



Conference: The Future of the Corporation: From Best in the World to Best for the World¹
5-7 January 5-7 2016

Moral Challenges to Business and Society
6 January 2016

Thank you for your invitation. Let me begin by making a rather basic point: the world needs leadership in all its fields of endeavour, and the various fields need to work together in pursuit of the common good of humanity. Everyone must play a role, and Pope Francis speaks to everyone. He exhorts those in high station in politics, business and science, and he encourages those who live and work in very humble circumstances—all must commit to meeting the needs of all who live on this planet and of the planet itself. We are all in this together, each of us responsible for the other.

Following the Pope's example, I will implore you to approach others whom you consider utterly different and therefore distant from yourselves. They are, nevertheless, your brothers and sisters. And they live in the same, one-and-only common home with you. The Holy Father has also vigorously proclaimed the necessity for leadership and participation by those on the periphery, not only in the centres of power. Here is what he said at a World Meeting of Popular Movements in Bolivia last July:

You, the lowly, the exploited, the poor and underprivileged, can do, and are doing, a lot. I would even say that the future of humanity is in great measure in your own hands, through your ability to organize and carry out creative alternatives, through your daily efforts to ensure the three "T's" of *trabajo, techo y tierra*—that is, of work, housing, land and food—and through your proactive participation in the great processes of change on the national, regional and global levels.²

Can you listen to them? Can you work *with* them and *for* them? From such an approach can flow dialogue, new perspectives for you, and crucial challenges for us all.

A. Introduction

When he speaks to the business community, Pope Francis encourages a broadened sense of vocation, which gives rise to a deepened exercise of responsibility. Two years ago, he wrote these

¹ Conference of the International Academy of Management and of the ESE Business School, Universidad de los Andes, Chile.

² Pope Francis, *Address to the Second World Meeting of Popular Movements*, Santa Cruz de la Sierra, Bolivia, 9 July 2015, § 1.

words to the World Economic Forum: "Business is - in fact - a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life."³

These are scarcely the words of someone who misunderstands or disparages business, as some would have you believe. Indeed, the Pope's message to the Davos forum was highly appreciative. With reference to improvements in people's welfare in such areas as health care, education and communications, he complimented "the fundamental role that modern business activity has had in bringing about these changes, by stimulating and developing the immense resources of human intelligence."

At the same time, he asked the world's economic leaders to recognize that "the successes which have been achieved, even if they have reduced poverty for a great number of people, often have led to a widespread social exclusion. Indeed, the majority of the men and women of our time still continue to experience daily insecurity, often with dramatic consequences."

Since then, of course, Pope Francis has given the world his wonderful encyclical *Laudato si', on Care for our Common Home*. In its light, we could add another regret, another warning to his Davos statement. Not only is there poverty and social exclusion in the midst of plenty; economic activity is also degrading the natural environment, even to the point of threatening future human life.

In my remarks, I wish to bring two documents to bear on these issues. One is *Laudato si'*, the other is a text addressed specifically to business leaders. I will give you a brief overview of both documents, and then examine several key principles of business in their light.

B. Vocation of a Business Leader: a Guide to True Success

Nearly four years ago, the Pontifical Council for Justice and Peace (PCJP) brought out a guidebook called *Vocation of the Business Leader* (VBL). It is addressed to executives, managers and owners—to all who make decisions of any scope that shape and carry out the myriad activities we call "business".

VBL applies the essentials of Catholic Social Teaching to the business world. It arose from reflections on the great social encyclical of Pope Benedict XVI, *Caritas in Veritate*. "Every Christian," he affirmed – and we add *every business leader* – "is called to practice charity in a manner corresponding to his vocation and according to the degree of influence he wields in the *polis*."⁴

The guidebook aims to help Christian business leaders develop the habit of *discernment*, the *process of discovering the good and deliberately pursuing it*. In particular, the second part of the volume prepares entrepreneurs to make sound judgments within the complex realities of business by focusing on the twin aspects of **respecting human dignity** and **pursuing the common good**. These are the foundations of the Church's social teaching. Being made in the image of God, every human possesses the dignity of a person, "who is not just something, but someone".⁵ People are ends in themselves, not mere instruments available for their utility. Furthermore each aspect of

³ Pope Francis, *Message to World Economic Forum*, 17 Jan 2014, quoting *Evangelii Gaudium* §203 http://w2.vatican.va/content/francesco/en/messages/pont-messages/2014/documents/papa-francesco_20140117_messaggio-wef-davos.html

⁴ *Caritas in Veritate*, §7.

