

CORPORATE SOCIAL RESPONSIBILITY
IN THE ENCYCLICAL "*CARITAS IN VERITATE*"

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Abstract

The encyclical “*Caritas in Veritate*” contains only two paragraphs that refer, almost in passing, to Corporate Social Responsibility (CSR). Nevertheless, the encyclical is full of suggestions and ideas about how Benedict XVI sees CSR: as a natural ethical responsibility (but not just any ethic is suitable for determining these responsibilities), which does not come from abstract principles, nor is limited to management skills; which derives from the objective or purpose of the company and its role in society; which is based in justice and charity; is voluntary; focuses on the human person; is not identified with social action or philanthropy; and which is very demanding for those leaders who wish to put it into practice..

Keywords: social responsibility, ethical responsibility, catholic social doctrine, the role of firms.

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¹ Professor of Economics, "la Caixa" Chair of Corporate Social Responsibility and Corporate Governance, IESE

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Introduction

The encyclical “*Caritas in Veritate*” (CV) contains a scant two allusions to *corporate social responsibility* (CSR).¹ In no. 40, after referring to the freedom enjoyed by business owners and managers in choosing their investments and the location of their businesses, and to the dangers this entails for the proper moral functioning of companies, Benedict XVI adds that “there is also increasing awareness of the need for greater social responsibility on the part of business. Even if the ethical considerations that currently inform debate on the social responsibility of the corporate world are not all acceptable from the perspective of the Church’s social doctrine, there is nevertheless a growing conviction that business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference.” And in no. 45: “Today we hear much talk of ethics in the world of economy, finance and business. Research centers and seminars in business ethics are on the rise; the system of ethical certification is spreading throughout the developed world as part of the movement of ideas associated with the responsibilities of business towards society.”

These two brief references suggest that the encyclical notes the existence of the “movement of ideas” known as “corporate social responsibility;” that it attributes to this movement a fundamentally ethical content; that it finds in CSR ideas that are useful and acceptable (the broadening of the goals of the firm, for example, in line with stakeholder theory), along with others it considers unacceptable; and that it also sees in CSR a set of instruments or techniques (specifically, ethical certifications) whose moral value it does not pronounce upon. Elsewhere the encyclical appears to give CSR the stamp of approval when it states that “solidarity is first and foremost a sense of responsibility on the part of everyone with regard to everyone, and it cannot therefore be merely delegated to the State” (CV 38).

This brief reference to CSR in the encyclical reflects fairly accurately certain features of that “movement of ideas” as it exists today. The first thing to be noted is that the encyclical does

¹ This study is part of the activities of the “la Caixa” Chair of Corporate Social Responsibility and Corporate Governance at IESE Business School.

not contain a generally accepted definition of CSR. This is only to be expected, given that what we call CSR has been approached from at least four different angles:

- 1) Ethical: companies have a responsibility for the effects their actions have on themselves and on their environment, and this responsibility is ethical, not legal (or not only legal).
- 2) Social: companies are “citizens”; they relate to other “citizens”, i.e., people and communities, and must respond to the expectations and demands of these stakeholders and of society in general.
- 3) Strategic: as economic institutions, companies are oriented to creating value for their owners and so must combine the assumption of their social responsibilities with what is presented as their fundamental economic function (Porter and Kramer, 2006). CSR is therefore a means of creating value for the owners of companies (and for society as a whole?).
- 4) Instrumental: CSR is valued for the results it achieves, and companies must measure those results and show accountability (including through the certifications alluded to in CV 45).²

As I pointed out earlier, the encyclical “*Caritas in Veritate*” is only marginally concerned with CSR. Its subject is *human development*, “the authentic human development [that] concerns the whole of the person in every single dimension” (CV 11). Yet if human development is the goal of economic and social activity, it must logically also be the goal of companies, at least in general terms, and so must be the model for the responsibilities to be assumed by companies, constituting their CSR. At the very least, CSR must be compatible with that ultimate goal of the economy and society. This implies that we should find some indications in the encyclical as to the nature of CSR, from the point of view of Catholic social doctrine.

