

## **Managing for the Common Good: Catholic Social Teachings and Ethical Management Practice**

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### **Abstract**

The Philippines is a predominantly Catholic country but business managers who explicitly integrate their faith within their business practice is relatively rare. This has contributed to Catholics living what has been referred to as a divided life. Using Alford and Naughton's model of explicit engagement through case study research on the Filipino practicing Catholic and entrepreneur, Bernido Liu and his company Golden ABC, this paper provides an understanding of how Catholic Social Teaching (CST) can be integrated with ethical management practice, especially with respect to traditionally difficult management decisions. This study can increase the awareness of entrepreneurs and managers about an alternative way of doing business, namely doing well in business while also doing *good* by using CST as a guide when making decisions.

**Key Words:** Catholic Social Teaching, workplace spirituality, integrating faith and work, decision-making.

## Introduction

Pope John Paul II (2003) acknowledged the Philippines as home to the largest Catholic presence in Asia and as one of the most vibrant Catholic communities in the world. Eight out of ten Filipinos are Roman Catholics (Philippine Statistics Authority, 2015). However, Filipino business managers who explicitly integrate their faith within their business practice is relatively rare. This has contributed to Catholics living what Naughton (2006) refers to as a divided life.

Catholic business leaders are faced with several important questions. Is profit the end-all and be-all of business? Can the quest for profit be good? What does it mean to be Catholic and to operate in today's business environment? Catholic Social Teaching (CST) is a collection of papal and related documents that apply Catholic beliefs to contemporary these social questions as applied to business, including economic and labor issues (Sison, Ferrero, & Guitián, 2016), and corporate governance (Cremers, 2017).

In CST, the Church acknowledges the legitimate role of profit as an indication that a business is functioning well but proposes that the purpose of a business firm is not simply to make a profit. In his encyclical *Laudato si'*, for example, Pope Francis argues that “the principle of the maximization of profits, frequently isolated from other considerations, reflects a misunderstanding of the very concept of the economy” #195. In *Lumen Fidei*, he argues that “faith also helps us to devise models of development which are based not simply on utility and profit but consider creation as a gift for which we are all indebted ...” #55.

There are some businesses led along Christian values which are well-documented in publications such as ServiceMaster in *The Soul of the Firm* (Pollard, 1996) and Chick-fil-a in *Eat mor chikin: Inspire more people* (Cathy, 2002). However, documentation of businesses led along Catholic principles are quite rare; Alford and Naughton's *Managing as if faith mattered* (2001) is an exception. This paper contributes to the faith-based business literature, specifically on how Catholic principles, as enunciated in CST, can guide managerial decision-making such that a Filipino Catholic entrepreneur is able integrate faith and work while operating in the highly competitive industry of fashion retailing and given the challenging business environment in the country.

### **Research Problem**

How can CST be integrated into business purpose, practice, and decisions through the actions of an entrepreneur in a major company within a highly competitive industry in the Philippines?

1. *What factors within the entrepreneur (Individual Influence) led him to integrate CST in business?*
2. *What is the impact of the entrepreneurs' awareness of and sensitivity to CST on business purpose?*
3. *What is the impact of the entrepreneurs' awareness of and sensitivity to CST on business decisions and practices?*

This paper aims to address the challenge posed by Catholic social tradition: "What is the end purpose of my work? And "How does this end purpose influence *how* I work?" (Alford &

Naughton, 2001, p. 19). As Cortright and Naughton (2002, p. xiv) stressed, “CST becomes Catholic social thought and action only so far as the laity deliberately and reflectively embody its principles in their actions”.

## **Review of Literature**

### ***The Common Good Model: The Catholic View of the Corporation***

Pope John Paul II praises the role of business in modern society; it gives people a chance to develop in the economic sphere. It demands the person’s best qualities, the capacity to investigate and to know, the capacity for solidarity in the organization, and the capacity to work toward satisfaction of the needs of fellow employees (Calvez & Naughton, 2002).

The principle of the common good, which is central to CST, says that the aim of every human institution should be to promote human dignity, the fundamental rights of persons to life, bodily integrity, and “the means that are suitable for the proper development of life” (*Pacem in Terris*, #11; *Rerum Novarum*, #20).

Alford and Naughton (2001) stressed that business is not responsible *for* the common good, but it is, like all communities, responsible *to* the common good (p. 41); defining the organizational common good as “the promotion of all the goods necessary for integral human development in the organization, in such a way as to respect the proper ordering of those goods” (p. 45) (also, *Mater et Magistra*, #63).

