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Most of the papers are qualitative in nature. Some provide economic figures, and a few develop some quantitative modeling. However, the focus is always on the qualitative policy concerns.

—Keith P. McMillan, S.J.

London School of Economics and Political Science

Ethical Business Leadership:
Balancing Theory and Practice
Sherwin Klein
New York: Peter Lang, 2002 (132 pages)

The fields of professional ethics do not always serve their professions well. It is often difficult to determine whether the introduction of formal courses in applied ethics actually makes a difference in the professional conduct of the students who take them. This may be especially true in the specialty of business ethics. Scores of books, perhaps more than one hundred, are now in print in this area, with more certainly to follow. In the last year or so, though, questions have been raised in many quarters about the real impact that courses in business ethics have had on business school graduates. The corporate scandals of 2002 suggest that a quarter century of ethics education has not dramatically improved the standard of practice.

While Sherwin Klein’s Ethical Business Leadership is not written as a textbook, it is nevertheless a refreshing contribution to the field of business ethics. A collection of previously published essays reworked into loosely connected chapters, it argues for a fundamental rethinking of the way in which ethical theory is brought to bear on the problems of management.

One of the consistent obstacles to doing professional ethics well is the unavoidable need to bring together an appreciation both for the real challenges of professional practice and for the insights of ethical theory. Klein turns his attention to both parts of the whole. In his first chapter he criticizes the view that management is another kind of techne, or skill, and argues instead that successful organizations require liberally edu-
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He then turns his attention to the problems created by moral philosophers who, in principle, at least, have a sharper concept of the good than most business people but who may be severely limited by their lack of practical experience. By analyzing the relationship between Cervantes’ Don Quixote and Sancho Panza, Klein illustrates how character and a clear vision of the good can inform common sense to produce a genuinely prudent person. Streetwise Sancho Panza is inspired by Quixote’s goodness to rise above shrewdness to real wisdom. The challenge to professional ethics, so often unmet, is to enable physicians, lawyers, and managers to do the same.

The most important chapters of the book, however, are the two that deal directly with the adaptation of Aristotelian ethical theory to business. Here he argues that Aristotle’s emphasis on happiness and character rather than on formal rules provides a more robust and useful approach to ethical decision making. This flies in the face of common practice in organizations, which is, to situate the responsibility for ethical management in the legal department and the more-or-less comprehensive codes of ethics that such departments are eager to develop. Klein shows that a culture that respects genuine human goods and encourages the development of practical wisdom is much more likely to produce sound ethical management.

Klein’s discussion of the importance of culture is one of the most intriguing aspects of the book. He draws on Aristotelian political theory to suggest ways in which ethicists might help to shape business organizations into communities that would be more human and more broadly successful. Aristotle considered the political community in the abstract but also examined the different forms adopted by scores of actual communities. He recognized that the complexities of custom and culture generally set practical limits to the degree to which an actual society could approximate the ideal. Similarly, Klein speculates that ethicists might do much more than generate rules for ethical conduct. They might effectively guide managers in shaping their companies to approximate, to one degree or another, the characteristics of an ideal company.

Few books are without flaws, or at least without points of disagreement that reviewers are inclined to call “flaws.” In this case, two come to mind. First, it is not clear that Klein fully appreciates the goods (for example, wealth creation, job creation, satisfaction of needs) that businesses contribute to their communities or the degree to which managers and executives are motivated by their own commitment to those goods. At times he seems to subscribe to a vision of business people as motivated primarily by greed and self-interest. While there are certainly many examples of this vision, there are also many examples of more virtuous managers.

Second, while Klein’s use of Aristotelian’s political theory is insightful, it may not be quite the right insight. Aristotle conceived of three kinds of human communities: families, villages, and cities (societies). He did not consider large, permanent communities
devoted to specific purposes, such as businesses or non-profit corporations. There has long been a tendency to treat such organizations either as large families or as small societies. This is helpful in some ways, but in other ways it can be misleading. Further work is needed before we can understand the distinct nature of specialized associations.

This is a short but provocative book, the depth of which should not be gauged by its length. As the articles previously appeared in professional ethics journals, the book itself is geared more toward ethicists and those with a substantive background in philosophy than to practicing managers. Nevertheless, Klein’s message is an important one for business managers, who should hope that it will receive the attention that it deserves.