In what follows, I shall try to present what in my opinion could be a valid interpretation of CSR in the perspective of “*Caritas in Veritate*”. It may not be the only interpretation that could be deduced from the encyclical, but it is one that I believe is compatible with the encyclical and also consistent with the ideas of other, Christian and non-Christian authors (though not all of them).³ The danger of this exercise is that of reinterpreting the views of the Pope to bring them in line with my own personal ideas on CSR, which is why I must insist that this is my personal interpretation. In what follows, therefore, references to the encyclical must be understood not literally.

CSR Is an Ethical Responsibility

As I said earlier, the encyclical chooses to interpret CSR from the perspective of its *ethical dimension*. Just a few paragraphs before no. 40, cited above, the Pope reminds us that “locating resources, financing, production, consumption and all the other phases in the economic cycle inevitably have moral implications. Thus every economic decision has a moral consequence” (CV 37). So if all actions and omissions in companies (all human actions, in fact) have moral

² CSR is sometimes presented from other angles, which are superposed on those mentioned here. For instance, people talk about descriptive CSR (how companies actually behave in relation to their social responsibilities), normative CSR (how they should behave), and instrumental CSR (what tools they have at their disposal). Cf. Donaldson and Preston (1995).

³ I do not propose to extend the scope of this study to other documents of the Church’s social doctrine, which will be referred to only marginally in what follows.

content, then they all give rise to moral responsibilities, which business owners and managers must assume.⁴ In no. 40 the Pope points out that this sense of responsibility is disappearing because “it is becoming increasingly rare for business enterprises to be in the hands of a stable director who feels responsible in the long term;” or because “the so-called outsourcing of production can weaken the company’s sense of responsibility towards the stakeholders, namely the workers, the suppliers, the consumers, the natural environment and broader society;” or because “today’s international capital market offers great freedom of action” to place funds wherever the return is highest, independently of other responsibilities; or, lastly, because “in recent years a new cosmopolitan class of managers has emerged, who are often answerable only to the shareholders generally consisting of anonymous funds which *de facto* determine their remuneration” (CV 40).

It is in this context, then, that the Pope observes that “there is also increasing awareness of the need for greater social responsibility on the part of business” (CV 40). So we can say that the encyclical understands CSR as *the whole set, or part of the set, of moral responsibilities that companies must assume for all their actions and omissions, insofar as such actions and omissions have an ethical content.*⁵

That CSR has an ethical content is accepted by some authors, but not by all. Specifically, those who take the social, strategic and instrumental approaches mentioned earlier either do not accept this ethical dimension or else reduce its sense and scope. Similarly, most definitions of CSR make no reference to any ethical content.⁶ In fact, the points on which most definitions agree are that CSR is voluntary (without coercion by the State), that it concerns a range of stakeholders, and that it is played out in three areas: the economy (value creation, efficiency, results, profits), society (both inside companies, i.e., employees, and outside companies, i.e., local communities or society as a whole), and the natural environment.⁷

Not Just Any Ethics Will Do

As I said earlier, the encyclical considers that CSR is ethical but adds that “the ethical considerations that currently inform debate on the social responsibility of the corporate world are not all acceptable from the perspective of the Church’s social doctrine” (CV 40).⁸ *What those*

⁴ This point of view is not widely shared: “many people today would claim that they owe nothing to anyone, except to themselves” (CV 43).

⁵ Corporate social responsibilities would presumably differ from that set of moral responsibilities in that they would be publicly and formally assumed by the company in the eyes of society (hence their designation as “social responsibilities”), which would entail commitments of transparency, disclosure and accountability, etc. (Argandoña, 2008; Argandoña and von Weltzien-Hoivik, 2009).

⁶ For an extensive list of definitions of CSR, see Mullerat (2010).

⁷ This is not the place to analyze why many authors do not emphasize the ethical nature of CSR, a subject that has not been tackled in the literature. For some, CSR is a “watered down” alternative to business ethics, which is seen as an advantage, as it avoids the need, on the theoretical plane, for a solid moral foundation, as well as the challenges that putting it into practice would entail. For others, CSR is a technical management tool that has been humanized through the introduction, from outside, of certain restrictions on what a company can and must do to maximize its profits, in the form of social action, good environmental practices, human resources policies, voluntary self-restraint, etc. Lastly, for yet others, ethics is no more than a set of social conventions or norms that change over time and geography, so that companies merely need to know what society expects or demands and act accordingly in order to avoid problems (acquire social legitimacy) or be successful, based on a cost-benefit analysis.

