


















“The world needs genuine witness to Christian ethics in the field of business, and the Church asks you to fulfill this role publicly and with perseverance.”

- Pope John Paul II
Address to Legatus



Christian Business Ethics

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Christian Business Ethics

"With God all things are possible" (Matthew 19:26)

☒ Morality and religion

Moral theology deals with the moral actions of man; but unlike ethics, it has its origin in supernaturally revealed truth. It draws its knowledge for the most part from Christian Revelation. The relationship between man's freedom and God's law is most deeply lived out in the "heart" of the person, in his moral conscience. As the Second Vatican Council observed, "In the depths of his conscience, man detects a law which he does not impose on himself, but which holds him to obedience. Always summoning him to **LOVE GOOD** and **AVOID EVIL**, the voice of conscience can, when necessary, speak to his heart.

For man has in his heart a law written by God. To obey it is the very dignity of man; according to it he will be judged (Romans 2:14-16)

The Church knows that the issue of morality is one which deeply touches every person; it involves all people, even those who do not know Christ and his Gospel or God himself. She knows that it is precisely on the path of the moral life that the way of salvation is open to all. The Second Vatican Council clearly recalled this when it stated that "those...who search for God with a sincere heart and under the influence of grace...try to put into effect the will of God as known to them through the dictate of conscience... can obtain eternal salvation".

Pope John Paul II said that at all times, but particularly in the last two centuries, the Popes, whether individually or together with the College of Bishops, have developed and proposed a moral teaching regarding the many different spheres of human life. In Christ's name and with his authority they have exhorted, passed judgment and explained. In their efforts on behalf of humanity, in fidelity to their mission, they have confirmed, supported and consoled. With the guarantee of assistance from the Spirit of truth they have contributed to a better understanding of moral demands in the areas of ... social, economic and political life.

In the history of humanity, the teachings of the Church represent a constant deepening of knowledge with regard to morality.

God created man as a rational being, conferring on him the dignity of a person who can initiate and control his own actions. As long as freedom has not bound itself definitively to its ultimate good which is God, there is the possibility of choosing between good and evil, and thus of growing in perfection or of failing and sinning. Freedom is exercised in relationships between human beings. The right to exercise of freedom, especially in moral and religious matters, is an inalienable requirement of the dignity of the human person.

Moreover, the economic, social, political and cultural conditions that are needed for a just exercise of freedom are too often disregarded or violated. Such situations of blindness and injustice injure the moral life and involve the strong as well as the weak in temptation to sin against charity.

Social, political and cultural injustices injure the moral life



The right to exercise freedom, especially in religious and moral matters, is an inalienable requirement of the dignity of man. But the exercise of freedom does not entail the putative right to say or do nothing. Freedom makes man a moral subject. When he acts deliberately, man is effectively the father of his acts. Human acts that are freely chosen in consequence of a judgment or conscience can be morally evaluated...they are either good or evil.

The right to exercise freedom in moral matters is a requirement of the dignity of man

The morality of human acts depends on: the object chosen, the intention and the circumstances of the action. The object chosen is the matter of a human act. It specifies the act of the will, in so much as reason recognizes and judges it to be or not to be in conformity with the true good. The intention resides in the acting subject. It lies at the voluntary source of an action and is an essential element to the moral evaluation of an action. The circumstances, as well as consequences, are secondary elements of the moral act. Circumstances cannot change the moral quality of the acts themselves; making neither good nor right an action that is in itself evil. St. Thomas Aquinas said, "an evil action cannot be justified by reference to a good intention." Said another way, the end does not justify the means.

The morality of human acts depend on the object, intention and circumstances

Passions or feelings can dispose persons to deliberate acts. Passions, in of themselves, are neither good nor evil. They are morally qualified only to the extent that they effectively engage reason and will. The principal passions are love and hatred, desire and fear, joy, sadness and anger.

The moral life of Christians is sustained by the gifts of the Holy Spirit. The seven gifts of the Holy Spirit that sustain the moral life of Christians are wisdom, understanding, counsel, fortitude, knowledge, piety, and the fear of the Lord.

Church tradition says the first fruits of eternal glory that sustain the moral life of Christians are "charity, joy, peace, patience, kindness, goodness, generosity, gentleness, faithfulness, modesty, self-control and chastity."
(Galatians 5:22-23)

In today's world of distortion and denial, it is important to reflect on the whole of the Church's moral teaching, with the precise goal of recalling certain fundamental truths of Catholic doctrine. Jesus said, "If you wish to enter into life, keep the commandments". By respecting all the moral demands of the commandments, we represent the absolutely essential ground in which the desire for perfection can take root and mature, the desire, that is, for the meaning of the commandments to be completely fulfilled in following Christ.

The Decalogue (ten words) states the principles of moral life valid for every man.

Sources: Catechism of the Catholic Church, Catholic Encyclopedia, Splendor of Truth Encyclical



The Ten Commandments

The principles of moral life – engraved by God in the human heart

I am the Lord your God – you shall not have strange Gods before me

Man must believe in God, to hope in him and to love him above all else

You shall not take the name of the Lord your God in vain

Perjury is a grave offense against the Lord who is always faithful to his promises

Remember to keep holy the Lord's Day

Every Christian should avoid making unnecessary demands on others that would hinder them from observing the Lord's Day

Honor your father and mother

We must honor all who, for our good, have received authority in society from God

You shall not kill

Our Lord asks for peace of heart and to denounce murderous anger and hatred as immoral

You shall not commit adultery

Love is the fundamental and innate vocation of every human being

You shall not steal

The good created by God for everyone should in fact reach everyone in accordance with justice and with the help of charity

You shall not bear false witness

The golden rule helps one discern whether or not it would be appropriate to reveal the truth to someone who asks for it

You shall not covet your neighbor's wife

Purity of heart requires the kind of modesty which is patience, decency and discretion

You shall not covet your neighbor's goods

We are forbidden the insatiable greed arising from a passion for riches, wealth and their attendant power

Source: Catechism of the Catholic Church



The Sermon on the Mount begins with the proclamation of the Beatitudes, but also refers to the commandments (Matthew 5:20-48). At the same time, the Sermon on the Mount and Beatitudes demonstrate the openness of the commandments and their orientation towards the horizon of the perfection from which there also indirectly flow normative indications for the moral life. The Beatitudes speak of basic attitudes and dispositions in life and therefore they do not coincide exactly with the commandments. However, there is no separation or opposition between the Beatitudes and the commandments; both refer to the good, to eternal life.