⁵ *Catechism of the Catholic Church*, 1992, § 357.

man's social and economic life finds its fulfilment when it places itself in service of the *common good*—the good of the social and economic body and all its individual members in pursuing their fulfilment as human beings. Thus, as the Pope declared in Bolivia, the common good must be the overriding concern of economic policies:

A just economy must create the conditions for everyone to be able to enjoy a childhood without want, to develop their talents when young, to work with full rights during their active years and to enjoy a dignified retirement as they grow older.⁶

In addition to its exposition of Catholic social teaching in the context of business, VBL is also a very practical guide. It ends with checklists to help business leaders and managers develop in their vocation. Looking outwards, it helps them think about business as a genuine contribution to the common good, not an exercise of self-interest. Looking inwards, they are encouraged to pursue their career in a whole, integrated manner, without separating work from faith and family—an unnatural division that upends so many lives.

This guide is available in many languages. The Spanish title is *La vocación del líder empresarial*.⁷

C. Humanity's Vocation to Care for our Common Home

The second core document is of course the encyclical *Laudato si'*, which was released in June 2015. *Laudato si'* teaches that the way we interact with the natural world is deeply related to how we interact with our fellow human beings. In fact, there is no valid way to separate these two aspects. Therefore all decisions about the natural environment are ethical decisions. This is inescapable, and it has important implications.

It means that technology and commerce must be held to transcendental standards of the meaning of life and of the moral outlook. They must be defined by solidarity—both with all people alive today and with those not yet born—and be oriented toward the common good. It is not enough to be a business innovator and a producer of surpluses—these are worthwhile only if they serve integrated, ecological citizenship. And in this era of grave environmental crisis—actually of linked crises in the natural and social environments—Pope Francis asks us to hear, and respond to, the cry of the earth and the cry of the poor. Not only are we grievously damaging our common home, but—in doing so—we are wounding the poor and excluded of the world.

The path of the encyclical is detailed and rich. Here are some of its key takeaways:

- All human beings are affected, and everything in nature too, by climate change, misuse of natural resources, waste and pollution.
- Everything is interconnected; we cannot understand the social or natural world or any parts of them in isolation.
- Everyone must act responsibly to save our world—from individuals recycling to enterprises reducing their ecological footprints to world leaders setting and enforcing ambitious carbon reduction targets.
- We must be truthful, not hide or distort facts in order to gain selfish advantage.

⁶ Pope Francis, *Address to the Second World Meeting of Popular Movements*, Santa Cruz de la Sierra, Bolivia, 9 July 2015, § 3.1.

⁷ Pontifical Council for Justice and Peace, *La vocación del líder empresarial: Una reflexión*, 2014
http://www.iustitiaetpax.va/content/dam/justiziaepace/VBL/VBL_Castellano.pdf,

- We must engage in dialogue; genuine, trusting and trustworthy engagement of all parties is required to succeed where all is at risk.
- Beyond the industrial age's short-sighted confidence in technology and commerce,⁸ we must transcend ourselves in prayer, simplicity and solidarity.

With this brief glimpse at *Laudato si'*, I turn now to its interplay with VBL. The guidebook presents a checklist of *Six Practical Principles for Business* that I will use as a framework. As you listen, please ask yourself: What does each principle mean to me? Can I let each challenge of Pope Francis touch me? Is a broadened and radical sense of responsibility somehow "at home" inside me? Are these challenges echoed in my deepest truth and aspirations as a business executive, professor, student or citizen?

D. Six Practical Principles for Business

VBL captures the vocation of business in practical principles. They serve as points for review or self-examination, they serve as guidelines for planning. They can be remembered under the broadest of business objectives: to produce Good Goods, to provide Good Work and to achieve Good Wealth ... three specifications of "good", three ways of contributing to the "common good".

Let us look now at each objective and its two practical principles.

To produce GOOD GOODS

1. *Businesses contribute to the common good by producing goods that are truly good and services that truly serve.* This is the first way that businesses can meet the needs of the world through the development of goods and services.

