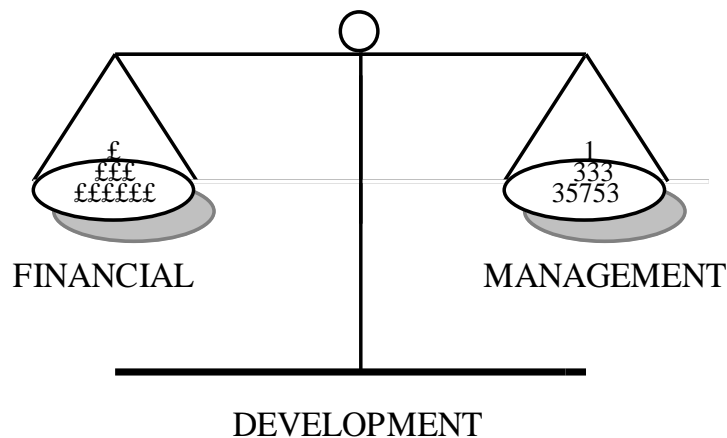


FINANCIAL MANAGEMENT DEVELOPMENT

CHRISTIAN MANAGEMENT

NO 901

MANAGERIAL CHRISTIAN ETHICS



ONE OF A SERIES OF GUIDES FOR
FINANCIAL MANAGEMENT DEVELOPMENT

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This is one of a series of documents produced by David A Palmer as a guide for managers on specific financial topics to assist informed discussion. Readers should take appropriate advice before acting upon any of the issues raised.

MANAGERIAL CHRISTIAN ETHICS

WHY USE CHRISTIAN ETHICS IN MANAGEMENT?

As GK Chesterton pointed out in 1910 "The Christian ideal has not been tried and found wanting. It has been found difficult and left untried." Humankind progresses by trying things which previous generations found difficult.

Management is difficult. If you believe in God as all powerful and all loving, then it seems reasonable to ask him for help with difficult things. If you don't, then you are on your own.

Jesus Christ, True God and True man founded a Church which has lasted 2,000 years and has over 1 billion followers. It seems folly not to look for guidance from Scripture and Tradition to help us.

In our lives we are called to make decisions. We are not to bury our talents but to use them. We have the God given gift of free will, which under the guidance of the Holy Spirit, we will use in God's service. In today's society the organisation of work often requires managers to make difficult decisions, which need to balance the apparently conflicting needs of their organisation and its customers, suppliers, employees, shareholders, society and others. How can Christianity help us make difficult decisions?

If Christian witness is to be truly effective in the workplace then it is important that Christian ethical values are not only understood but are also capable of informed application by those who are in a position of responsibility in their working lives.

If we are to implement Jesus' teachings in the workplace we need to look beyond technicalities and consider the impact on others with Christian compassion. We are not called to judge others but we are called to be light to the world. We must pray as if it all depended on God and then work as if it all depends on our efforts. We must act as we believe God wants us to, but we must also "sell" our decisions to the world.

This paper seeks to illustrate applications through considering specific common ethical problem situations. These will be linked to Biblical views on work and the example of Jesus when faced with similar situations in the Gospels. In order to encourage practical application consideration will be given to the likely adverse impacts on people and organisations of failing to apply Christian ethical principles. It is stressed that this is not a theoretical approach. Christian managers face ethical dilemmas weekly if not daily. Solutions will not necessarily be easily identified. All that can be offered is an approach to assist identify the course of action which Jesus would approve - even if it is of the kind of approval given to the shrewd manager in Luke 16.

Perhaps it is as well to start by checking that management is what God wants from us. Let's look at Tradition, things which the church believes to be relevant to our lives, and Scripture, words that God has spoken to us in the Bible. Corporate Mission Statements might benefit from a review against God's wisdom. It is, after all, a free gift. You may find it helpful to have a Bible handy. It is the best selling management textbook in the world.

THE CATHOLIC CHURCH'S VIEW

The Catholic Bishops of England and Wales wrote in 1996:

Common Good (90) “Work is more than a way of making a living: it is a vocation, a participation in God’s creative activity. Work increases the common good. The creation of wealth by productive action is blessed by God and praised by the Church, as both a right and a duty”.

The Catechism of the Catholic Church published 1992 includes:

Catechism (2427) “Human work proceeds directly from persons created in the image of God and called to prolong the work of creation by subduing the earth both with and for one another”.

