

## CENTER FOR SPIRITUAL CAPITAL

### Annual Report 2012

#### MISSION OF THE CENTER

##### *Definition of 'Spiritual Capital':*

Spiritual Capital consists of religious beliefs and practices that have a measurable effect on economic performance.

##### Mission:

The Center seeks to articulate the content of Judeo-Christian spiritual capital and to promote it in its teaching, research, and community service. Because of its Catholic identity, its Jesuit academic tradition, its ecumenism, and its present leadership, the Center in Loyola's College of Business is uniquely poised to play this role. The Center aims to improve significantly the standing of the business school and the university, both locally and nationally, not only as a locus for academic excellence and as the inspiration for entrepreneurial leadership, but also as the home for spiritual and cultural revitalization.

##### *Strategy:*

Catholic Social Thought as it has developed in the last century forms the intellectual basis of our programs. Catholic Social Thought, most especially in the work of Pope John Paul II and Pope Benedict, is the basis of a pro-market, and pro-business, business ethics.

It is becoming an increasingly obvious fact of economic history that the development of economic systems which concentrate on the common good depends on a determinate ethical system, which in turn can be born and sustained only by

strong religious convictions. Conversely, it has also become obvious that **the decline of such discipline can actually cause the laws of the market to collapse**. An economic policy that is ordered not only to the good of the group — indeed, not only to the common good of a determinate state — but to the common good of the family of man demands a maximum of ethical discipline and thus a maximum of religious strength.

The Center has three foci: education, research, and service to the business community.

### **EDUCATION:**

Almost everyone now recognizes the importance of a course in business ethics. Jesuit institutions have always been in the forefront of this movement. The purpose of a course in business ethics is to help students become aware of (a) the ethical norms internal to commerce, (b) the larger ethical context within which commercial activity takes place, (c) the reciprocal interaction between commerce and the other institutions in society, (d) the **new ethical challenges** posed to business by the evolution of science, technology, globalization, bureaucratization, government, law, politics, and religion, and, finally, (e) specific ethical challenges to management, marketing, accounting and finance.

Business ethics course do not magically make people virtuous. Plato, in the *Meno*, even denies that virtue can be taught. What can be taught is an awareness of the issues, the context in which the issues emerge, and how best to navigate the context. Unfortunately, what happens in most courses is (a) instructors introduce an anti-business bias and focus exclusively on examples of malfeasance; (b) students are taught an abstract philosophical language (e.g., consequentialism, deontology, virtue ethics, etc.) totally lacking in substantive content; and (c) the default solution to problems is the private political agenda of the instructor. It gets worse when the course is taught by those with only a social science background that frequently inhibits the ability to deal with normative as opposed to descriptive issues.

What students need is content to their ethics. Our business ethics course provides content in the form of Catholic Social Thought. The principal issues in the Catholic Church's teaching are: the relationship between charity and justice; an understanding of the common good; the relationship of economics to integral human development; an assessment of the new situation we find ourselves in with the globalization of the economy; and the complications of religious fanaticism, dysfunctional cultures, the capacity to transcend a particular culture, religious indifferentism and practical atheism; the relationship between the market, the role of the state and the social capital of civil society; the right understanding of the relationship between rights and responsibilities; an appreciation of the way in which Catholic teaching on the Trinity, on Christ, on the Church and on the human person affects economic activity; respect for the natural environment and for human life; the hopes and challenges of modern technology. This encyclical letter touches on a broad spectrum of issues. Most importantly, it is non-partisan and sets out principles rather than offering technical solutions or policies.

The existence of the Center makes it possible to bring in speakers who specifically address the relationship of Catholic Social Thought to the Market Economy. During the Fall 2012 semester, the Center hosted **Kishore Jayabalan**. Formerly, he worked for the Vatican's Pontifical Council for Justice and Peace as an analyst for environmental and disarmament issues and desk officer for English-speaking countries. Kishore Jayabalan earned a B.A. in political science and economics from the University of Michigan, Ann Arbor. In college, he was executive editor of *The Michigan Review* and an economic policy intern for the U.S. Chamber of Commerce. He worked as an international economist for the Bureau of Labor Statistics in Washington, D.C. and then graduated with an M.A. in political science from the University of Toronto. During his graduate studies, Kishore was baptized and received into the Roman Catholic Church by Pope John Paul II in Rome in 1996. He later worked as a student campus minister at the university's Newman Centre, which led to his appointment to the Permanent Observer Mission of the Holy See to the United Nations in New York in 1997. Two years later, he returned to Rome to work for the Pontifical Council for Justice and Peace. Kishore became director of Istituto Acton in 2005 and organizes the institute's educational and outreach efforts in Rome and throughout Europe.

As a consequence, students become more self-conscious and more constructively self-critical of their ethical preconceptions; they have a clear awareness that there is more to business than making a profit and that ethical, social, and political issues are of vital importance to business organizations. Students become better able to identify ethical challenges and be aware of the strategies of resources available to deal with them effectively. Finally, students come to appreciate the relation between the Ignatian tradition and commerce, realizing that business is a crucial and honorable profession and that commerce is vital to our civilization. It is important that future business leaders realize their potential to transform the corporate world into the world that we would all like to see. Ethics and spirituality are key factors in making this transformation.