⁸ If CSR is established on incorrect ethical principles, it will lead to perverse outcomes, which also occur when it is demanded that the economy not be subject to morals (CV 34). That is to say, CSR cannot be morally neutral.

acceptable ethical approaches (theories and praxes) are explained in no. 45: “the economy needs ethics in order to function correctly – not any ethics whatsoever, but an ethics which is people-centred [...] On this subject the Church’s social doctrine can make a specific contribution, since it is based on man’s creation ‘in the image of God’ (Gen 1,27), a datum which gives rise to the inviolable dignity of the human person and the transcendent value of natural moral norms” (CV 45). The ethics in question is not, therefore, an ethics established from outside; rather, the economy “is ethical, not merely by virtue of an external label, but by its respect for requirements intrinsic to its very nature” (CV 45).⁹ We shall come back to this later.

It Is Not Derived from Abstract Principles

The encyclical offers no details as to what those responsibilities might be, but it is clearly not referring to a theoretical set; nor are the responsibilities derived solely from *abstract principles or rules*, but from the application of such principles or rules to the context in which companies operate, “namely the workers, the suppliers, the consumers, the natural environment and broader society” (CV 40),¹⁰ in accordance with Catholic moral theology and, therefore, depending on how those responsibilities are understood by the owners, investors, entrepreneurs and managers of each company, in accordance with the latter’s rightly formed conscience.¹¹ “*Caritas in Veritate*” notes, for instance, that many managers are aware of the “profound links between their enterprise and the territory or territories in which it operates” (CV 40) and that “the requirements of justice must be safeguarded, with due consideration for the way in which the capital [to be invested abroad] was generated and the harm to individuals that will result if it is not used where it was produced” (CV 40). This means that, beyond any abstract principle, business decisions must take into account circumstances of place, time, prior relations, and expectations that may have been created.

⁹ In the same way as “it was not just a matter of correcting dysfunctions [of the market] through assistance [to developing countries]” (CV 35), Benedict XVI clearly would not accept a conception of CSR as a means of validating ethically inappropriate behavior through philanthropic activities or social action.

¹⁰ The encyclical does not refer to stakeholder theory, but enumerates the parties most commonly included in this theory (CV 40). Although the Pope states that “business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business” (CV 40), he is not, it seems to me, saying that the purpose of companies is to create value for all stakeholders or to serve stakeholders’ interests. He is merely quoting the position of certain authors, which seems compatible with the view that Benedict XVI expresses elsewhere in the encyclical regarding the purposes of companies, and which in any event requires that the interests of all concerned be taken into account.

¹¹ Proprietors, investors, entrepreneurs and managers are the agents mentioned in nos. 40 and 41 of CV, insofar as they are responsible for decision making in organizations. By “proprietors” Benedict XVI seems to mean the people who hold or share ownership of companies and are responsible for managing them; the encyclical laments, for example, that “it is becoming increasingly rare for business enterprises to be in the hands of a stable director [owner] who feels responsible in the long term (...), for the life and the results of his company” (CV 40). The law gives investors the right of ownership of companies and thus also the power to make ultimate decisions, appoint managers, and control the economic surplus; the Pope recalls, for instance, that “investment always has moral, as well as economic significance [...] What should be avoided is a speculative use of financial resources that yields to the temptation of seeking only short-term profit, without regard for the long-term sustainability of the enterprise [and] its benefit to the real economy” (CV 40). Entrepreneurs are those who carry out the “business enterprise” (CV 41), i.e., who create start-ups, in the various forms the encyclical recognizes. And managers make decisions in the name and on behalf of the proprietors; the encyclical laments, for example, that “a new cosmopolitan class of managers has emerged, who are often answerable only to the shareholders, generally consisting of anonymous funds which *de facto* determine their remuneration” (CV 40).