The primacy of promoting the common good implies that (a) the corporation is a community formed so that the members of that community “are able to accomplish something collectively that they could not accomplish separately – they make a contribution to society” (Novak, as cited in Stabile, 2005); (b) participants in the corporation have an obligation to one another as a result of their participation in the business that is rooted far deeper than the contractual obligations they agree to undertake; and (c) the corporation, like all human institutions, shall be judged by how it protects or undermines the life and dignity of the human person, supports the family, and how “it enhances or threatens our life together as a community” (U.S. Catholic Bishops, 1986).

Calvez and Naughton (2002) noted that while profit and productivity are necessary and critical dimensions, unless a community develops within a business to provide a proper ordering of these economic dimensions, the possibility of the business becoming a place where people can develop evaporates. This proper ordering of goods was explained by Alford and Naughton (2001): Profit, like capital and technology is a foundational good, while human development, like friendship, personal cultivation, and moral self-possession is an excellent good; while foundational goods (what we need to obtain other goods) are important because they directly support the viability of the firm in a market environment, excellent goods (goods that we pursue for their own sake) are more important because they inform and render meaningful all our work (p. 40).

### ***Integrating Work and Faith***

Gardner, Csikszentmihalyi, & Damon (2001, p. 243) defined an integrated person as someone whose goals, values, thoughts, and actions are in harmony; someone who belongs to a network of relationships; someone who accepts a place within a system of mutual responsibilities and shared meanings. Integrity signifies the condition of being one or whole, of being complete and

unimpaired, of being wholly consistent in ourselves and in our actions. When there is a gap between *who we ought to be* and *who we actually are*, we are not whole; we suffer from a *split personality* (Alford & Naughton, 2001, p. 7).

A participant in a pilot course on spirituality and business leadership summarizes the potential of managers integrating work and faith: “If business is essential to society, and most people participate in it for the society to function (as opposed to being full-time charitable volunteers or monks), and if all people are called to a life of full spirituality and holiness, then it must be possible to live a full spiritual life while in business” (because the alternative is that either everyone becomes a monk or spirituality is available only to a privileged few) (Delbecq, 2000, p. 119).

### ***Catholic Social Teaching (CST) and Management***

The body of knowledge referred to as CST apply Catholic beliefs to contemporary social questions, including economic issues. Of these principles, the following have been identified as particularly relevant to management and the featured cases.

**Human Dignity.** This principle is based on the conviction that each individual human being possesses intrinsic worth simply by virtue of his or her existence. Human beings are created in the image and likeness of God. Every human being is a *who*, not a *what*, a someone, not a something (Garvey, 2003; John A. Ryan Institute for Catholic Social Thought of the Center for Catholic Studies [JRICSTCCS], n.d.). As children of God, persons are far more than business assets and to treat them as business assets is a great injustice (Sandelands, 2009).

**Participation.** – Subsidiarity or participation means that “decision-making should be pushed to the lowest possible level, so that all concerned can contribute to the fullness of their ability” (Wahlstedt, 2001); and that higher authorities ought to provide whatever help those at

lower levels need to make and implement those decisions. Subsidiarity is implied by the principle of human dignity (Quadragesimo Anno, #79-80): if human beings are images of God, then they can develop authentically only if they can use the intelligence and freedom that God has bestowed on them (JRICSTCCS, n.d.). It imposes responsibility for decisions on those who should best understand the consequences, economic and moral, of their choices; and posits decision-making authority in free and, hopefully, morally responsible individuals (Garvey, 2003).

**Justice.** This is premised on the fact that God gave humanity the earth and all it contains to support and sustain the life of all humans, excluding no one (JRICSTCCS, n.d.).

The organization is one of the principal mechanisms in which the goods of this earth are distributed. Organizational leaders must account for this social dimension of created goods when they set prices, allocate wages, distribute ownership, manage payables, and so forth. Their decisions should aim at a just distribution that meets people's needs and rewards their contributions, while at the same time sustaining the organization's financial health (JRICSTCCS, n.d.). The principle of (social) justice should guide managers when they consider and measure the impact on internal and external constituents (Maximiano, 2006, p.43).

**Stewardship.** Stewardship refers to the universal purpose of created things, that is, God intends the earth and its goods for use by everyone; all other rights must be subordinated to this (Populorum Progressio, #22). Therefore, private property is not an absolute and unconditional right, but must be exercised for the common good (#23).