Catechism (2432) “Those responsible for business enterprises are responsible to society for the economic and ecological effects of their operations. They have an obligation to consider the good of persons and not only the increase of profits. Profits are necessary, however. They make possible the investments that ensure the future of a business and they guarantee employment.

WORK IN THE BIBLE

Work is Good

Work is “Physical or mental effort directed towards doing or making something”

Genesis 1:1 In the beginning God created the heavens and the earth.....
 1:31 God saw all he had made, and it was very good.
 2:2 By the seventh day God had completed the work he had
 been doing.

We are God’s work

Ephesians 2:10 We are God’s work of art, created in Christ Jesus to do good
 works which God prepared in advance for us to do.

We are given work to do (and are given six days to do it)

Various Bezalel, Gideon, Samson, David, Solomon, Peter, Paul.
 Carpenters, Mothers, Shepherds, Rulers, Tax Collectors,
 Soldiers, Slaves, we all have different callings and gifts.

Rest is necessary. We are body, mind and spirit. All three need a mix of exercise and rest. Work life balance and lifestyle consultants are not new concepts.

We are called to do it honestly and openly

- Luke 3:12 Tax Collectors Don't collect any more than you are required to.
3:14 Soldiers Do not extort money and don't accuse people falsely.
Be content with your pay.
Matthew 5:13 You are the salt of the earth.
5:14 You are the light of the world. Let your light shine before men.

Management is Work

- Exodus 18:21 Moses father in law said to Moses
"Select capable men from all the people, God fearing men,
trustworthy and incorruptible, and appoint them as officials."
18:26 The difficult cases they brought to Moses, the simple ones they
decided themselves.
Luke 16:1 The Shrewd Manager
19:1 The Ten Talents

If we ask, God will bless our work

- Proverbs 16:3 Commit to God whatever you do, and your plans will succeed.
Philippians 4:11 I have learned to be content whatever the circumstances.
4:12 I know what it is to be in need, and what it is to have plenty.
4:13 I can do everything through him who gives me strength.

THE ROLE OF MANAGEMENT

The role of management can be summarised as two decisions:

WHAT SHOULD WE DO?
HOW SHOULD WE DO IT?

The first we will look at in some detail, the second comes from trying things in practice, and we will look at some examples later.

WHAT SHOULD WE DO?

As Christians our approach must be based on God and thus the question can be rephrased as What would God want us to do? or, since we are called to "Be perfect as your heavenly father is perfect" (Matthew 5:48) we must ask "What would God do?" and thus "What is God like?". To answer this last question I have relied heavily on a book called Just Business by Alexander Hill, Paternoster Press (ISBN 0 85364 880 8) which I recommend for those who wish to study this topic further.

WHAT IS GOD LIKE?

In the bible God is described as: **Holy and Just and Loving**
Each will be considered in turn

GOD IS HOLY

Holiness implies -

Zeal for God - “Love God with all your heart, soul and mind” (Matthew 22:37)

Purity - “Perfect as your Heavenly Father is perfect” (Matthew 5:48)

Accountability- The Last Judgement (Matthew 25:34 - 46)

Humility - The Servant King (Philippians 2:6)

We are called to make a fundamental choice for God above all else: family, wealth, careers etc. and to live pure lives, striving for honesty. We are accountable before God and man for our actions and should consider the consequences before taking action. We should be humble, listening to others, respecting them and their needs. We should not be too proud to admit we fall short of perfection and that we make mistakes.

GOD IS JUST

Justice provides order and creates a healthy tension between rights and duties. We are made in God’s image. Throughout the Bible God is shown to be Just - making Covenants with his people - Rainbow, Circumcision, Paschal Lamb, etc. Justice is mentioned over 800 times in the Bible. Justice requires impartiality, a search for the truth and consideration of different view points.

Justice balances the right to free will of individuals with the duties which a social structure requires to avoid chaos. It demands compensation for violation. In particular:

1. Impartiality requires decision makers to have no pre-existing bias and not to reap personal gain from decisions.
2. Due process requires sufficient evidence to identify the true facts of each case.
3. Any individual affected has the right to be heard.
4. Promises must be kept.

Specific examples of Justice include Daniel at the trial of Susanna (Daniel 13), the destruction of Sodom (Genesis 19) and the ultimate reward of Job (Job 42). Many of Jesus’ parables illustrate the concept of Justice. The measure you use will be the measure used for you (Matthew 7:2).