In other words, CSR is *not an objective list* of responsibilities established by society, experts or stakeholder groups based on certain preferences, expectations or social demands. Nor are the responsibilities deduced rationally by such external observers, or even by business owners and managers themselves, from certain general principles; rather, they are recognized and assumed by the people who must make decisions in companies, in accordance with their well formed conscience, based on certain objective rules, the nature of the goods sought through the action, and the overall circumstances of time and place. For example, identifying what is good or bad at any given moment calls not only for natural knowledge of that good, but also for experience and judgment about the chances of achieving it (Rhonheimer, 2001).

An agent can only do this, however, if over the years he has developed his capabilities not only to carry out morally right actions but also to know what actions are right and what the chances are of carrying them out successfully, which will depend on the agent's personal capabilities (acquired through the virtues he has acquired in his life) and the capabilities of his environment (the organization and the other people in it and their virtues). That is to say, the definition of social responsibilities will *vary from firm to firm*, depending not only on the company's environment and history but also on the *degree of moral development of the people* who make up the firm.

It may be objected that these conclusions are not stated in the encyclical as clearly as we have stated them here. Yet that is the immediate consequence of the Christian conception of ethics that naturally emerges from the encyclical.¹² An important consequence of this conception of ethics is that there must be *a Christian conception of CSR*, at least insofar as Christian business owners know more about ethical rules and have different experiences and judgments, and also different capabilities: "a non-Christian ethos will reduce what is Christianly obligatory to what is humanly possible and so will only incompletely detect the true possibilities of human action" (Rhonheimer 1987, p. 936).

CSR Derives From the Firm's Purpose or Objective

One implication of all the above is that a person's view of the ethical responsibilities of companies derives from his view of the *purpose or objective of the firm*. The encyclical does not offer a detailed account of that purpose, although it does state that the purpose is not to maximize profit. It draws attention, for example, to "the temptation of seeking only short-term profit" (CV 40), as against "the long-term sustainability of the enterprise, its benefit to the real economy and attention to the advancement, in suitable and appropriate ways, of further economic initiatives in countries in need of development" (CV 40). So it would seem that Benedict XVI conceives of the firm as: 1) a human community; 2) aimed at providing a service to society through the production of useful goods and services; 3) efficiently (as an economic enterprise it is justified in generating a surplus or profit: CV 21); 4) so that its sustainability or continuity over time is assured,¹³ and 5) collaborating directly in the common good of society

¹² Cf., for example, Abbà (1992) and, applied to business ethics, Pérez López (1993), Williams (1986).

¹³ The concept of sustainability that underlies the encyclical, both at firm level and at country or global level, is not exclusively ecological. Many authors prefer to talk about economic, social and environmental sustainability rather than CSR, perhaps because sustainability is, or at least appears to be, more specific, or because it is further removed from moral interpretations (which make some people uncomfortable), or because it lends itself more readily to the use of instruments (measurement, audit, reporting, etc.). The treatment of environmental problems in "*Caritas in Veritate*" (CV 48ff) is much broader and less deterministic than most other analyses.

(CV 7). This outline gives us the general responsibilities, which individual business owners and managers will have to specify in their particular company, place and time.¹⁴

The encyclical goes further, however, and proposes “a profoundly new way of *understanding business enterprise*” (CV 40) by explaining the role of the “logic of gift” and the “principle of gratuitousness.” This may have important consequences for the conception of CSR, so although this is not the place to elaborate on these ideas,¹⁵ a few reflections are called for.

The encyclical suggests that there is an implicit “division of labor” between the market (oriented to efficiency), the State (aimed at redistribution), and civil society (operating on the principles of gratuitousness and fraternity) (CV 38). But it states that this distribution of roles is inappropriate if it is understood strictly. Specifically, “economic activity [the market, the firm] cannot prescind from gratuitousness, which fosters and disseminates solidarity and responsibility for justice and the common good among the different economic players” (CV 38). “What is needed, therefore, is a market that permits the free operation, in conditions of equal opportunity, of enterprises in pursuit of different institutional ends [and this] requires that shape and structure be given to those types of economic initiative which, without rejecting profit, aim at a higher goal than the mere logic of the exchange of equivalents, of profit as an end in itself” (CV 38). Action is required “on gradually increasing openness [...] to forms of economic activity marked by quotas of gratuitousness and communion” (CV 39), “with shifting of competences from the ‘non-profit’ world to the ‘profit’ world and vice versa” (CV 41).