Good stewards are productive with the goods that have been placed in their care (Mt. 25:14-30). Rather than takers of creation's abundance, they produce more than what has been given to them; they use their talents and produce more with them; they realize that they are not the owners of their gifts, but rather they are part of a much larger patrimony on which they will be judged (JRICSTCCS, n.d.).

**Solidarity with the Poor.** Solidarity requires, on the part of the influential, the willingness to share, and on the part of the weaker, an active claiming of rights. Solidarity helps us see the *other* as neighbor or helper and is the path to peace and development (*Sollicitudo Rei Socialis*, #39). This “option is a decision, an exercise of other-centeredness, especially desired when most businesses are motivated by self-interest” (Maximiano, 2006, p. 44). It brings the members of the business together to look beyond a strict economic end or instrumental purpose of the business, and challenges members to envision ways in which their vocation in the business can promote the vocation of business to serve the societal common good (Chamberlain, 2004, p. 12).

### ***An Explicit Model of Engagement: The Faith-Based Approach***

In Alford and Naughton’s (2001) explicit model of engagement, the organizations’ first principles are clearly guided by faith, often stated as part of their mission statements. Examples of companies that have been recognized for aligning practices with CST are Reell Precision Manufacturing in the US (Alford & Naughton, 2001) and Mondragon Cooperatives in Spain and other countries (Bretos & Errasti, 2018). It represents a form of engagement that can bring the richness of the Catholic faith to bear directly on daily work, creating the maximum possibility of developing a virtuous workplace.

A challenge faced by practitioners is “how to express faith in the workplace in a way that is forthright and specific, without being rigid or exclusive as the organizations interact with other parties who may not be committed to that faith although they can respect it” (Alford and Naughton, 2001, p. 27). Wahlstedt (2000) of Reell Precision Manufacturing concluded that articulating the spiritual vision that inspired the convictions of the company is necessary to guarantee commitment.



### ***Factors Affecting Integration / Ethical Decision-Making***

When a person decides to integrate work and faith, it is his motivations that lead him to make the choice and to sustain that choice. As Alford and Naughton (2001, p. 103) said, “In acting, a person exercises her will, which is both motivated by external objects and directed by her knowledge of practical truths”.

Latha and Murthy (2009) defined motivation as an index of one’s belief in his resourcefulness to take up challenging tasks; a motivated person is likely to have a broader vision that helps him to make life more meaningful. They found that 58.7% of entrepreneurs were influenced by family members, while 15.3% were influenced by friends or spouse.

Cassar (as cited in Becherer et al., 2008) found that entrepreneurs' reasons for a career in self-employment differed in economic motives, the importance of financial success, and the need for independence. The opportunity to make more money is a common motivation. In a survey of Filipino entrepreneurs, Ruane (2007) concluded that common motivations for going into business (aside from earning more) include: contributing to society, being their own boss, and wanting to spend more time with family (through a flexible work schedule).

Becherer et al. (2008) cited Carson and Gilmore, and Miller and Friesen who noted that by their very nature, the culture and consequent actions of entrepreneurial ventures largely depend on the attitudes and perceptions of the owner/operator.

### ***Integrating CST in Business Practices***

**HR Management:** In *Laborem Exercens*, John Paul II’s call to solidarity was a reaction against the degradation of people as subjects of work (#8), when materialistic thought treats humans as instruments of production rather than as subjects of work, and workers are considered as

merchandise (#7). Man should not be treated as a mere factor of production (#12). In Pope John Paul II's words "the primary purpose of any kind of work that man does is always man himself" so that "man does not serve work, but work serves man" (#6).

**Marketing:** Laczniak (1998) noted that the religion-based commentary on the ethics of advertising issued by the Vatican Pontifical Council for Social Communications in 1997 endeavored to address the economic, political, cultural, and moral dimensions of advertising as they affect society, for example, the irresponsible impact of artificially creating wants, especially on developing countries, and the use of vulgar and morally degrading advertisements. Section 14 says that advertisers, those who commission, prepare, and disseminate advertising, are "responsible for what they seek to move people to do".

**Finance:** CST's challenge in finance is focused on the role of profit in the organization. It is the ordering of the goals (Alford & Naughton, 2001) of the business, profit as an end-goal rather than as a means-goal, that is not consistent with CST. The virtue of temperance that curbs and restrains desire is important to put profit and wealth accumulation in the proper perspective (Alford & Naughton, 2001).