The Beatitudes and Ten Commandments both refer to the good, to the eternal life

The Beatitudes we are promised confront us with decisive moral choices. They invite us to purify our hearts of bad instincts and to seek the love of God above all else. They teach us that true happiness is not found in riches or well-being, in human fame or power, or in any human achievement – however beneficial it may be – such as science, technology, and art, or indeed in an creature, but in God alone, the source of every good and of all love. The beatitudes, therefore, confront us with decisive choices concerning earthly goods; they purify our hearts in order to teach us to love God above all things.

The Beatitudes

Confront us with decisive moral choices and to love God above all things

Blessed are the poor in spirit, for theirs is the kingdom of heaven.

Blessed are those who mourn, for they shall be comforted.

Blessed are the meek, for they shall inherit the earth.

Blessed are those who hunger and thirst for righteousness, for they shall be satisfied.

Blessed are the merciful, for they shall obtain mercy.

Blessed are the peacemakers, for they shall be called sons of God.

Blessed are those who are persecuted for righteousness' sake, for theirs is the kingdom of heaven.

Blessed are you when men revile you and persecute you and utter all kinds of evil against you falsely on my (Jesus) account. Rejoice and be glad, for your reward is great in heaven.

Source: Catechism of the Catholic Church



Natural Law – *Rules of Conduct*

In its strictly ethical application, the natural law is the rule of conduct which is prescribed to us by God in the formation of our endowed character. Wherever we find man, we find him with a moral code, which is founded on the principle that *good is to be done and evil avoided*. According to St. Thomas, the natural law is "nothing else than the rational creature's participation in the eternal law". The eternal (natural) law is God's wisdom, inasmuch as it is the directive norm of all movement and action.

The natural law is founded on the principle to DO GOOD and AVOID EVIL

The natural law consists of one supreme and universal principle, from which are derived all our natural moral obligations or duties. The natural law is universal in that it applies to the entire human race, and is in itself the same for all. Conforming to the universal order willed by God, every man is bound by the natural law to live in conformance with his own rational nature, and to be guided by reason.

The natural law is universal and applies to the entire human race

Founded in our nature and revealed to us by our reason, the moral (natural) law is known to us through our reason bringing knowledge and understanding. St. Paul says the moral law is written in the human heart (Romans 2:14) and therefore we cannot be ignorant of the natural law. The general teaching of theologians is that the supreme and primary principle is necessarily known to every one having the actual use of reason.

The natural law is written in the human heart (Romans 2:14)

The natural law is a true law, for through it the mind of God imposes rational creatures their obligations and prescribes their duties. As the fundamental and all-embracing obligation of conscience imposed upon man by the Creator, the natural law is the one to which all his other obligations are attached.

The natural law is a fundamental, all-embracing obligation of the conscience

Man, endowed with reason and free will, must depend on practical principles and judgment which guides his order of conduct, and as such cannot be led by blind impulses and instincts. These principles must somehow or other be manifested to him by nature.

The natural laws says Man cannot be led by blind impulses and instincts

The natural law is the foundation of all human law inasmuch as it ordains that man shall live in society, and society for its constitution requires the existence of an authority, which shall possess the moral power necessary to control the members and direct them to the common good. Human laws are valid and equitable only in so far as they correspond with, and enforce or supplement the natural law; they are null and void when they conflict with it.

Human laws are null and void when they conflict with the natural law

Source – Catholic Encyclopedia



History of Ethics

The history of ethics is concerned solely with the various philosophical systems which in the course of time have been elaborated with reference to the moral order. Ethics was first studied among the Greeks, i.e. in the teaching of Socrates (470- 399 B.C.). According to him the ultimate object of human activity is happiness, and the necessary means to reach it, virtue, which can be imparted by instruction.

Socrates taught the ultimate object of human activity is happiness

The disciple of Socrates, Plato (427-347 B.C.) declared that the ultimate good consists in the perfect imitation of God. Virtue enables man to order his conduct according to the dictates of reason, and acting thus he becomes like unto God. But Plato differed from Socrates in that he did not consider virtue to consist in wisdom alone, but in justice, temperance, and fortitude as well, these constituting the proper harmony of man's activities.

Plato considered virtue to consist of wisdom, justice, temperance and fortitude

Plato's illustrious disciple, Aristotle (384-322 B.C.), must be considered the real founder of systematic ethics. He set out that all men tend to happiness as the ultimate object of all their activities, as the highest good, and to which all other goods merely serve as means. This happiness could not consist in external goods, but only in the activity proper to human nature - not indeed in full light on these and similar questions.

Aristotle wrote happiness could only be achieved in the proper activity of human nature

As St. Paul teaches God has written his moral law in the hearts of all men, even of those outside the influence of Christian Revelation. This law manifests itself in the conscience of every man and is the norm according to which the whole human race will be judged on the day of reckoning. In consequence of their perverse inclinations, this law had to a great extent become obscured and distorted among the pagans.

St. Paul taught God's natural law which over time became distorted among the pagans

Theology reaped abundant fruit from the works of Aristotle, which had until then been a sealed treasure to Western civilization, and had first been elucidated by the detailed and profound commentaries of St. Albert the Great and St. Thomas Aquinas and pressed into the service of Christian philosophy. Christianity restored the natural law to its faultless integrity. Proper ethical methods were now unfolded and soon adopted in the early ages of the Church by the Fathers and ecclesiastical writers. Illustrious Doctors of the Church, Ambrose, Jerome, and Augustine, all exposed and defended the Christian truth, making use of the principles laid down by the pagan philosophers. There was no longer occasion to treat moral questions from a purely philosophical standpoint, and independently of Christian Revelation; but rather explanations and writings of especially of Albert the Great (1193-1280), Thomas Aquinas (1225-1274), Bonaventure (1221-1274), and Duns Scotus (1274-1308).