What the Pope is proposing is the coexistence in the market of a broad range of economic organizations, from privately owned companies aimed exclusively at profit to state-owned companies, including “traditional companies which nonetheless subscribe to social aid agreements in support of underdeveloped countries, charitable foundations associated with individual companies, groups of companies oriented towards social welfare, and the diversified world of the so-called ‘civil economy’ and the ‘economy of communion’” (CV 46). Essentially, it is a matter of ending the domination of private for-profit companies in order to make room for a different form of organization, “one which does not exclude profit, but instead considers it a means for achieving human and social ends” (CV 46). This is not a reference to social action, because “whether such companies distribute dividends or not [...] becomes secondary in relation to their willingness to view profit as a means of achieving the goal of a more humane market and society” (CV 46). So that “without prejudice to the importance and the economic and social benefits of the more traditional forms of business, they [the new forms] steer the system towards a clearer and more complete assumption of duties on the part of economic subjects. And not only that. The very plurality of institutional forms of business gives rise to a market which is not only more civilized but also more competitive” (CV 46).

This may have importance for CSR if we understand that the Pope is talking about different types of organizations that compete (or cooperate) with one another in the market; that pursue different goals, regardless of their legal form (CV 46) and what they do with their profits (CV 46); that assume different responsibilities (i.e., have different forms of CSR); and that try to overcome the deficiencies of the system as we know it today.

¹⁴ Like other documents of Catholic social teaching, the encyclical states clearly that “economic action is not to be regarded as something opposed to society” (CV 36); if on occasion “the market can be a negative force,” this is “not because it is so by nature, but because a certain ideology can make it so. [...] It is shaped by the cultural configurations which define it and give it direction” (CV 36). Cf. also John Paul II, “*Centesimus Annus*,” 42.

¹⁵ I have dealt with this subject in Argandoña (2010).

CSR Is Based on Justice and Charity

If CSR has an ethical content, it will naturally assign an important role to the virtues. A socially responsible company is one that is run on ethical lines; in other words, virtues are practiced in it, and CSR is *a manifestation of that practice of the virtues*. Prominent among those virtues, of course, is *justice*, as one of the “criteria that govern moral action” (CV 6). If “every society draws up its own system of justice” (CV 6), companies must be built on justice, especially commutative justice (CV 35). Social responsibilities cannot be exercised where justice is not present.

Yet the encyclical also suggests that CSR includes, above all, *charity*, which “goes beyond justice [...] but it never lacks justice, which prompts us to give the other what is ‘his’ [...] [and] I cannot ‘give’ what is mine to the other, without first giving him what pertains to him in justice. [...] On the one hand, charity demands justice: recognition and respect for the legitimate rights of individuals and peoples. [...] On the other hand, charity transcends justice and completes it in the logic of giving and forgiving” (CV 6). Because “if the market is governed solely by the principle of the equivalence in value of exchanged goods [i.e., by relations of commutative justice in the market], it cannot produce the social cohesion that it requires in order to function well” (CV 35). “The ‘earthly city’ is promoted not merely by relationships of rights and duties, but to an even greater and more fundamental extent by relationships of gratuitousness, mercy and communion” (CV 6): “without gratuitousness, there can be no justice in the first place” (CV 38). And this defines a scope of CSR that goes well beyond the approaches adopted in many companies.

It Is Voluntary

If CSR is ethical, it must be *voluntary*, that is, based on the freedom of the agent and not subject to the compulsion of law or the coercive apparatus of the State.¹⁶ In this the encyclical coincides with most definitions of CSR. But voluntary does not mean optional. Ethical responsibilities have the “obligatoriness” of morality, i.e., that which is required for the good of the human person, for the good of the others involved, for the common good of society, and, in the case of companies, for survival. CSR, like development, can be said to be “a vocation, a call addressed by free subjects to other free subjects in favor of an assumption of shared responsibility” (CV 17) – which is not to say that the ethical responsibilities to which CSR refers must not sometimes be made obligatory by law or regulation, without this making them any the less moral responsibilities.