## **Method**

### ***Research Design***

The study utilized an embedded exploratory case study design (Yin, 2017), in which there is no attempt to generalize to other managers the results of a single-case study at the exploratory phase because of the rarity of such cases. Yin likens such case studies to an experiment in which the

goal of the scholar is to “expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)” (Yin, 2009: 15).

The illustrative cases presented involve decisions made in several functional areas.

***Case Subject: Golden ABC***

The case subject entrepreneur (Bernido Liu) and company (GABC) were purposely identified and was not the product of any sampling methodology. As Eisenhardt (1989) noted, random selection is neither necessary nor preferable because in building theory from case studies; cases are specifically chosen to meet research objectives. Moreover, since access is critical, the cooperation and support of the subjects are necessary, and these are not normally obtained through regular approaches. Eisenhardt also cited Pettigrew who noted that given the limited number of cases that can usually be studied, it makes sense to choose cases where the process of interest is transparently observable.

Liu was identified as a potential proponent of CST integration in business following Alford and Naughton’s (2001) model of explicit engagement.

We identified GABC (known by its brands, e.g., Penshoppe) as a potential case from a book about Filipino entrepreneurs (Liu, 2004) while doing research for her MBA class. We were fortunate to obtain an introduction through one of her students and were thus able to approach Liu. Despite his preference for privacy and maintaining a low public profile, he agreed to support this research and gave us permission to gather data. The data gathered supported our initial assessment of a possible fit to the model of explicit engagement.

***Overview of the Case Study Research***

We prepared mostly open-ended guide questions for the entrepreneur, employees of the company, and other stakeholders. We supplemented company-provided information with other secondary and primary information, such as financial data from the Security and Exchange Commission, articles from the Internet, feedback from people who are familiar with the industry or the company (e.g., customers), and personal observation.

Following Yin (2017), we implemented the use of multiple sources of evidence (to strengthen construct validity) and maintained a database and chain of evidence. We complied with the four principles of a good social science research (Yin, 2017) and exerted all effort to gather as much evidence as possible and analyze its implications. We interviewed 13 employees from different levels including the primary resource persons who were interviewed more than once:

1. Bernido H. Liu -- Chief Executive Officer/Entrepreneur
2. Ted Belza -- Director, HR & Administration
3. Christina Yap-Bardos -- HR, Communication & Development Manager
4. Jovie Monsalud -- OIC, HR & Administration Division

To remove or reduce bias, information from other sources / other respondents were used to cross-validate information provided by the respondents. For reliability, to allow another investigator to follow the same procedures and conduct the same study all over again to validate the findings / information provided, the case study protocol and the sources of information were documented.

A copy of the case report was provided to the entrepreneur for comments to ensure that facts were captured accurately.

### Guide for the Case Study Report

This case study research focused on the efforts to integrate CST on business decisions. These decisions are highlighted because they are uncommon, that is, typical entrepreneurs who are faced with the same situation tend to take other options as documented by various researchers, with profit as the ultimate motive, and seemingly, without regard to the values that they claim to profess.

The case includes information on the industry and a company background, including its articulated mission, vision, and values, and a brief profile of the entrepreneur. The illustrative decision cases include a description of the case situation, relevant environmental (internal and/or external) factors, specific decision points, the CST-aligned principles invoked, the decision made, and when available, the outcome of the decision.

### Data Analysis Process

Qualitative analysis was applied to the case evidence based on the research questions and the Catholic social principles of human dignity, the common good, participation, justice, stewardship, and solidarity with the poor. We considered Liu's business leadership of ABC as a revelatory case as explained by Yin (2017). Thus, even if the study involves only one company, the case findings can yield significant insight because of the rarity of faith-based managers among leading companies in the Philippines.

### Reporting the Case Study Results

Due to journal space limitations, this paper features only tabular summaries of nine of the 15 decision cases identified involving Liu and the management team of GABC. Case details are available from the authors upon request. They are illustrative and as concrete as possible to make them easy to read. We endeavored to follow the parameters of a well-written case report. Although the identity of the entrepreneur and his company is disclosed with his permission, some parties have been disguised when the situations or issues are either controversial or sensitive in nature (Yin, 2017).