The *Vocation* guidebook spells out our ability – and responsibility - to make objective moral judgments about the genuine usefulness of what a business offers or produces.⁹

Needs ought to be contrasted with mere wants, which might be characterised as those desires that are not essential to human well-being. In extreme cases, satisfying mere wants may even be detrimental to human well-being as, for example, in the sale of non-therapeutic drugs, pornography, gambling, violent video games, and other harmful products. This preoccupation with wants, often called "consumerism," severs production and consumption from the common good and impedes the development of the person. Goods that are truly good serve the needs of consumers in a hierarchical order; the need for nutritious goods, for example, clearly outweighs the wants of gambling entertainment. This is an objective order, which is why the production of goods and services must abide by truth instead of mere pleasure or utility. (VBL §42)

This concern is echoed by Pope Francis in *Laudato si'*. "Since the market tends to promote extreme consumerism in an effort to sell its products," he says, "people can easily get caught up in a whirlwind of needless buying and spending... When people become self-centred and self-enclosed, their greed increases. The emptier a person's heart is, the more he or she needs things to buy, own and consume." (§203,204)

⁸ "Short-sighted confidence in technology and commerce" is what Pope Francis sums up under "technocracy" in *Laudato si'*.

⁹ Pius XI speaks of the importance of businesses "producing really useful goods" for others in *Quadragesimo Anno*, 1931, § 51.

Laudato si' deals with another level of this concern. We must reflect on the true value of technologies themselves, the products and services that they enable, and also on the manner in which technological power is wielded. The encyclical gratefully acknowledges the tremendous contribution of technologies to the improvement of living conditions. Yet it also issues a warning about the misuse of technology, especially when it gives “those with the knowledge, and especially the economic resources to use them, an impressive dominance over the whole of humanity and the entire world” (§104).

It is precisely the mentality of technocratic domination that leads to the destruction of nature and the exploitation of vulnerable people. “The technocratic paradigm also tends to dominate economics and political life” (§109), keeping us from recognizing that “by itself the market cannot guarantee integral human development and social inclusion” (§109). We need a different standard, one in which technological development is guided by moral wisdom.

2. *Businesses maintain **solidarity** with the poor by being alert for opportunities to serve deprived and underserved populations and people in need.* This is the second way that businesses can meet the needs of the world through the development of goods and services.

In his Davos message, Pope Francis called for this “concern that ought to shape every political and economic decision, but which at times seems to be little more than an afterthought. Those working in these sectors have a precise responsibility towards others, particularly those who are most frail, weak and vulnerable...,” for example, hunger in a world of more than sufficient production, or refugees forced to flee but with nowhere secure to settle.

And yet, as the *Vocation* text points out, the real needs of the poor and the vulnerable, including people with special needs, are often overlooked by business. A positive approach is to seek opportunities to serve neglected populations, not only as a proper social responsibility but also as a great business option. At the huge “bottom of the pyramid”, new products and services—such as microenterprises, microcredit, social enterprises and impact investment—have played an important role insofar as they help the poor to address their own needs. These innovations will not only help people to lift themselves from extreme poverty but also spark their creativity and entrepreneurship and help launch a dynamic of inclusive development. (§43) In this spirit, the Pope urged the social movements to be creative: “You are social poets: creators of work, builders of housing, producers of food, above all for people left behind by the world market.” I am happy that, as leaders in the world market, you hear the Holy Father’s appeal.

In *Laudato si'*, Pope Francis speaks with great compassion of how easily the poor are driven from their land when wealthy corporations wish to extract resources; and how they lose access to clean water because of industrial processes and wasteful practices (§30). Their “life on this earth is brief and [they] cannot keep on waiting” (§162). Can we become as impatient for their needs, as we would be if our own relatives were expropriated or deprived of drinking water?

Pope Francis embraces all people, those living now and those who will come after us. We must accept responsibility for *justice between generations*: “we can no longer speak of sustainable development apart from intergenerational solidarity” (§159). His key question for humanity is put in those very terms: “What kind of world do we want to leave to those who come after us, to children who are now growing up?” (§160).

To provide GOOD WORK

3. *Businesses make a contribution to the community by fostering the special **dignity of human work**.* That is one dimension of the business objective of organising good and productive work.

Laudato si' includes a whole section on employment (*The need to protect employment*, §124-29). This is no accident, and it highlights the importance of this issue not only for this pontificate, but for the entire social magisterium of the Church. At the heart of the matter is the notion that employment, just like business, is a noble and essential vocation. It is not just about earning your daily bread, feeding your family, and accessing the basic material conditions needed for flourishing. These are all important, yes, but employment is also much more. In the words of Pope Francis, “work is a necessity, part of the meaning of life on this earth, a path to growth, human development and personal fulfilment” (§128). Work is how human dignity unfolds in everyday practical life:

Work should be the setting for this rich personal growth, where many aspects of life enter into play: creativity, planning for the future, developing our talents, living out our values, relating to others, giving glory to God. It follows that, in the reality of today’s global society, it is essential that “we continue to prioritize the goal of access to steady employment for everyone,”¹⁰ no matter the limited interests of business and dubious economic reasoning. (§127)

St. John Paul II argued that men and women share by their work in the activity of the Creator.¹¹ Pope Francis adds that they “become the instrument used by God to bring out the potential which he himself inscribed in things” (§124).