St. Thomas Aquinas and other Christian writers restored the truth that God's moral law is in the hearts of every man



Since the sixteenth century special chairs of ethics (moral philosophy) have been erected in many Catholic universities. The larger, purely philosophical works on ethics did not appear until the seventeenth and eighteenth centuries. Quite an influential factor in the development of ethics was Thomas Hobbes (1588-1679) who believed the human race originally existed for every man to freely act as he pleased, and possessed a right to all things. This authority ordains, by the law of the State, what is to be considered by all as good and as evil, and only then does there arise a distinction between good and evil of universal binding force on all.

Thomas Hobbes argued good and evil was a function of the State and not God

A complete revolution in ethics was introduced by Immanuel Kant (1724-1804). Kant's philosophy is generally designated as a system of transcendental criticism tending towards Agnosticism in theology, and favoring the view that Christianity is a non-dogmatic religion. From the wreck of pure theoretical reason he turned for rescue to practical reason, in which he found an absolute, universal, and categorical moral law. It is rather the law of our own reason, which is, therefore, autonomous and must be observed for its own sake, without regard to any pleasure or utility.

Immanuel Kant's universal morality was law of our own reason

While, among non-Catholics ever since the Reformation, and especially since Kant, there has been an increasing tendency to divorce ethics from religion, and to dissolve it into countless venturesome and frequently contradictory systems. Catholics for the most part have remained free from these errors, because, in the Church's infallible teaching authority, the Guardian of Christian Revelation, they have always found secure orientation. Modern ethical systems have given occasion to a thorough investigation and verification of principles of the moral order, with the past reawakening of Catholic teachings.

Catholics do not divorce ethics from religion because of the Church's infallible teaching authority as the Guardian of Christian Revelation

Source – Catholic Encyclopedia



Theoretical

Ethics is usually divided into two parts; theoretical and applied. Theoretical ethics expands and verifies the general principles and concepts of the moral order while applied ethics applies these general principles to the various relations of man, and determines his duties in particular. Theoretical ethics teaches that man must do good and avoid evil, and must inflict injury upon no one. God is the Creator, Master, and ultimate end of man and from these relations arise man's duties toward God. Presupposing his own individual efforts, he is, with God's assistance, to hope for eternal happiness from Him; he must love God above all things as the highest, infinite good, in such a manner that no creature shall be preferred to Him; he must acknowledge Him as his absolute lord and master, adore and reverence Him, and resign himself entirely to His holy Will.

Theoretical ethics verifies the principles and concepts of the moral order

Applied

Applied ethics, called by many sociology, considers man as a member of society, as far as this can be made the subject of philosophical investigation. Man is by nature a social being; out of his innate needs, inclinations, and tendencies the family and State necessarily arise. Applied ethics descends to particulars and demonstrates what is good or bad, right or wrong, and therefore to be done or avoided in the various relations of human life.

Logic and ethics are normative and practical sciences, because they prescribe norms or rules for human activities and show how, according to these norms, a man ought to direct his actions. Applied ethics is pre-eminently practical and directive; for it orders the activity of the will, and the latter it is which sets all the other faculties of man in motion. Moreover, ethics not only directs a man how to act if he wishes to be morally good, but sets before him the absolute obligation he is under of doing good and avoiding evil.

Applied ethics prescribes norms or rules on how a man ought to direct his actions



Myths about ethics represent a conflict between the secular world and moral theology.

Myth # 1 - Ethics is feelings

While feelings provide important information for our ethical choices, they make some people feel bad when they are doing something wrong and other feel good – even when they are doing something wrong.

The Church teaches that God has imprinted a moral conscience in every Man that forms a base to discern our feelings

Myth # 2 - Ethics is not religion

While the history of ethics originated with Pagan philosophers and many people may not be religious, ethics applies to everyone by natural law. Ethics cannot be divorced from religion because of the Church's infallible teaching authority as the Guardian of Christian Revelation.

The Church teaches the principles of a moral life is engraved by God in the human heart

Myth # 3 - Ethics is following the law

A good system of law does incorporate many ethical standards, but law can deviate from what is ethical. Law can become ethically corrupt, as some totalitarian regimes have made it. Law can also be a function of power alone and designed to serve the interests of narrow groups.

The Church teaches that human laws are void when they conflict with the Natural law

Myth # 4 - Ethics is following culturally accepted norms

More and more, human communities are becoming ethnically, culturally, and religiously diverse. Popular culture suggests we need secular values as a basis for public laws because only godless, secular values are independent of the many religious traditions in a community.

The Church does not divorce ethics from religion because of the Church's infallible teaching authority as the Guardian of Christian Revelation

Myth # 5 - Ethics is science

While social and natural science can provide important data to help us make better ethical choices, science alone does not tell us what we ought to do. Ethics provides reasons for how humans ought to act.

The Church teaches ethics is a right response to the reality of physics

Adapted: The Markkula Center for Applied Ethics – University of Santa Clara, Catechism of the Catholic Church



Ethics refers to standards of behavior that tell us how human beings ought to act in the many situations in which they find themselves as friends, parents, children, citizens, teachers, professionals, and business persons. The more novel and difficult the ethical choice we face, the more we need to rely on discussion and dialogue with others about the dilemma. Only by careful exploration of the problem, aided by the insights and different perspectives of others, can we make good ethical choices in such situations.

Methods can become familiar and help us how to act in many situations

The following framework for ethical decision making is a useful method for exploring ethical dilemmas and identifying ethical courses of action.

Standard # 1 - The Utilitarian Approach

Some empathize that the ethical action is the one that provides the most good or does the least harm, or, to put it another way, produces the greatest balance of good over harm. The ethical corporate action, then, is the one that produces the greatest good and does the least harm for all who are affected; customers, employees, shareholders, the community, and the environment. The utilitarian approach deals with consequences; it tries both to increase the good done and to reduce the harm done.

Our actions should deal with consequences to increase the good and reduce harm

Standard # 2 - The Rights Approach

Other philosophers and ethicists suggest that the ethical action is the one that best protects and respects the moral rights of those affected. This approach starts from the belief that humans have a dignity based on their human nature or on their ability to choose freely. On the basis of such dignity, they have a right to be treated as ends and not merely as means to other ends. The list of moral rights, including the rights to make choices about what kind of life to lead, to be told the truth, not to be injured, to a degree of privacy, and so on, is widely debated.