### **Findings**

GABC's size (large), scope of operations (with branches nationwide and beginning to explore international operations), and success in a competitive industry makes a compelling argument about doing good *and* doing well. To describe GABC:

**Table 1: Golden ABC Background Information**

<b>ASPECT</b>	<b>CHARACTERISTIC</b>
Ownership	Closed, family-owned corporation
CEO-Entrepreneur's Religion	Catholic
Owner-Manager	CEO is majority owner, founder, and is actively managing GABC
Age of Organization	Founded in 1986
Nature of Business/Industry (Primary Classification)	Fashion/Clothing, Retail
Size (Asset Base as of 2007)	PhP 840.2 million
Nature of Operations	Marketing and Brand Management <ul style="list-style-type: none"> <li>- Retail Brands (Penshoppe, Memo, Oxygen, ForMe, Regatta)</li> <li>- Direct Selling Brand (Red Logo)</li> </ul>
Locations (National)	<ul style="list-style-type: none"> <li>- Head office in Quezon City</li> <li>- Nationwide, mostly inside malls.</li> </ul>
International Operations	China

Number of Employees (as of end 2008)	995
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Source: Authors' own

Following the research questions, the focus of the analysis is on explaining how GABC integrates CST in its business purpose and practice, and on factors in the environment that facilitate or hinder this integration.

***Research Question 1: What Factors Within the Entrepreneur (Individual Influence) Led Him to Integrate Catholic Social Principles in His Business?***

Liu grew up in an environment where values were clear and given importance; his parents are devout Catholics. His parents, also entrepreneurs, and considered as co-founders of GABC, strongly influenced the organization's beginnings, especially since Liu was still quite young when he started the enterprise. For Liu, there was no question as to how the business should be managed.

***Research Question 2: What is the Impact of the Entrepreneurs' Awareness of and Sensitivity to CST on Business Purpose?***

Contrary to the traditional profit maximization purpose, business purpose under the common good model or consistent with CST recognizes profit as a means goal (Alford & Naughton, 2001), necessary for sustainability, but not the end-goal of business. This perspective is clear in GABC's statement of its business purpose:

“We passionately aim to become the employer of choice, create superior shareholder value, take our customers to the level of total brand experience, innovate to improve our products, processes, and systems, continuously operate as a preferred business partner, and nurture our corporate citizenship” (About Us)

Liu aims to be profitable and for the business to be sustainable, but not everything is forsaken for profit. Specific decision cases provide examples where decisions resulted to loss of profit or profit opportunities because a higher value was prioritized (NB: Tables appear after the References for readability purposes):

- Case No. 1 – Maintaining a significant number of retail personnel as regular workers.
- Case No. 2 – Prioritizing managerial behavior over performance.
- Case No. 6 – Express your faith campaign.
- Case No. 9– Not taking advantage of the Php 10 shirt.

The above decision cases showed a marked pattern of Liu going against common business practice in the Philippines. The decisions on maintaining regular personnel and wholesome advertising are quite costly in the fashion retail industry. These values-based decisions could be carried out by Liu since the company is privately held and he has ultimate decision authority. He exercises this authority in an intentional and consistent way, as the cases demonstrate.

***Research Question 3: What is the Impact of the Entrepreneur’s Awareness of and Sensitivity to CST on Business Decisions and Practices?***

Following are nine decision cases along three major functional areas. The decision case details are summarized in tabular format highlighting elements of how CST impacts on business decisions and practices at GABC. The framework for presenting the case summaries in table format is as follows: the decision point or question, relevant environment, CST considerations, business considerations, and the CST-aligned decision or practice.



These case summaries across different functional areas show the intentional decisions and strategies pursued by Liu and his management team to animate GABC's work community in ways consistent with CST.

**Table 2: CST-aligned HR Practices and Decisions (Part I)**

<b>Case # Title</b>	<b>#1: Regularizing Retail Personnel</b>	<b>#2: The High Performing Manager</b>
<b>Decision Point</b>	Should GABC follow the popular practice of not regularizing retail personnel?	What should GABC do about a high performing manager who exhibits behavior that is not consistent with GABC's values?
<b>External Environment (General)</b>	<ul style="list-style-type: none"> <li>- Even the Department of Labor and Employment and the Employers Confederation of the Philippines seem to accept contractualization as a practice (Remollino, 2002).</li> <li>- Contractualization significantly affects lower-level work.</li> </ul>	<ul style="list-style-type: none"> <li>- A lot of high performing managers get away with "bad" behavior, illustrating how important profit is to most people.</li> <li>- _Sutton (2007) cited that some of the meanest, most abusive bosses have been lauded in the business press and on Wall Street.</li> </ul>
<b>External Environment (Legal)</b>	The Labor Code has provisions on minimum wage and probationary employment (Republic of the Philippines, 1974).	
<b>External Environment (Industry)</b>	<ul style="list-style-type: none"> <li>- Contractualization of personnel is common in the retail industry. (Que, The view from Taft: The challenge of outsourcing, 2009).</li> <li>- In Shoemart, the largest chain of department stores in the country, "about 90% of the employees are contractual and are terminated immediately after the peak shopping seasons" (Remollino, 2002).</li> </ul>	
	GABC's culture promotes respect and caring.	