In addition to a course in business ethics, the Center promotes another course, *American Spiritual Capital*, as part of the first year experience. That course introduces freshmen to the role that religion has played throughout American history.

From time to time, The Center introduces local business leaders to our students, specifically business leaders who reflect not only economic success but whose business practice and whose public service reflect the highest standards of Catholic Social Thought. One such individual, **Corrado Giacona**, spoke to business ethic students this past Fall.

### **RESEARCH:**

The Center is part of a national and international network of individuals (Malloch), corporations (ABIS), foundations (Templeton), universities (Yale, Princeton), and think tanks (Acton, Tyson) studying and promoting spiritual capital.

This past year, Nicholas Capaldi, The Director of the Center participated in the following scholarly events:

1. Directed a three-day seminar, co-sponsored by Liberty Fund here in New Orleans, on Leadership.

2. In March delivered a paper (to be published in 2013 and preserved on You-tube) at the ESSEC business School in Paris on **How American Spiritual Capital Informs Business and Effects the Common Good**
3. “The Technological Project as the Spiritual Quest of Modernity,” BARCELONA Meeting of International Association of Jesuit Business Schools.
4. During October of 2012, Professor Capaldi was the discussion leader for a conference on the ethical challenges of growing bureaucratization (evidenced in the work of Max Weber) held by the Acton Institute.
5. During 2012, Professor Capaldi and Theodore Malloch coauthored a well reviewed book entitled *America’s Spiritual Capital (St. Augustine Press)*. A copy of the book was sent to everyone on the Center mailing list.
6. At the Rome conference, Professor Capaldi presented a paper (to be published in the Conference Proceedings) entitled “The Poverty of Catholic Social Thought on Economics.”
7. Professor Capaldi served as Religion Editor of the *Journal of Business Ethics*.

ONGOING: The Director of the Center, Professor Nicholas Capaldi, participated in the filming of “Virtuous Business,” an award-winning PBS documentary telling the story of how major corporations around the world have initiated spiritual capital into their operation. This film, including a segment on the Center, is shown in the business ethics course and around the world at conferences (recently in Rome, November 2012).

Each year, Professor Capaldi and Dean Locander collaborate on a major Center statement. This academic year (2012-13) they are working on a paper on “Spiritual Leadership.”

Professor Capaldi's scholarship has had an impact. He is quoted on page 139 in Steve Forbes new book, *Freedom Manifesto* (published in 2012 by Crown Business New York).

The Center will host **ABIS-Loyola Deans' Colloquium** 2013, to be held February 28 to March 2, 2013 in New Orleans, LA at the Hilton Hotel Riverside. The conference is designed to bring together 25 Deans and a few others to discuss aligning Faith-based Business School Programs both in the US and in Europe. The focus of the conference will be on five major issues faced by faith-based business school programs: global trends, emerging models, strategy, organizational capabilities, and capacity building. **The Academy of Business in Society (EABIS)** is a global alliance of companies, business schools and academic institutions, committed to integrating business in society issues into the heart of management practice, education and development. Founded in 2002, EABIS has grown beyond its 15 founding partners to more than 130 organizations today, situated on all five continents. Since its launch, EABIS has invested around \$10 mm in more than 50 collaborative research and learning initiatives, including over half of the EU's research projects focused on corporate responsibility. ([www.eabis.org](http://www.eabis.org)). It has recently launched its North American operations and platform with offices in New York City.

## **COMMUNITY OUTREACH**

The Center seeks to serve the business and religious communities of New Orleans. Part of that service is to recognize and promote public awareness of the amount of good done by members of the business community for the entire community. This is especially important for two reasons: first, there is a long-standing negative bias in the academic world against commerce in general; second, a few members of the Jesuit community at Loyola University New Orleans have promoted a highly partisan anti-capitalist and anti-business agenda that has significantly alienated the local business community. It is highly unfortunate because this is certainly not the view of the administration or of most of the members of the Jesuit community. An enormous part of the Center's activity

consists of both formal activities and informal activities designed to off-set that misinterpretation.

During the Spring 2012 semester, the Center sponsored a major event consisting of two lectures and a panel discussion by local Catholic business leaders designed to show the compatibility of **Catholicism and Capitalism**. It should not even be necessary to hold and publicize such an event but that is what we must confront.

We offer the **Doc Laborde Award** to the outstanding entrepreneur who exhibits both in commercial activity and in private philanthropic activity the highest standards of spirituality and ethics. It is named after “Doc” Labode, the most famous of all Louisiana entrepreneurs. We are currently discussing potential recipients for the 2013 award.

From time to time the Center holds executive seminars.

This past semester, Professor Capaldi gave two public presentations. First he addressed seminarians for the local Archdiocese explaining the relationship of Catholic thought to the market economy. Second, he spoke to members of the New Orleans World Trade Center on the topic “The War on Business.”