Humans have a dignity and right to be treated as an ends and not merely means to other ends

Standard # 3 - The Fairness or Justice Approach

Aristotle and other Greek philosophers have contributed the idea that all equals should be treated equally. Today we use this idea to say that ethical actions treat all human beings equally, or if unequally, then fairly based on some defensible standard. We fairly pay people more based on their harder work or the greater amount that they contribute to an organization. Many ask whether the huge disparity in pay is based on a defensible standard or whether it is the result of an imbalance of power and hence is unfair.

Ethical actions should treat all human beings equally or fairly based on defensible standards



Standard # 4 - The Common Good Approach

The Greek philosophers have also contributed the notion that life in community is a good in itself and our actions should contribute to that life. This approach suggests that the interlocking relationships of society are the basis of ethical reasoning and that respect and compassion for all others, especially the vulnerable, are requirements of such reasoning. This approach also calls attention to the common conditions that are important to the welfare of everyone

Relationships of society are based on respect and compassion for everyone, especially the vulnerable

Standard # 5 - The Virtue Approach

An ancient approach to ethics is that ethical actions ought to be consistent with certain ideal virtues that provide for the full development of our humanity. These virtues are dispositions and habits that enable us to act according to the highest potential of our character and on behalf of values like truth and beauty. Honesty, courage, compassion, generosity, tolerance, love, fidelity, integrity, fairness, self-control, and prudence are all examples of virtues.

Ethical actions ought to be consistent with ideal virtues for full development of humanity

Adapted: The Markkula Center for Applied Ethics – University of Santa Clara



Decision-making



A framework for ethical decision making can be very helpful for recognizing ethical issues. Some questions that can lead to such a discovery include:

Ethical Issue

1. Is there something wrong personally, interpersonally, or socially?
2. Could the conflict, the situation, or the decision be damaging to the community?

Facts

3. Does the issue go beyond legal or institutional concerns?
4. What does it do to people, who have dignity, rights, and hopes for a better life together?
5. What are the relevant facts of the case? What facts are unknown?
6. What individuals and groups have an important stake in the outcome?
7. Do some have a greater stake because we have special obligations to them?
8. What are the options for acting?
9. Have all the relevant persons and groups been consulted?
10. If you showed your list of options to someone you respect, what would that person say?

Utilitarian Approach

11. Which option will produce the most good and do the least harm?

Rights Approach

12. Even if not everyone gets all they want, will everyone's rights and dignity be respected?
13. The ethical action is the one that most dutifully respects the rights of all affected.

Fairness or Justice Approach

14. Which option is fair to all stakeholders?

Common Good Approach

15. Which option would help more fully in the life we share as a family, community, society?

Virtue Approach

16. Would you want to become the sort of person who acts this way?

Make Decision

17. Considering all these perspectives, which of the options is the right or best thing to do?
18. If you told someone you respect, what would that person say?
19. If you had to explain your decision on television, would you be comfortable doing so?

Implement Decision

20. How did it turn out for all concerned?
21. If you had it to do over again, what would you do differently?

Adapted: The Markkula Center for Applied Ethics – University of Santa Clara



Personal

Personal ethics might also be called morality, since they reflect general expectations of any person in any society, acting in any capacity. These are the principles we try to instill in our children, and expect of one another without needing to articulate the expectation or formalize it in any way.

Principles of Personal Ethics could include concern for the well-being of others, respect for the autonomy of others, trustworthiness and honesty, willing compliance with the law, basic justice; being fair, refusing to take unfair advantage, benevolence or doing good and preventing harm.

Dr. John Maxwell, the noted author and expert on leadership says there is one guideline to govern all ethical decision making and that is based on the GOLDEN RULE – Do unto others as you would have them do unto you...How would I want to be treated in this situation?

The Golden Rule is a good guideline for governing personal ethics

Research shows that the Golden Rule exists in many variations amongst the world religions:

Christianity – “Whatever you want men to do to you, do also to them.” (Matthew 7:12)

Islam – “No one of you is a believer until he loves for his neighbor what he loves for himself.” (The Traditions of Mohammed)

Judaism – “What is hateful to you, do not do to your fellow man. This is the entire Law; all the rest is commentary.” (Talmud, Shabbat 31a)

Buddhism – “Hurt not others with that which pains yourself.” (Udana-Varga 5,1)

Hinduism – “This is the sum of duty; do naught unto others what you would not have them do unto you.” (Mahabharata 5, 1517)

Confucianism – “What you do not want done to yourself, do not do to others.” (Analects 15:23)

Bahai – “And if thine eyes be turned towards justice, choose thou for thy neighbour that which thou chooseth for thyself.” (Epistle to the Son of the Wolf, 30)

Dr. Maxwell points out we should consider adopting the Golden Rule as a basis for personal ethics for the following reasons:

1. The Golden Rule is Accepted by Most People.
2. The Golden Rule is Easy to Understand
3. The Golden Rule is a Win-Win Philosophy.
4. The Golden Rule is a Compass When you Need Direction.

All people want to be valued, appreciated, trusted, respected, understood and not disadvantaged



Professional

Individuals acting in a professional capacity take on an additional burden of ethical responsibility. Professional associations have codes of ethics that prescribe required behavior within the context of a professional practice such as medicine, law, accounting, or engineering.

These written codes provide rules of conduct and standards of behavior based on the principles of Professional Ethics, which include impartiality, objectivity, openness, full disclosure, confidentiality, due diligence, duty of care, fidelity to professional responsibilities and avoiding potential or apparent conflict of interest.

Codes of ethics provide rules of conduct and standards of behavior

Even when not written into a code, principles of professional ethics are usually expected of people in business, employees, volunteers, elected representatives and so on.

Organizations can manage ethics in their workplaces by establishing an ethics management program. Brian Schrag, Executive Secretary of the Association for Practical and Professional Ethics, clarifies. "Typically, ethics programs convey corporate values, often using codes and policies to guide decisions and behavior, and can include extensive training and evaluating, depending on the organization. They provide guidance in ethical dilemmas." Rarely are two programs alike.