**Internal**

<b>Environment (GABC)</b>	GABC would like to regularize as many employees as possible.	Respect is important at GABC; top management models this behavior well.
<b>Relevant CST Principles</b>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Justice</li> <li>- Common Good</li> <li>- Solidarity with the Poor</li> </ul>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Justice</li> </ul>
<b>Business Considerations</b>	<ul style="list-style-type: none"> <li>- Contractual personnel costs less than regular personnel, cannot form unions, and can be replaced without due process or just cause.</li> <li>- The retail business has peak and lean seasons; therefore, personnel requirements vary.</li> </ul>	<ul style="list-style-type: none"> <li>- High performing managers are not easy to replace.</li> <li>- A management style that is based on fear, intimidation, and abuse demoralizes people causing them to withdraw and reduce their efforts knowledge applied for the organization's benefit (Pfeffer, 2003; Sutton, 2007).</li> </ul>
<b>CST-Aligned Decision / Business Practice</b>	<ul style="list-style-type: none"> <li>- GABC's core retail personnel per branch are regular workers with proper wages and benefits.</li> <li>- Seasonal personnel supplement the regular employees during peak season, or act as relievers.</li> <li>- When there are vacant regular positions, seasonal employees are prioritized.</li> <li>- GABC ensures that partner-agencies that provide seasonal workers provide the proper pay and benefits.</li> </ul>	<ul style="list-style-type: none"> <li>- GABC discussed the situation with the manager. The manager opted to resign.</li> </ul>

**Source:** Case studies

Legal and industry environment are not relevant in these cases:

**Table 3: CST-aligned HR Practices and Decisions (Part II)**

<b>Case #: Title</b>	<b>#3: Work-Life Balance</b>	<b>#4: GREAT &amp; Founders' Awards</b>
<b>Decision Point</b>	How can GABC promote work-life balance among its employees?	How can GABC use recognition to reward high performers and those that best manifest GABC's values?
<b>External Environment (General)</b>	<ul style="list-style-type: none"> <li>- Overtime is part of the culture of many organizations; such that people who go home on time are perceived as lacking commitment, and faulted for not</li> </ul>	<ul style="list-style-type: none"> <li>- Aside from sales, common criteria for recognition programs are loyalty and innovation.</li> <li>- Awards that include both outcome-oriented and behavioral goals</li> </ul>

	<p>prioritizing work (Que, Managing for society: Focus on results, 2009).</p> <ul style="list-style-type: none"> <li>- Too many hours spent at work lead to stress-related ailments and leaves the employee with less time for familial, social, and personal activities.</li> <li>- Rank and file employees who work overtime are entitled to overtime pay.</li> </ul>	<p>signal that the organization values ethical behavior (Barsky, 2008)</p>
<b>Internal Environment (GABC)</b>	<ul style="list-style-type: none"> <li>- GABC’s culture promotes respect and caring.</li> </ul>	
		<p>Employees especially like the Values Awards category because it provides opportunities for recognition at all levels.</p>
<b>Relevant CST Principles</b>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Common Good</li> <li>- Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Justice</li> <li>- Common Good</li> <li>- Stewardship</li> <li>- Participation</li> </ul>
<b>Business Considerations</b>	<p>Having employees render overtime and thus produce more than their share of work means an organization can work with fewer employees</p>	<ul style="list-style-type: none"> <li>- Recognition is a motivator. It signals the kind of performance and behavior that the organization values.</li> <li>- Business performance goals are necessary to ensure business sustainability.</li> </ul>
<b>CST-Aligned Decision / Business Practice</b>	<ul style="list-style-type: none"> <li>- GABC does not encourage overtime.</li> <li>- Vacation leave cannot be accumulated and is not convertible to cash upon separation from the company; employees are encouraged to take their vacation, provided appropriate arrangements are made.</li> <li>- GABC provides a variety of employee relations activities, including opportunities to participate in its outreach programs.</li> <li>- GABC provides a retirement / benefit package to those with at least five years of service. People who shift their priorities from career to family avail of this benefit.</li> </ul>	<p>The GREAT Awards is one the highlights of GABC’s employee recognition program.</p> <p>The Founders’ Award recognizes individuals who consistently demonstrate the core values for three straight years. The first batch of awardees was honored during the 25th anniversary celebration and were gifted with a pilgrimage to Rome. The pilgrimage highlights GABC’s alignment with Catholicism.</p>