GOD IS LOVING

To love God first and our neighbour as ourself. “On these two commandments hang the whole Law and the Prophets too” (Matthew 22:40). Love involves relationships.

“For God so loved the world that he gave his one and only son, that whoever believes in him shall not perish but have eternal life.” (John 3:16). Luther described Love as “the essence of God’s character and in 1 Corinthians 13:13 Paul describes it as the greatest of the three virtues.

Love involves:

Mercy	-	The Prodigal Son, forgiveness
Empathy	-	A sincere concern for others, true understanding
Self Sacrifice	-	The Crucifixion, we may be asked to give up our rights

To return evil for good is demonic
 To return good for good is human
 To return good for evil is divine.

GOD IS TRINITY

God is Holy, Just **and** Loving.

It is possible for any one of these attributes if used without a holistic approach to become less than perfect.

Love without Justice is Favouritism	(Spoilt child)
Love without Holiness is Permissive	(Anything goes)
Holiness without Love is Puritanical	(Inquisition)
Holiness without Justice is Rulebound	(Pharisees)
Justice without Love is Harsh	(Solomon’s Threat)
Justice without Holiness is Sterile	(Ethnic cleansing)

Our task is to balance the three characteristics. We may be faced with difficult dilemmas. Rushworth Kidder of the Institute of Global Ethics defined a dilemma as:

“When two core values come into conflict”

When God was angry with the Israelites in Exodus 32:7 Moses asked him not to destroy them and “the Lord relented and did not bring on his people the disaster he had threatened”.

As the Life Application Bible asks:

How could God relent? God did not change his mind in the same way that a parent decides not to discipline a child. Instead, God changes his behaviour to remain consistent with his nature. When God first wanted to destroy the people, he was acting consistently with his justice. When Moses interceded for the people, God relented in order to act consistently with his mercy. God had often told the people that if they changed their ways, he would not condemn them. They changed, and God did as he promised.

HOW SHOULD WE DO IT?

When faced with unethical practices or proposals we have four choices:

- | | | |
|----|--|----------|
| 1. | Confront the policy or policy makers | Abdicate |
| 2. | Compromise and live with the resulting tension | Adjust |
| 3. | Conform and ignore our conscience | Accept |
| 4. | Counter with Christian principles. | Argue |

The decision is rarely easy and without God's help we are unlikely to get it right. Prayer is vital and God often answers through Scripture, Tradition or others so consider the Bible, the Catechism and the Church (other Christians).

Consider the Gospels in Easter week.

Monday: Matthew 28: 8 - 15. The soldiers were paid to lie about their failure to guard Jesus' body by the chief priests.

Tuesday: John 20: 11 - 18. Mary Magdalene fearful and acting on first impressions fails to recognise Jesus and thinking he is the Gardener blames him for hiding the body.

Wednesday: Luke 24: 13 - 35. The disciples on the road to Emmaus had heard of the resurrection but failed to act upon the news until Jesus explained it to them.

Thursday: Luke 24: 35 - 48. Jesus himself appears in the upper room and tells the disciples that they are witnesses.

Friday: John 21: 1 - 14. The disciples have fished all night and caught nothing. Jesus tells them where to fish and they are rewarded.

Some will take money, keeping silent or telling lies. Sometimes we are fearful and our first impressions mislead us. If we pray for guidance and listen, Jesus will open our hearts and help us to be witnesses to him and if we do as he asks our work will be rewarded - not necessarily in worldly terms - but just as the 153 fish represented all known nations our reward will be the spreading of the Good News.

“Life is like a race. It begins and it ends. In the race organised by God everyone wins. But you have to be involved in the race or you don't get a prize..... don't just listen to people talking or writing about religion. Some do it well others do not..... get involved even if your attempt to do so seems to be a blundering one”. Cardinal Basil Hume - Basil in Blunderland.

We are all called to be:

Salt (Cleansing even if it stings)

And

Light which exposes the deeds of Darkness.

To help you consider how Christian principles work and, more importantly how you might apply them for the benefit of the world (and that includes you!) I have set out some realistic ethical dilemmas for you to consider. We'll start with an example and suggested approach and the first dilemma also has an "answer", the rest are up to you:

Ethical Dilemma (Example of approach)

Your boss calls you over and says

"I've got a favour to ask. As you know we charge the customer for your time based on your timesheets. Last week you booked 20 hours to the job. I had already agreed with the customer that you would take 30 hours and he was happy. So what I'd like you to do is submit a new timesheet with 30 hours on. You'll get overtime, the firm makes more money and the client gets the job for the price he expected. OK?"