It is the duty of business to prioritise this goal of stable and secure employment. As St. John Paul II said, ownership of the means of production is just and legitimate to the extent that it serves useful work.¹² This means that business must always subordinate profits to generating employment — affirming, as he put it, the priority of labour over capital. One example given by Pope Francis is when machines take the place of work. This is often defended on grounds on efficiency and utility. Doing so suggests that human beings are interchangeable with machines as mere factors of production. But this denies the dignity of the human person. It is a perfect embodiment of what Pope Francis calls the technocratic paradigm, and its motivation usually boils down to profit.

We should think seriously about the consequences of ever more reliance on machines and robots to make work more ‘efficient’, and about the trend to ‘rationalize’ production and distribution. Clearly, the benefit is profit, but at the cost of less and less decent work. Do individuals thrive from being unemployed or precariously hired? Of course not. Does society benefit from unemployment? Of course not. In fact, we now witness far too many people who cannot find worthwhile and fulfilling work. We should not be surprised when unscrupulous people with demented fantasies recruit such idle individuals into violence and criminality.

Economics is rooted in the idea of the successful and harmonious household. If we want healthy and harmonious living in our common household, we need to make sure that those who are

¹⁰ *Caritas in Veritate*, §32.

¹¹ John Paul II, *Laborem Exercens*, 1981, §25.

¹² John Paul II, *Centesimus annus*, 1991, §43.

capable of working can actually find employment. “To stop investing in people, in order to gain greater short-term financial gain, is bad business for society.” (§128) The creation of jobs is an essential service for the common good. For this reason “it is imperative to an economy which favours productive diversity and business creativity”, and “civil authorities have the right and duty to adopt clear and firm measures in support of small producers and differentiated production”. (§129)

4. *Businesses that embrace **subsidiarity** provide opportunities for employees to exercise their gifts as they contribute to the mission of the organisation.* Here the business objective of organising good and productive work goes a big step further. (§47-50). Managers should allow employees the chance to develop themselves fully in realistic but challenging assignments; with appropriate training and tools and resources; and the full backing of the firm, so that workers learn and grow from experience rather than fearing punishment for any deficiency.

God has exercised subsidiarity by entrusting the earth to humans to keep, till and care for it; this makes human beings co-creators with God. Owners, business leaders, managers and supervisors should exercise the same subsidiarity and uphold the full human dignity, the integral human development, of those they employ and guide as a sacred trust. Indeed, the good entrepreneur is one who “gives first thought to service and second thought to gain, who [. . .] employs workingmen for the creation of goods of true worth; who does not wrong them by demanding that they take part in the creation of futilities, or even harmful and evil things ...”¹³ The principle of subsidiarity, a mirror of God’s relationship to humanity, requires restraint and a humble acceptance of the role of a servant leader.

To achieve GOOD WEALTH

5. *Businesses model **stewardship** of the resources—whether capital, human, or environmental—under their control.* The business objective of ‘good wealth’ focuses on generating sustainable wealth and distributing it justly.

For business, the stewardship role centres around adopting sustainable practices: to have an enterprise that endures for many years, and to ensure that its activities do not befoul the environment and violate human dignity. The problem, Pope Francis notes clearly, is that the logic of competition promotes short-termism, which leads to financial failure and devastation of the environment. “We need to reject a magical conception of the market, which would suggest that problems can be solved simply by an increase in the profits of companies or individuals”, he says (§190).

Instead, *Laudato si’* calls for “the economic and social costs of using up shared environmental resources” to be “recognized with transparency and fully borne by those who incur them, not by other peoples or future generations” (§195). Only then can business activities be seen as ethical. This will not happen when short-term profit maximization is seen as the unquestionable goal.

¹³ Oswald von Nell-Breuning, *Reorganization of Social Economy*, (Milwaukee: The Bruce Publishing Co., 1936), 115-116. Quoted in VBL, §42.

The Holy Father is not anti-business; he decries an obsession with profit and the deification of the market. But when it comes to the challenges of sustainable development, he calls upon business to lead by harnessing its creativity to solve pressing human needs. And this does not mean forsaking the profit motive. “More diversified and innovative forms of production which impact less on the environment can prove very profitable,” says Pope Francis (§191).