Source: Case studies

**Table 4: CST-aligned Marketing Practices and Decisions**

Case # Title	Case 5: Good, Clean Fun	Case 6: Express your Faith
<b>Decision Point</b>	As one of the major players in the highly competitive retail fashion industry, how should GABC promote its products in a way that positively influences the youth?	What is the impact of the year 2000 on GABC and how should the company celebrate this milestone?
<b>External Environment (General)</b>	<ul style="list-style-type: none"> <li>- The youth is increasingly becoming more sensitive about the world around them and want to have a voice.</li> <li>- Many advertisements do not promote positive values.</li> </ul>	<ul style="list-style-type: none"> <li>- The year 2000 is the Jubilee year, celebrating 2000 years since the birth of Christ.</li> <li>- Leading to the year 2000, most were focused on celebrating the new millennium and worrying about the millennium bug.</li> <li>- The business sector shies away from risky campaigns such as those that are about faith or religion.</li> </ul>
<b>External Environment (Industry)</b>	<ul style="list-style-type: none"> <li>- Sex in advertising is common, especially in the fashion industry.</li> <li>- One of its major competitors, Bench, is known for its controversial advertisements and holds an annual undergarments fashion show.</li> </ul>	
<b>GABC Environment</b>	<ul style="list-style-type: none"> <li>- GABC's target market is primarily the youth and young professionals.</li> <li>- GABC is concerned about operating responsibly and having a positive influence on the Filipino youth. "Values guide the way we speak and act towards our target market, teenagers and young professionals" (Liu, 2008).</li> </ul>	GABC openly expresses its Catholic values and observes Catholic tradition.
<b>Relevant CST Principles</b>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Common Good</li> <li>- Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>- Human Dignity</li> <li>- Stewardship</li> </ul>
<b>Business Considerations</b>	Marketing campaigns require resources and are expected to meet objectives.	
	In a highly competitive industry, companies must be as visible as their competitors.	The campaign is risky since they were unsure of customers' reaction.
<b>CST-Aligned Decision / Business Practice</b>	<ul style="list-style-type: none"> <li>- GABC uses advertisements to promote positive values.</li> <li>- It does not use sex in advertising. It does not advertise in adult magazines such as FHM and Maxim's.</li> </ul>	The campaign was moderately successful, and the employees were proud of being part of the Jubilee (Liu, 2008).

	- Battle Cry is one of its multi-awarded campaigns.	
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Source: Case studies

**Table 5: CST-aligned Finance and Purchasing Practices**

Case # Title	#7 Dealing with the Government	#8 Dear Supplier	#9 The Ten-Peso Shirt
Decision Point	How should GABC handle requests for tokens from government employees knowing that displeasing them could cause delays in its permits and licenses?	How can GABC ensure that its purchasing practices are ethical?	What should GABC do with an opportunity to profit from the sale of t-shirts that are being offered at a ridiculously low price after suspecting that they may have been smuggled into the country?
External Environment (General)	<ul style="list-style-type: none"> <li>- Businesses are required to pay permits and taxes, non-compliance or delays are subject to penalties, or the risk of suspension of operations.</li> <li>- There are government employees that are known for requiring <i>facilitation fees</i>.</li> <li>- A lot of businessmen consider <i>facilitation fees</i> as part of the cost of doing business. Some say that dealing with bureaucracy and corrupt employees cost the same as paying them off (Bacalla, 2000).</li> </ul>	<ul style="list-style-type: none"> <li>- Giving gifts is part of the Filipino culture; this has extended to the business community and is part of maintaining good relations with stakeholders. Moratalla (n.d.) noted that this can be abused and can lead to unethical purchasing practices.</li> <li>- There are companies who openly solicit gifts or raffle prizes from their suppliers, especially during Christmas.</li> <li>- Some suppliers are generous with their gifts to purposely influence decisions to be in their favor.</li> </ul>	<ul style="list-style-type: none"> <li>- Many people are interested in “easy money”.</li> <li>- Possible justifications: “If I do not grab this opportunity, another person will”. “I did not have anything to do with how they were brought in”. “My suspicions may be wrong”.</li> <li>- Smuggled goods deprive the government of tax revenue and is unfair competition.</li> <li>- There is also a danger of smuggled goods including banned items such as illegal drugs.</li> </ul>
Relevant CST Principles	<ul style="list-style-type: none"> <li>- Common Good</li> <li>- Human Dignity</li> <li>- Justice</li> <li>- Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>- Common Good</li> <li>- Human Dignity</li> <li>- Justice</li> <li>- Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>- Common Good</li> <li>- Human Dignity</li> <li>- Justice</li> <li>- Stewardship</li> </ul>