It Is Centered on The Human Person

If authentic human development is “to promote the good of every man and of the whole man” (CV 18), CSR must be oriented toward that objective, “the *centrality of the human person*” (CV 47), of all men and women as part of “a single family” (CV 53), because “the primary

¹⁶ The encyclical recognizes the traditional functions of the State in Catholic social teaching, but does not develop them in detail (CV 24ff). On this subject, see John Paul II, “*Centesimus annus*,” no. 40, y Pontifical Council of Justice and Peace (1994), nos. 351-355.

capital to be safeguarded and valued is man, the human person in his or her integrity” (CV 25). Obviously, no individual company is responsible for the good of all men, nor for the integral (material and spiritual) good of man. But the conception of a company’s moral responsibilities must take all this into account.

For example, CSR must play *a subsidiary role* because “the human person by nature is actively involved in his own development” (CV 68). Certainly, subsidiarity, which the encyclical presents as “an expression of inalienable human freedom” (CV 57), above all in relation to the State, can be applied to other organizations as well. So firms must consider their CSR policies as “a form of assistance to the human person” that is offered “when individuals or groups are unable to accomplish something on their own, and it is always designed to achieve their emancipation, because it fosters freedom and participation through assumption of responsibility.” Accordingly, “subsidiarity respects personal dignity by recognizing in the person a subject who is always capable of giving something to others.” And “by considering reciprocity as the heart of what it is to be a human being, subsidiarity is the most effective antidote against any form of all-encompassing welfare state” (CV 57), which may occur not only in the State but also in other intermediate organizations such as companies.

The application of the principle of subsidiarity to CSR has a wide range of implications. CSR programs must count on the capabilities of all those involved, seeking not so much to solve people’s problems as to put people in a position to solve their problems for themselves, because “the people who benefit from [development programs] ought to be directly involved in their planning and implementation” (CV 47). CSR must therefore *respect the freedom* of those involved and rely on *their participation*,¹⁷ which is far removed from the conception of CSR as a set of techniques, or a form of organization, or a structure: “no structure can guarantee this development over and above human responsibility” (CV 17).

To the extent that CSR recognizes rights in stakeholders, it also identifies duties in them: “the sharing of reciprocal duties is a more powerful incentive to action than the mere assertion of rights” (CV 43). Rather than talking about the social responsibility of companies, therefore, we should be talking about a whole set of responsibilities at all levels of society; ethical responsibilities that are *shared and reciprocal*, including the responsibilities of companies to their stakeholders, and of stakeholders to companies and to one another (Argandoña, 2008):¹⁸ “integral human development is primarily a vocation, and therefore it involves a free assumption of responsibility in solidarity on the part of everyone” (CV 11).

It Implies a Conception of The Role of Firms in Society and of The Common Good

If CSR comprises the responsibilities that companies assume voluntarily, not coercively, yet as part of their ethical duties, it somehow entails a conception of the *role of firms in society*,

¹⁷ The encyclical offers some suggestions for international development programs which, by analogy, are applicable to CSR programs. For example, “solutions need to be carefully designed to correspond to people’s concrete lives, based on a prudential evaluation of each situation” (CV 47), etc.

¹⁸ Environmental protection, for instance, is a responsibility of companies, but also of their customers, suppliers, employees, managers and owners. It will be the company’s task to identify and specify the environmental duties that fall within its responsibility, but the company will also need the participation and involvement of all in order to perform those duties.

which in turn implies a *conception of the common good*, i.e., “the good of ‘all of us’, made up of individuals, families and intermediate groups who together constitute society [...] a good that is sought not for its own sake, but for the people who belong to the social community and who can only really and effectively pursue their good within it” (CV 7). In any case, the role of firms in society cannot be detached from the conception of the firms’ purposes or objectives, mentioned earlier.

