

February 06, 2013

## The purpose of business: Advancing the common good

WHAT IS the purpose of business? Asked this question, any random group will probably have the majority saying: "To make money, of course." It may come as a surprise to some that a growing number of business leaders assume a much wider purpose of business. One of those leaders, John Mackey, CEO of Whole Foods Market, puts it this way: "The purpose of business is to create sustainable value for all stakeholders." (See his recent coauthored book, *Conscious Capitalism*). Other business leaders who share this perspective include Howard Schultz of Starbucks, Bill Kelleher of Southwest Airlines, Bill George of Medtronic, Ratan N. Tata of Tata Sons, and Biz Stone of Twitter. Increasingly, business leaders are focusing on the dignity of all their stakeholders, and firms are taking on projects in the wider society to alleviate poverty. They do this not because business caused these problems, but rather because as thinking and feeling human beings, they realize that their organizations might have the managerial talent and resources to act where governments are unable or unwilling to do so. These leaders have a sense of being called upon to seek the common good, to make a difference, to make the world a better place for their having been there.

This "calling" is often discussed with the term "vocation." This "servant leadership" perceives the interconnectedness among life and all its enterprises, especially business and the environment. While it is true that some of this activity is done simply to respond to society's expectations, a growing number of leaders do it because they believe it is the right thing to do. To be sure, there are still many flaws in the economic system, yet there is hope that men and women with a moral compass will help shape our public and private institutions toward a more just world. Catholic Social Teaching (CST) may provide a helpful moral compass. While the Catholic Church has always reflected on the social and political implications of biblical teaching, it has developed within the last 120 years a body of official teaching on social ethics known as CST.

A business leader trying to run a firm with the moral compass of CST would respect the dignity of all significant stakeholders involved with the business. Many businesses focus on one stakeholder, often the stockholders. Others focus on consumers and try to offer them the best quality products at the lowest prices. Some businesses have succeeded greatly in employing this strategy, focusing on consumers but neglecting employees and sub-contractors. This strategy often results in not paying a living wage and in purchasing products made in developing countries under sweatshop conditions. The ideal firm envisioned by CST, however, would attend to the dignity of all significant stakeholders involved.

Creating value for employees, for example, would mean paying a living wage, enabling them to exercise their right of participation in the society. Creating value for suppliers might mean assisting them with a code of conduct enabling workers to be free from harassment. Creating value for the environment might mean designing processes, products, and packaging that promote and protect the environment. Creating value for the wider society might mean assisting children who have cancer or working on projects for the poor. Finally, creating value for the shareholder means returning well on investments. The person, created in the image and likeness of God, whether he or she be a consumer, a stockholder, an employee, a subcontractor in a developing country, or a member of the local community, must be respected.

On March 30, 2012, Cardinal Peter Turkson, president of the Pontifical Council for Justice and Peace, issued a document titled "Vocation of the Business Leader." In practical, down-to-earth terms, these reflections outline CST and offer a set of questions designed to enlist business leaders in the difficult task of applying the principles. (The text is available at

[www.pcgp.it/dati/2012-05/04-999999/Vocation%20ENG2.pdf](http://www.pcgp.it/dati/2012-05/04-999999/Vocation%20ENG2.pdf)).

The opening line of the executive summary of the document sets the tone of the reflections: "When businesses and market economies function properly and focus on serving the common good, they contribute greatly to the material and even the spiritual well-being of society" (page 2). Thus, business not only produces goods and services but also cultivates virtue. This is a remarkable affirmation of the role of business in society.

*Fr. Oliver Williams is a visiting scholar at De La Salle University (DLSU). He is based at the University of Notre Dame in Indiana, USA, and is a member of the board of the Global Compact Foundation. He may be reached at [Oliver.F.Williams.80@nd.edu](mailto:Oliver.F.Williams.80@nd.edu). Fr. Williams will address members of the Catholic Educational Association of the Philippines and business leaders in a public forum entitled "Business for the Common Good: The United Nations Global Compact and Principles for Responsible Management Education" at DLSU today at 9 a.m. Inquiries about the UN Global Compact and the UN-PRME may be sent to Dr. Benito Teehankee, chairman of the Management and Organization Department of the Ramon V. Del Rosario College of Business, at [benito.teehankee@dlsu.edu.ph](mailto:benito.teehankee@dlsu.edu.ph). The views expressed above are the author's and do not necessarily reflect the official position of DLSU, its faculty, and administrators.*

**Article location :** [http://www.bworldonline.com/content.php?section=Opinion&title=The purpose of business: Advancing the common good&id=65458](http://www.bworldonline.com/content.php?section=Opinion&title=The+purpose+of+business:+Advancing+the+common+good&id=65458)