Codes of conduct guide decisions and behavior

"All organizations have ethics programs, but most do not know that they do," wrote business ethics professor Stephen Brenner in the *Journal of Business Ethics* (1992, V11, pp. 391-399). "A corporate ethics program is made up of values, policies and activities which impact the propriety of organization behaviors."

Most organizations do not know the purpose of ethics programs

Bob Dunn, President and CEO of San Francisco-based Business for Social Responsibility, adds: "Balancing competing values and reconciling them is a basic purpose of an ethics management program. Business people need more practical tools and information to understand their values and how to manage them."

Business people need more practical tools to help them reconcile competing business values



A company's code of ethics (conduct) typically states values that are important to the organization and can include principles of responsibility, integrity, justice and respect. Ethical standards can include unfair discrimination, sexual harassment, privacy, confidentiality, record keeping, education and training. **Business ethics are often created for legal liability purposes, such as in response to the Sarbanes-Oxley Act of 2002** which is considered the most significant change to federal securities laws in the United States since the New Deal. The Act was created in the wake of broken public trust from a series of corporate financial scandals, including Enron, Arthur Andersen and WorldCom.

A code of ethics can include principles of responsibility, integrity, justice and respect

Generalized Principles of Business Ethics

Principle # 1 - Work Is Valuable

Responsible and productive work makes important contributions to our economic system and to our individual lives. To be productive, work needs to be worthwhile at four levels--to the worker, the customer, the employer and its owners, and society as a whole. Achieving this goal is a primary responsibility of business.

Through work man must unceasingly elevate the cultural and moral level of the society within which he lives

(Encyclical on Human Work, Pope John Paul II)

Principle # 2 - Act in Good Faith

A business should exercise due care to perform work competently and responsibly. Business should also act in good faith in other ways, including honoring its promises, avoiding deceit, acting fairly, and living up to the reasonable expectations of other parties. In effect, treat others as you would like to be treated yourself. These principles apply to all phases of business activity, including hiring, firing, buying, selling, competing, servicing, and investing.

"He that keepeth his word, in him in very deed the charity of God is perfected."

(1 John 2:5)

Principle # 3 - Foster a Healthy Marketplace

Businesses should strive to maintain a healthy marketplace, i.e., one that is open, competitive and well functioning. In such a market, prices should be at levels that give customers their money's worth for the goods and services they buy. Those prices also need to generate enough business earnings in excess of expenses to supply incentive for continuing production and provide enough surplus to fund worthwhile benefits to the firm's stakeholders.

Unrestricted competition in the liberal sense...is clearly contrary to Christian teaching and the nature of man.

(Encyclical on Christianity and Social Progress, Pope John XXIII)



Principle # 4 - Treat Workers with Dignity

Enlightened business, academic and religious leaders agree that workers should be treated as more than simple units of production. Employers need to respect the dignity and well-being of their workers and other stakeholders. Discrimination based upon race, sex, or religion should be avoided.

Man's life is built up every day from work and from work derives specific dignity
(Encyclical on Human Work, Pope John Paul II)

Principle # 5 - Foster Constructive Worker Careers

Workers should be empowered to become productive and fulfilled. Business executives see the need to empower workers to deal with problems arising in the workplace. Religious and civic leaders see the need also for broader empowerment of individuals, in their communities and as citizens of the nation. Leaders should set appropriate ethical boundaries for such empowered activities.

Man is called to a fullness of life which far exceeds the dimensions of his earthly existence, because it consists in sharing the very life of God.
(Encyclical on Human Life, Pope John Paul II)

Principle # 6 - Provide a Safe and Healthy Work Environment

Business should provide a safe and healthful working environment for its employees. Preventive measures should be taken to minimize worker injuries or sickness. If and when workers suffer work-related injuries or diseases, the employing firm should be sure that health benefits are available to absorb the attendant medical expenses and reduce the income loss. It should also promptly take whatever steps are feasible to reduce or eliminate the chances for more of such injuries and diseases in the workplace.

“The exercise of justice is joy for the righteous, but is terror to the workers of iniquity.”
(Proverbs 21:15)

Principle # 7 - Protect the Physical Environment

Business needs to respect the physical environment in which it operates. It should accept responsibility for the environmental impact of its own operations. This includes taking preventive measures to eliminate or reduce the environmental impact from its operations to levels generally acceptable to society, taking into account the costs as well as the benefits of such reduction. It should also do its best to repair any environmental damage caused by its operations.

“Come, behold the works of the LORD, who has wrought desolations in the earth.”
(Psalm 46:8)



Principle # 8 - Cooperate with Local Communities

Cooperation with local communities should be extended not only at corporate headquarters but also at any branch facilities in other localities. The amount of financial help a firm can ordinarily give in cooperation with a community effort is prudently limited to a small fraction of its earnings, but businesses have other resources--such as physical facilities, technological and organizational know-how, leadership, and interested and caring employees – that can often be of significant assistance in meeting specific community needs. Sharing a fraction of those resources in appropriate instances for public-spirited purposes can be good business as well as good ethics.

***"Be strong, and let us show ourselves courageous for the sake of our people and for the cities of our God; and may the LORD do what is good in His sight."
(2 Samuel 10:12)***

Principle # 9 - Help the Disadvantaged

Helping disadvantaged citizens is a special concern in our society. Business should be willing to assist in work-related education and training to help could-be workers reach their full productive potential. Religious and community leaders point also to the need for compassionate help to those who cannot become productive and self-supporting. Business leaders, however, look upon providing such life-cycle support services as primarily a function for governments and volunteer service groups, both religious and secular, with business responsibility limited to paying appropriate taxes and making charitable contributions.

The righteous is concerned for the rights of the poor, the wicked does not understand such concern. (Proverbs 29:7)

Principle # 10 – Obey Applicable Laws

In part, laws and attendant regulations adopted by governments' express ethical standards that citizens want to be sure are observed by all businesses subject to those rules. Complying with these and other applicable laws fairly enforced, however, does not fulfill all the ethical responsibilities of business firms. The ethical standards set forth in this statement also need to be addressed. On the other hand, if any government should issue a rule that violates the ethical standards herein described, firms with such ethical standards should not simply comply passively with the offending rule, but use the firms' channels as corporate citizens to point out the unethical effects of that rule and encourage appropriate action to modify or repeal it.