It Is Not To Be Identified With Social Action or Philanthropy

CSR, as presented in the encyclical, is evidently not to be identified with *social action or philanthropy*.¹⁹ The charity that presides over the encyclical from its very first paragraphs is not mere “sentimentality” (CV 3), but a solid virtue that has its origin in God (CV 5). The ethics that inspires CSR is a virtue ethics, very different from philanthropy. Certainly, the encyclical stresses the role of *solidarity* – “solidarity is first and foremost a sense of responsibility on the part of everyone with regard to everyone, and it cannot therefore be merely delegated to the State” (CV 38) – but the concept of solidarity in Catholic social teaching is not equivalent to social action or distribution of goods. It includes, of course, “the sharing of goods and resources, from which authentic development proceeds,” but this sharing is made possible “by the potential of love that overcomes evil with good (cf. Rom 12,21), opening up the path towards reciprocity of consciences and liberties” (CV 9). These relations clearly place solidarity far beyond any such sharing of goods.²⁰

In any case, the content of CSR is not confined to the acquisition and distribution of material goods, as “authentic human development concerns the whole of the person in every single dimension” (CV 11). It includes “having more” (CV 18), but it must not be limited to “mere accumulation of wealth;” rather, it must be “at the service of higher goods” (CV 11), including openness to transcendence (“God is the guarantor of man’s true development,” CV 29) and spiritual growth (CV 76).

This thesis may seem utopian when applied to an economic institution such as a firm, whose goals appear to be purely material. As already pointed out, however, a company’s goals include, but go beyond, the purely material, and its responsibilities are also moral, shunning both the “types of messianism which [...] always build their case on a denial of the transcendent dimension of development” (CV 17) and the kind of spiritualism that refuses to acknowledge the role of companies in the satisfaction of human needs and the progress (including material progress) of humanity. The responsibilities included in CSR therefore also relate to people’s intrinsic motives, such as the satisfaction of a job well done, participation in social relationships (the “category of relation”: CV 53), or the acquisition of knowledge and operational capabilities. Above all, however, they also include the development of attitudes, values and virtues, that is, “higher goods” (CV 11), so as to achieve “the good of every man and of the whole man” (CV 18) (Pérez López, 1993). Firms can therefore be expected to have a

¹⁹ The encyclical contains a very brief reference to the “charitable and educational activities” of the Catholic Church, but points out that the Church’s public role is far more ambitious (CV 11). In “*Deus caritas est*” the references to the Church’s social support activities are more extensive (no. 19ff).

²⁰ In no. 35 it is stated that “without internal forms of solidarity [...], the market cannot completely fulfill its proper economic functions.” These “internal forms” of solidarity obviously cannot refer to philanthropy.

conception of CSR that does not hinder integral human development in all its dimensions but that contributes positively, where possible, to all of them.

This means that CSR cannot consist merely of achieving results, much less purely material results. As an ethical responsibility, its goal is the improvement of people, starting with those who put CSR into practice and continuing with the rest, i.e., those who benefit from it. In relation to “the ‘technical’ worldview that [...] is now so dominant that truth has come to be seen as coinciding with the possible,” the encyclical points out that “when the sole criterion of truth is efficiency and utility, development is automatically denied” (CV 70).

It Demands Committed Leaders

The conception of CSR underlying “*Caritas in Veritate*” is humble, unpretentious and conscious that “the conviction that man is self-sufficient and can successfully eliminate the evil present in history by his own action alone has led him to confuse happiness and salvation with immanent forms of material prosperity and social action” (CV 34). It does not claim to solve all problems, nor does it offer definitive solutions. It leaves each person to be “the main agent of his own success or failure” (CV 17).

CSR is part of the organizational and managerial task of owners, entrepreneurs and managers, shared by all the people in the company and other stakeholders. To them the following words from the encyclical can be applied: “development is impossible without *upright men and women*, without financiers and politicians whose consciences are finely attuned to the requirements of the common good. Both professional competence and moral consistency are necessary” (CV 71). The encyclical concludes that “[d]evelopment needs Christians with their arms raised towards God in prayer, Christians moved by the knowledge that truth-filled love, “*Caritas in Veritate*”, from which authentic development [the authentic corporate social responsibility] proceeds, is not produced by us, but given to us. For this reason, even in the most difficult and complex times, besides recognizing what is happening, we must above all else turn to God’s love. Development requires attention to the spiritual life, a serious consideration of the experiences of trust in God, spiritual fellowship in Christ, reliance upon God’s providence and mercy, love and forgiveness, self-denial, acceptance of others, justice and peace” (CV 79).

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