<p><b>Business Consideration</b></p>	<p>Penalties and suspension of operations due is not good for business.</p>	<ul style="list-style-type: none"> <li>- Encouraging the culture of gift-giving can lead to unethical practices and can increase the cost of goods and services.</li> <li>- The judgment on objectivity of some employees may be affected by the gifts they receive from suppliers.</li> <li>- A supportive organizational climate backed by appropriate policies can discourage unethical behavior (Barsky, 2008).</li> </ul>	<p>The lower the cost of purchasing goods, the higher the profit potential.</p>
<p><b>CST-Aligned Decision/ Business Practice</b></p>	<ul style="list-style-type: none"> <li>- GABC does not participate in or encourage participation in unethical dealings, including the payment of facilitation fees.</li> <li>- As a highly visible company, it is often approached for tokens; it attempts to tread a very narrow road of maintaining good relations with the government employees it must deal with, and minimizing</li> </ul>	<ul style="list-style-type: none"> <li>- At the beginning of the 4<sup>th</sup> Quarter, GABC sends a letter to its suppliers reminding them about its no-gifts policy, discouraging them from giving gifts to employees, and emphasizing the thrust to reinforce a culture of integrity.</li> <li>- Suppliers who still want to give are encouraged to instead join GABC in its outreach programs. Some suppliers do participate in these projects.</li> <li>- When GABC's policies are violated and employees are found to engage in unethical practices, appropriate action is taken.</li> </ul>	<p>GABC did not take advantage of the opportunity.</p>

	opportunities for		
	corruption		

**Source:** Case studies

## Conclusions

The main source of influence on Liu in integrating CST values is his upbringing and this led him to integrate Catholic values in his business purpose.

The analysis of the decision cases indicate that CST principles are integrated in GABC's decision-making. Despite the highly competitive environment where GABC operates and the common industry practices which do not align with CST, Liu and his management team are able to hold fast to what they stand for as a company and manifest CST-aligned values in critical decisions. The table below summarizes the GABC decision cases, relevant CST principles, corporate values, and stakeholders.

**Table 6: Decision Cases, Manifest CST Principles, and Stakeholders**

CASES	CST PRINCIPLES						STAKEHOLDERS				
	Ju sti ce	Hu ma n Di gn ity	Com mon Goo d	St e w ar ds hi p	Pa r ti ci pa ti on	Sol ida rity wit h the Po or	E m pl o y ees	C us tom ers	S oc ie ty	S u p pl ie rs	G o v ern ment
1: Regularizing Retail Personnel	✓	✓				✓	✓		✓		
2: The High-Performing Manager	✓	✓					✓				
3: Work-Life Balance		✓	✓				✓				
4: GREAT & Founders' Awards		✓	✓	✓	✓		✓				

5: Good, Clean Fun		✓	✓	✓				✓	✓		
6: Express Your Faith		✓		✓				✓	✓		
7: Dealing with the Government	✓	✓	✓	✓							✓
8: Dear Supplier	✓	✓	✓	✓						✓	
9: The Ten- Peso Shirts	✓		✓	✓					✓		

The decision cases from GABC illustrate how awareness of and sensitivity to CST impacts on business purpose, and decisions; and how these decisions lead to policies and/or practices which are distinctive in the industry and enables GABC to remain competitive and financially successful.

### **Areas for Further Research**

Due to the exploratory nature of this revelatory case study (Yin, 2017), future confirmatory studies may be undertaken. Another potential area of study is measuring the impact of CST integration in business key result areas such as profitability or sustainability, employee turnover, and stakeholder satisfaction can be used as proxy variables.



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