This is especially important in the wake of the Paris Agreement, in which the nations of the world pledged to move away from fossil fuels as soon as possible, with the goal of reaching net-zero greenhouse gas emissions in the second half of the century. This ambitious goal is what our common home requires—to make sure that our children and those who come after us inherit a habitable planet. Governments can come up with agreements, laws, and regulations, but the implementation falls to many social forces. If business is to lead, then let’s deploy the finance, re-organization and technology needed to decarbonize the global economy. The Holy Father, I am sure, is confident that businesses, like those represented here, are up to the task.

6. *Businesses are just in the allocation of benefits to all stakeholders: employees, customers, investors, suppliers, and the community.* As I mentioned, the business objective of ‘good wealth’ focuses on generating sustainable wealth and distributing it justly.

God is the Creator of all—we can think of the entirety of creation, we can think of all people, we can think of the gift of all goods to all of humanity. Catholic social teaching articulates this as the universal destination of goods. It goes hand in hand with the fundamental principle of the *common good*. The *Vocation* text makes this point clearly:

While property and capital should as a rule be privately held, the right to private property should be “subordinated to the right to common use, to the fact that goods are meant for everyone”.¹⁴ ... Denying people legitimate access to the fruits of the earth, especially the means to sustain life, amounts to a negation of God’s command to humanity to discover, cultivate and use its gifts. (§56)

Pope Francis points out that this is a moral obligation, even a commandment. In Bolivia, he said:

Working for a just distribution of the fruits of the earth and human labour is not mere philanthropy. It is a moral obligation. For Christians, the responsibility is even greater: it is a commandment. It is about giving to the poor and to peoples what is theirs by right. The universal destination of goods is not a figure of speech found in the Church’s social teaching. It is a reality prior to private property. Property, especially when it affects natural resources, must always serve the needs of peoples.¹⁵

This, Pope Francis wrote to the WEF two years ago, “calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.”¹⁶

¹⁴ John Paul II, *Laborem Exercens*, §14).

¹⁵ Pope Francis, *Address to the Second World Meeting of Popular Movements*, Santa Cruz de la Sierra, Bolivia, 9 July 2015, § 3.1

¹⁶ Pope Francis, *Message to World Economic Forum*, 17 Jan 2014.

With the Paris Agreement, it is not only generated wealth that should be distributed justly. Justice must also reign over the distribution of the burden of environmental rehabilitation. Those who have contributed most to greenhouse gas emissions and have benefitted most from the industrial period, should now take the lead and contribute more to the solution than those whose standard of living is just beginning to rise. As a first step, they must be ever more honest about so-called *externalities* or *spillover effects*, since finally nothing is outside of the accounts of our one shared common household.

E. Conclusion

As a business leader, one of your roles is to be a good steward. We would expect to hear this in *Laudato si'*, yet the word “steward” is used only twice, “administrador” only once. Instead, Pope Francis talks about *care*, *cuidar* and *custodiar*. It is in the title, “Care for our Common Home, el Cuidado de la casa común,” and is repeated dozens of times. Care goes further than “stewardship”. Good stewards take responsibility and fulfil their obligations to manage and to render an account. But one can be a good steward without feeling connected. If one *cares*, however, one is connected. To *care* is to allow oneself to be affected by another, so much so that one’s path and priorities change. Good parents know this. They care about their children; they care for their children, so much so that parents will sacrifice enormously—even their lives—to ensure the safety and flourishing of their children. With caring, the hard line between self and other softens, blurs, even disappears.

I urge you to think of your relationship with the world and with all people in terms of *caring*. Jesus guides us in this vocation with images from the world of work. He says:

I am the good shepherd. The good shepherd lays down his life for the sheep. The hired hand, who is not the shepherd and does not own the sheep, sees the wolf coming and leaves the sheep and runs away—and the wolf snatches them and scatters them. The hired hand runs away because a hired hand does not care for the sheep. I am the good shepherd. I know my own and my own know me, just as the Father knows me and I know the Father. And I lay down my life for the sheep. (John 10:11-15)

So, how can private corporations become “a force of social improvement and flourishing”? By exercising a “renewed, profound and broadened sense of responsibility”. Not waiting for ‘the market’ to decide, but taking the risk of doing what is right because it is right and so changing the market for the better.

Caring for our common home requires, as Pope Francis says, not just an economic and technological revolution, but also a cultural spiritual revolution—a profoundly different way of approaching the relationship between people and the environment, a new way of ordering the global economy. And this in turn, places a great responsibility on the shoulders of business leaders and also popular leaders. But I am confident that you are up to the task!

In this Year of Mercy, let compassion and caring guide your creativity and business prowess to make this a better world.

Cardinal Peter K.A. Turkson
President