***Then the LORD your God will prosper you abundantly ...if you obey the LORD your God to keep His commandments and His statutes
(Deuteronomy 30:9-10)***

Sources: Dr. Robert C. Holland of the University of Pennsylvania, Wharton School of Business, Catechism of the Catholic Church, New American Bible, Magisterium



The Magisterium, or teaching authority of the Catholic Church, provides a comprehensive body of doctrine to guide those of the faith. This guidance extends to the moral aspects of economic activity.

Principles of Catholic Social Thought

Morality and Ethics

Principle # 1 – God is Supremely Powerful

It is evident from the normative expression of the Christian faith found in the Church's Creeds that the Christian worldview is the belief in the existence of one supremely powerful, transcendent and personal God. Christianity is thus distinguishable from worldviews that deny the existence of God or hold that many gods exist. Christianity differs from Judaism and Islam in its belief that the New Testament discloses in Jesus Christ a person both fully God and fully man; God became incarnate in his only begotten son Jesus Christ.

“O LORD our God, for we trust in you ... LORD, you are our God; let not man prevail against you.” (2 Chronicles 14:10-12)

Principle # 2 – Human Personhood is Sacred

"God created man in his own image, in the image of God he created him: male and female he created them" (Genesis 1:27). Human beings are the crowning glory of God's creative work in the universe. In a word, man has been loved into existence by God.

The vocation of being human is to come to the fullest development of the distinctive human powers of intellect and will by knowing truth and loving goodness. The supreme truth is God and the supreme goodness is God. God made human beings for loving fellowship with Himself.

“But I have trusted in your loving kindness; my heart shall rejoice in your salvation”.
(Psalm 13:4-6)

Principle # 3 - Liberty Adheres to Natural Moral Law

Morality is not just a way of behaving but is more essentially a way of being. Sanity, and thus the possibility of sanctity, depends on adapting one's self to ultimate reality. Metaphysics uncovers this reality. Morality is a right response to the discovery. In the Christian worldview God's creation is thought to be ordered, structured and law-governed. It is believed that just as there are natural laws governing the physical world, so too, there are natural moral laws which apply to the human soul. God built both sets of laws into the very structure of reality.

“Whenever any dispute ... between law and commandment, statutes and ordinances ... you shall warn them so that they may not be guilty before the LORD”.
(2 Chronicles 19:9-11)



Principle # 4 - Common Good is Connected with Human Communities

A full human life requires material necessities and moral, social, intellectual and spiritual progress that cannot be achieved in isolation. The family constitutes the foundation of society. Beyond the family are the civic and political communities. These communities are moral units, which achieve their unity by the voluntary union of the many persons who comprise the community. Human society, the moral union of all the wills aiming at the same end, is the result of love. Self-sacrifice for the common good is not the denial of self but self-fulfillment.

“I bow my knees before the Father, from whom every family in heaven and on earth derives its name.” (Ephesians 3:14-15)

Principle # 5 - Governance Serves and Protects

Governments direct the exercise of human rights in the economic sector: Business enterprises have a responsibility to society for the effects of their operations. Individuals have a responsibility to govern themselves and to observe the just procurement of the common good by authorities. Consequently, the primary responsibility for directing the exercise of human freedom lies with individuals and the groups and associations which make up society. At a minimum, government must "restrain the heartless."

***“Every person is to be in subjection to the governing authorities. For there is no authority except from God, and those which exist are established by God.”
(Romans 13:1)***

Principal # 6 - Human Solidarity is Global and Participative

Today, when our economic system has made the global nature of our interdependency so tangibly evident, it is valuable to review the profound depth at which human fellowship exists in the Christian worldview. The human race forms a unity because of its common origin (created by God), its common nature (each person has a conscience), its common dwelling place (life on earth), its common mission (salvation of souls) and supernatural end (God himself), and the common means for attaining this end (Christ's redemption was for all men).

***“That your way may be known on the earth, your salvation among all nations.”
(Psalm 67:2)***

Principal # 7 – Justice is Distributive, Commutative and Social

St. Thomas Aquinas said that "Justice is the habit whereby a man renders to each one his due by a constant and perpetual will." Justice is a moral habit, a virtue whereby a person becomes good as a person. Justice inclines us to be attentive to our obligations to others. Justice allows us to shoulder the responsibilities of social life. It orders our relationships with others. Without justice, social stability is impossible. The Catechism teaches us that there are three forms of justice, namely, distributive, commutative (restitution) and legal.

“Learn to do good; seek justice, reprove the ruthless, defend the orphan, plead for the widow.” (Isaiah 1:17)



Principal # 8 – Private Property is a Subordinate Natural Right

The right to possess things privately as one's own is a natural right that guarantees the freedom and dignity of persons, helps us meet our basic needs and the needs of those in our charge and allows for a natural solidarity to develop between men. The right to private property respects the magnificent dignity of the human person. It honors our nature as spiritual beings, material beings and social beings. God's original gift of the earth was to the whole of mankind. Private property rights are therefore not absolute but are subordinate to this reality.

"Thus you shall live with us, and the land shall be open before you; live and trade in it and acquire property in it." (Genesis 34:10)

Principal # 9 - Dignity of Work Shares in the Activity of the Creator

Work is clearly a central reality of human existence and has great meaning in the lives of human beings. Work was ordained by God from the beginning. Man is destined by his Creator to "fill the earth and subdue it; and have dominion over the birds of the air and over every living thing that moves upon the earth" [Genesis 1:28]. Thus, work is a duty. It is God's will that we are to work to the best of our capacities. Work is a calling of God and it has dignity because of the dignity of the human person doing the work. Work helps us to attain our innate potential.

" May the LORD reward your work, and your wages be full from the LORD, the God of Israel, under whose wings you have come to seek refuge." (Ruth 2:12)

Principle # 10 – Stewardship is Caring for God's Creation

Man has been given dominion over the inanimate world and over plants and animals (Genesis 1:28-31). That is, they are destined for the good of humanity. Man's mastery and possession of nature is not unlimited. It is not to be an arbitrary and destructive domination. Things are not to be used in a "disordered" way. The natural world is God's masterpiece. Destroying the creation shows contempt for God with disastrous consequences to the environment and to human beings.