—Robert G. Kennedy
University of St. Thomas, St. Paul, Minnesota

**Rethinking the Purpose of Business: Interdisciplinary Essays from the Catholic Social Tradition**
*S. A. Cortright and Michael J. Naughton (Editors)*
Notre Dame: University of Notre Dame Press, 2002 (333 pages)

*Rethinking the Purpose of Business* is, as the subtitle indicates, a collection of “Interdisciplinary Essays from the Catholic Social Tradition.” The contributors include academics and practitioners in the fields of management theory, moral theology, economics, ethics, engineering and law. The articles center on the question of whether Catholic social thought provides a meaningful contribution to the contemporary debate about the structure and purpose of business firms and, more generally, the entire enterprise of business. In particular, the force of the essays, when considered together, is to call into question the sufficiency of both the shareholder and the stakeholder models.

This collection of essays grew out of an academic conference sponsored by the John A. Ryan Institute for Catholic Social Thought at the University of St. Thomas in Minnesota. In 1997, the Institute organized an international conference in Belgium, examining the relation between Catholic social teaching and management education. Of that meeting, the organizers picked eighteen authors to present revised versions of their papers at an intensive seminar held in 1998. From that seminar, the editors chose thirteen essays.

The result of this multi-stage process is a collection of interdisciplinary essays that gives the reader an introduction to some of the broad range of approaches, through which serious thinkers are applying the tradition of Catholic social thought to questions about the meaning and purpose of business. For those not familiar with the tradition of Catholic social teaching, this volume is not an introduction. Knowledge of key concepts from papal encyclicals and other Church documents is assumed.

The main benefit of this book is that it shows how widespread the interest is among scholars and businesspeople to use the categories of Catholic social thought to understand business activity. The contributors are diverse not only in terms of disciplinary approach but also geographically, ranging from both coasts and the Midwest, with several European contributors as well.

The essays are divided into three sections. The first section concerns the shareholder model. After an introductory essay framing some of the issues, there are five articles that try to use Catholic social teaching as a corrective for deficiencies in the model. These authors all seem to agree that the shareholder model is flawed, although they disagree on the precise nature of the deficiency. For example, Charles Clark sees the shareholder model as a destructive fiction, while Peter Koslowski argues more modestly that it is incomplete and one-dimensional. Additionally, there seems to be agreement among the writers that a new perspective is needed to think clearly about the purpose of business firms, but there is subtle disagreement about what is needed.

For example, the chapters by Alford/Naughton and Gordley suggest that Catholic social thought articulates virtues and a vision compatible with practices, to which, business firms are already committed, while Kennedy seems to suggest that the principles and virtues of Catholic social thought are at odds with the dominant economic paradigm.

With the shareholder model having been questioned and rejected (to a significant extent), the next five essays are grouped around the main alternative, the stakeholder model. Timothy Fort’s essay, “Business As a Mediating Institution,” strikes me as the most helpful essay in this group and as a good starting point for continued conversation. Fort is more attuned to the work of the neoconservatives than are the other writers in the volume, and his work extends the conversation in a helpful way. In contrast, I have more fundamental concerns about some of the other essays in this part of the text. For example, with regard to the principle of subsidiarity, some authors seemed not to appreciate sufficiently the difference between the role played by subsidiarity in the 1986 Pastoral Letter by the American Bishops, *Economic Justice for All,* and the more central function it plays in the thought of John Paul II as exemplified in *Centesimus Annus.* Further, there seemed to be a tendency to conflate the Kantian presuppositions typical of the stakeholder model with the more Thomistic and personalist approach that is used in the social encyclicals. In summary, the authors have not left us with a conversation that is exhausted.

The final section contains two chapters with ideas for concrete proposals about possible ways to implement insights from Catholic social thought into business firms. The introduction to this section warns that there was not agreement among the contributors about these concrete proposals. The first chapter seems idealistic in ways that failed to appreciate the realism in Catholic social thought, while the second focuses on designing humane workplaces—an important topic, but one that does not quite bring the volume to a natural conclusion.