

4-9-2009

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Recommended Citation

"Neglecting the Common Good" (2009). *News Releases*. 1500.
https://ecommons.udayton.edu/news_rls/1500

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Neglecting the Common Good

04.09.2009 | Faculty, Business According to Brother Victor Forlani, S.M., the current financial crisis is all Chicago's fault.

"The Chicago School of Economics, with its almost exclusive focus on profit, dominates our securities market," said Forlani, Marianist-in-residence at the University of Dayton's School of Business Administration. "That orientation results in corporate missions that neglect a commitment to the common good."

With that also comes a lack of executive commitment to the firm and its stakeholders because of their focus on job and pay security and the accompanying fame and status, he said.

The bottom line, according to Forlani, is that corporate actions have only been assessed for their short-term impact, neglecting the intermediate and long-term effects on stakeholders.

"We had have very little sense of the common good and our obligation to it until we entered this crisis," Forlani said.

Forlani said a set of uncurbed attitudes, beliefs and values have been the underpinnings of the current crisis.

"We had no sense of limits, resulting in the creation of speculative bubbles that over-valued assets and eventually burst," he said. "Such bull markets are powered by greed and overly optimistic economic assumptions because managers look almost exclusively to quarterly results to please the stock analysts and achieve quarterly targets, neglecting the long-term implications," he said.

In the wake of the crisis, some business schools are ramping up ethics education, but teaching ethics isn't enough, according to University of Dayton accounting professor Joseph Castellano, who teaches the school's Business as a Calling course with Forlani.

"You can't create a culture of ethics by only teaching about codes of conduct, ethics training and compliance," Castellano said. "We felt that if individuals could see their work and their profession as a calling, they would see it as part of being a complete person, instead of something separate. It becomes not only who they are as an individual but how they make a contribution to their communities and to society."

That perspective has its roots in Catholic social teaching, the body of thought that deals with the economic, political and social order of human society, based on Hebrew and Christian Scripture as well as teachings of the Catholic church.

Forlani said a key principle is that all economic life should be shaped by moral principles.

"Catholic social teaching tells us that economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family and serve the common good," he said. "It's that part about serving the common good that needs to be emphasized."

As part of a Catholic, Marianist institution, the School of Business Administration is seeking ways to offer business students more opportunities to explore issues of ethics and values as a broader, more humanitarian approach to business, according to Forlani. As the business school's first Marianist-in-residence, he's charged with helping to integrate principles of Catholic social thought and the University's Marianist heritage into the business curriculum.

Castellano explained that the Business as a Calling course uses those principles as a lens to examine business and management theory and to help students develop personal values that will lead to more satisfying lives and improved organizations.

"Organizations are hungry for the kinds of leaders who can truly create learning organizations and organizations with ethical cultures," Castellano said. "You just can't assume that people know how to do that. Business schools have a responsibility to help with the moral and character development of these people who will ultimately be the next generation of leaders."

The crisis affirms the need for such a focus, Forlani said.

"From our experience of the past year," he said "it's clear that we need leaders with a sense of responsibility to the common good to take us forward."

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