"For if I do this voluntarily, I have a reward; but if against my will, I have a stewardship entrusted to me." (1 Corinthians 9:17)



Implications of Catholic Social Thought to Business

1. The good of persons must be fulfilled by morally consistent means.
2. The right to hold property is accompanied by responsibilities in its use.
3. Profitability is important, but not sufficient to legitimate the institution.
4. The enterprise must align its economic activity with God's plan for dignity of man.
5. Business can show its love of the poor by fulfilling its mission well.
6. Business must provide quality products and services that meet authentic human needs.
7. Generating wealth provides prosperity to alleviate misery and enhance the culture.
8. Firms can engage in philanthropy to alleviate poverty, unnecessary human suffering.
9. Individuals and groups can use their talents to benefit others.
10. Earnings should be connected to real outcomes.

It is the role of the Magisterium to shed light on the mysteries of the Catholic faith and in doing so to enlighten believers. This includes instruction on how to use the economic resources entrusted to us by God.

The mission of every person and business must be to respect, protect, love and serve every human life in order to build an authentic civilization of truth and love

Sources: Jim Wishloff, The University of Lethbridge, Edmonton, Canada, Catechism of the Catholic Church, Magisterium



An interfaith declaration on a code of ethics for international business for Christians, Muslims and Jews is built on the precepts of the three religions represented below. Christians, Muslims and Jews have a common basis of religious; and moral teaching: they are the People of the Book. Four key concepts recur in the literature of the faiths and form the basis of any human interaction.

1 – Justice

Justice (fairness) can be defined as just conduct and exercise of authority in maintenance of right. All three faiths agree that God created the world and that justice must characterize the relationship between its inhabitants. Fair dealings between each other and between believers, and others, is constantly reiterated in the Scriptures as are God's justice and mercy in his dealings with mankind.

Justice (fairness) is reiterated in the Scriptures as are God's justice and mercy for Man

2 – Mutual Respect

Mutual respect (love and consideration) for others is also inherent in the moral teachings of each religion. The word love has many meanings in most languages. But, as is clear from the reading of Scripture, the God of justice and mercy is also the God of love. What Scripture expresses as love is here rendered as mutual respect or reciprocal regard "love thy neighbour as thyself" that exists between two individuals. Respect for the employee is paramount.

Mutual respect, love and consideration is inherent in moral teachings of God

3 – Stewardship

Stewardship (trusteeship) of God's creation, and all that is in it, is shared by all three faiths. It is a richly diverse universe: "...and it was good". The Scriptures testify to the beauties and wonders of nature as signs of God's goodness and providence. Man is set over it all with delegated responsibility a steward charged with its care and proper use for which he will have to give account. The Scriptures know nothing of absolute ownership: man is God's trustee.

Stewardship is delegated to Man for the care and proper use of God's creation

4 – Honesty

Honesty (truthfulness) is inherent to the value system of each of the three faiths. It incorporates the concepts of truthfulness and reliability and covers all aspects of relationships in human life – thought, word and action. It is an attitude which is well summed up in the word "integrity". Scripture urges truth and honesty in all dealings between human beings. It is stressed that bearing false witness breaches the basic laws of God.

Honesty is inherent in the value system ordained by God.

Adapted: An Interfaith Declaration, A Code of Ethics for International Business for Christians, Muslims and Jews, Chaired by Prince Philip, the Duke of Edinburgh, and HRH Crown Prince E1 Hassan Bin Talal of Jordan, British-North American Research Association



Executive Summary

American Management Association (AMA) commissioned the Human Resource Institute (HRI) to conduct a global business ethics survey that received responses from 1,121 executives and managers. The core of this survey addressed the following important questions:

- Why are business ethics important to the organization?
- What drives unethical behavior?
- What are the business environment drivers impacting ethics today? In ten years?
- How do we establish and sustain an ethical business culture?
- What business practices contribute to an ethical corporate culture?
- What leadership behaviors result in an ethical corporate culture?
- How can we measure value of programs intended to support ethical business practices?
- What are the most important ethics-related global workplace issues?

Key Results

Top Five Reasons to Run a Business in an Ethical Manner

1. Protection of brand and reputation
2. The right thing to do
3. Customer trust and loyalty
4. Investor confidence
5. Public acceptance/recognition

Top Five Business Drivers of Business Ethics

1. Corporate scandals
2. Marketplace competition
3. Demands by investors
4. Pressure from customers
5. Globalization

Top Five External Environment Drivers of Business Ethics

1. Legal - laws, regulations
2. Economic environment
3. Political environment
4. Social values
5. Privacy



Top Five Processes/Factors for Ensuring an Ethical Business Culture

1. Leaders model ethical behavior
2. Leaders communicate consistently
3. Ethics are integrated into the fabric of the organization
4. Ethics are a component of the performance management system
5. Ethics are a consideration in recruitment and selection

Top Five Internal Practices for Ensuring an Ethical Corporate Culture

1. Code of conduct
2. Ethics training
3. Corporate social responsibility programs
4. Ombudsman available
5. Ethics helpline

Top Five Board of Directors Practices and Programs

1. Director's code of conduct
2. Ethics training
3. Independent directors
4. Diversity among directors
5. Non-management directors

Top Five Supplier Ethics Practices and Programs

1. Supplier's code of conduct
2. Ethics audits
3. Ethics training
4. Ethics surveys
5. Access to organization's ethics helpline

Ethics Practices Important to an Organization's Investors

1. Transparency of information
2. Corporate social responsibility programs
3. Ethics surveys
4. Access to organization's ombudsman
5. Access to organization's ethics helpline

Ethics Practices Important to an Organization's Customers

1. Transparency of information
2. Corporate social responsibility programs
3. Ethics surveys
4. Access to organization's ombudsman
5. Access to organization's ethics helpline



Top Five Drivers of Unethical Behavior

1. Pressure to meet unrealistic business objectives
2. Desire to further one's career
3. Desire to protect one's livelihood
4. Working within a cynical, demoralized environment
5. Ignorance that the act was unethical

