michael Miller reminds us that “[a] market-dominated approach to learning emphasizes technical and professional training over the formation of the whole person, replacing the dispassionate search for truth with the cult of competency.”<sup>72</sup> He states that we need to move away from this competency cult, since it cultivates the fragmentation of knowledge. Every Catholic university should have as its goal the synthesis of knowledge in its teaching and research.<sup>73</sup> Most of all, Archbishop Miller makes clear, using the words of John Paul II, that Catholic universities ought to dedicate themselves to “creating a new authentic and integral humanism.”<sup>74</sup> Integrating the values and principles of CST with the teaching of globalization in business education can help achieve this goal.

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<sup>71</sup> Bernard Lee, S.M., “Dialogic Community and University Culture,” St. Mary’s University, San Antonio, Texas, [http://www.stmarytx.edu/mission/pdf/Dialogical\\_Community\\_and\\_University.pdf](http://www.stmarytx.edu/mission/pdf/Dialogical_Community_and_University.pdf). Rev. Lee’s paper was based on an earlier paper by Dr. Dan Rigney, a sociology professor at St. Mary’s University.

<sup>72</sup> J. Michael Miller, CSB, “Catholic Higher Education in a Global Context: Trends and Responses,” *Current Issues in Catholic Higher Education*, 26:1 (2007): 28-29.

<sup>73</sup> *Ibid*, 29-30.

<sup>74</sup> Quoted in Miller, 2007, 31.