Top Five Most Important Leadership Behaviors

1. Keep promises
2. Encourage open communication/ensure no retaliation
3. Keep employees informed
4. Support ethical behavior/discipline transgressors
5. Internal and external discussion of the importance of business ethics

Top Five Business Ethics Effectiveness Measures

1. Ethics survey results
2. Customer ethics complaints
3. Ethics audit results
4. Achievement of ethics goals
5. Theft/fraud

Top Five Ethics-Related Global Workplace Issues

1. Forced labor/child labor
2. Working conditions/health/safety
3. Discrimination/harassment
4. Financial malfeasance
5. Fraud/theft

Sources: The Ethical Enterprise, Doing the Right Thing in the Right Way, A Global Study of Business Ethics, Rick Keller, Executive-In-Residence, The Human Resource Institute, President, The Healthy Business Doctor: Proactive Business, Leadership & Coaching Solutions



Terminology

Absolutism - The belief that there is one and only one truth; those who espouse absolutism usually also believe that they *know* what this absolute truth is.

Agnosticism - The conviction that one simply does not know whether God exists or not; it is often accompanied with a further conviction that one need not care whether God exists or not.

Altruism - A selfless concern for other people purely for their own sake. Altruism is usually contrasted with selfishness or egoism in ethics.

Atheism - The belief that God does not exist. In the last two centuries, some of the most influential atheistic philosophers have been Karl Marx, Bertrand Russell, and Jean-Paul Sartre.

Autonomy - The ability to freely determine one's own course in life. This term is most strongly associated with Immanuel Kant, for whom it meant the ability to give the moral law to oneself.

Consequentialism - Any position in ethics which claims that the rightness or wrongness of actions depends on their consequences.

Divine Command Theory - Any position in ethics which claims that the rightness or wrongness of actions depends on whether they correspond to God's commands or not.

Enlightenment - An intellectual movement in modern Europe that believed in the power of human reason to understand the world and to guide human conduct.

Ethical Egoism - A moral theory that states each person ought to act in his or her own self-interest.

Ethics - The explicit, philosophical reflection on moral beliefs and practices. Ethics is a conscious stepping back and reflecting on morality.

Impartiality - In ethics, an impartial standpoint is one which treats everyone as equal. For many philosophers, impartiality is an essential component of the moral point of view.

Inclination - This is the word that Kant used to refer to our sensuous feelings, emotions, and desires. Kant contrasts inclination with reason.

Means - Philosophers often contrast *means* and *ends*. The *ends* we seek are our goals, while the *means* are the actions or things which we use in order to accomplish those ends.

Morality - refers to the first-order beliefs and practices about good and evil by means of which we guide our behavior.

Natural Law - In ethics, believers in natural law hold that there is a natural order to the human world; that this natural order is good, and that people therefore ought not to violate that order.



Pluralism - The belief that there are multiple perspectives on an issue, each of which contains part of the truth but none of which contain the whole truth.

Prima Facie - In the original Latin, this phrase means "at first glance." In ethics, it usually occurs in discussions of duties.

Relativism - In ethics, different people have different moral beliefs, but it takes no stand on whether those beliefs are valid or not.

Rights - are entitlements to do something without interference from other people or entitlements that obligate others to do something positive to assist.

Utilitarianism - A moral theory that says a moral right is whatever produces the greatest overall amount of pleasure or happiness.

Source: Professor Lawrence Hinman, University of San Diego, The Values Institute



Our Mission is to study, live and spread the Faith in our business, professional and personal lives.

We provide ongoing education that match members, who have a thirst for knowledge, with the most profound and convincing body of religious knowledge in the history of human thought. We translate the teachings of Christ and the social teaching of the Church into practical applications helping our members become eminently pragmatic about their faith. Legatus is the Latin word for “ambassador”. Our members don’t typically wear their faith on their shirtsleeves.

Our members spread the faith through good example, good deeds and high ethical standards.

Legatus currently provides service to over 1,800 businesses in 60 chapters across the United States and internationally on three continents. Our members enjoy the benefits of networking, peer support, spiritual growth and full spousal membership. The organization designed exclusively for top-ranking Catholic business leaders. Since the inception of Legatus on May 7, 1987, its mission has been to bring Catholic business leaders and their spouses together in a monthly forum that fosters personal spiritual growth.

Our members enjoy benefits of networking, peer support and spiritual growth

The organization offers a unique support network of like-minded Catholics who influence the world marketplace and have the ability to practice and infuse their faith in the daily lives and workplaces of their family, friends, colleagues and employees. Legatus is a faith based organization that is the conduit connecting two powerful realities, the challenge of top-tier business leadership and a religious tradition second to none. As a practicing Catholic, you can set the benchmark to enact the golden rule in the daily lives of your employees, customers and suppliers. They deserve nothing less.

Our members influence the daily lives and workplaces of their family, friends, colleagues and employees

Just hours after meeting Pope John Paul II in May 1987, the inspiration for Legatus hit Tom Monaghan like a "lightning bolt." As former owner of Domino's Pizza and the Detroit Tigers baseball franchise, Tom valued his experience in the Young Presidents' Organization. Why not capture the YPO dynamic for Catholic CEOs, business leaders and their spouses by combining business, faith and family in one package?

Our members combine business, faith and family in one dynamic Catholic organization

Legatus gives you the opportunity to deepen your relationship with God and discover how Catholic truth and values can help you meet the ethical challenges you face on a daily basis. And because your spouse is a member with you, Legatus provides additional opportunities to enhance your marriage and family life in the process. This simple, but inspired concept is now a reality for thousands of members around the world.

Our members enhance their family life with Legatus



Testimonials

"Legatus is of enormous importance ... you cannot cut moral corners... your commitment to principle must come from within...you have to be a shining example of what it is to have these precious moral values and spiritual values. These values are of enormous importance to the Church and to our country." **John Cardinal O'Connor, Archbishop of New York**

"The Creator has made you his legate, so that the vast empire of the world might have the Lord's representative." **St. Peter Chrysologus**

"As corporate executives, most of us know what we have to do, and economic conditions may leave us no choices. The question then becomes how to do it in the best way, and the moral guidance Legatus offers helps make the tough calls a little easier."
Tom Monaghan, Legatus Founder