Issue Falsifying Timesheets is Lying - Not Holy
Charging for time not spent is Dishonest - Not Just
Deceiving customers is unfair - Not Loving.

Biblical Precedent

Genesis 27:11 Jacob, at his Mother's behest, impersonated Esau and suffered for it, but still became the Father of the Israelites.

Daniel 3:14 Shadrach, Meshack and Abednego refused the Kings command, were put in the furnace and survived.

1 Samuel 15:20 Saul did not destroy Agag of the Amalekites and suffered for it.

Example of Jesus

Matthew 10:26 There is nothing concealed that will not be disclosed.

John 18:20 I have spoken openly to the world.

Assistance to justify refusal

1. If client finds out - fraud.
2. The manager can gain more credit by telling the client the work was done faster and therefore possibly repeat business.
3. Falsifying timesheets is contagious.
4. Any future work may be overestimated.
5. Refusing to accept the overtime claim will leave a discrepancy with the billing.

ETHICAL DILEMMAS

The following are all potential situations which you may face at work. In each case you are asked to consider:

- What would you do? (a) If you were just wanting an easy life
(b) As a Christian wanting to be Holy, Just and Loving

If (a) and (b) are different, how you would explain your actions to non-Christians?

Ethical Dilemma 1

You are a department supervisor with 12 staff. Your company has recently been merged with another. You have been asked to write appraisals on all your staff to help with a review of activities because your department will be merged with a similar department in the competitor. Your boss has told you that at a senior level it has been agreed that all the appraisals should be deliberately made to look good to protect your staff from being made redundant.

Ethical Dilemma 2

You have one member of staff who refuses to change his way of working. You have spent a lot of time explaining what you want and he deliberately fails to do it. At a meeting two weeks ago when you were discussing this he suddenly said "I've had enough of this", walked out of the room, cleared his desk and left. You have received a letter from Social Security asking "Did the employee make himself redundant?" You know your answer will affect his benefit entitlement.

Ethical Dilemma 3

You are in charge of the inspection team at the goods inwards part of the factory. Your boss ask you to reject some goods from a supplier by certifying them as faulty because he finds he doesn't need them as there has been a drop in sales and if they have to accept and pay for them the company may not have enough money to meet the wages bill.

Ethical Dilemma 4

Your financial controller has complained about photocopying costs. On investigation you discover that one of your staff has been producing the Church Newsletter on it.

Ethical Dilemma 5

Your boss tells you to pretend a product does meet the customer's needs when you know it doesn't. He said "We have to get this sale or I will lose my year end bonus. It doesn't matter because by the time they find out and return the goods the bonuses will have been calculated".

Ethical Dilemma 6

You have just started work at a Charity and have discovered that they are collecting used postage stamps which they peel off and use again on their mailshots.

Ethical Dilemma 1

The problem:	You are being asked to deliberately falsify the appraisals which is lying. Although it will benefit your staff (and you) it will potentially hurt the staff of the other company who may be unfairly made redundant. (Unholy, Unjust and Unloving)
BUT	If you produce fair appraisals your staff (but not you) will be potentially at a disadvantage if the other company discovers all appraisals have been too lenient and adjusts them. (Unloving)
AND	If you “blow the whistle” to the new company you will be undermining your senior managers who, however, misguidedly, are trying to help you and your staff. (Unjust)

BIBLICAL PRECEDENTS

Gen 12:12	Abram pretended Sarah was not his wife but his sister, she became Pharaoh’s wife. God inflicted plagues on Pharaoh and he was angry with Abram. Lying makes matters worse.
Joshua 2:4	Rahab lies to protect the Israelite spies from discovery. She is spared when the Israelites sack Jericho. In Hebrews 11:31 she is praised because she had faith. Several explanations have been put forward to excuse her sin (1) She lied to protect others and risked her own life doing so; (2) Deceiving the enemy is acceptable in war. Only God can judge, we just do our best.
1 Samuel 21:2	David lied to the priest by saying he was on the King’s mission so he could escape. This led to the death of 85 priests. Lying can have worse consequences than are immediately apparent.
John 18:25	Peter denied Jesus and saved himself. Jesus later forgave him.

We live in an imperfect world and we are not called to withdraw from it.

Possible Actions

- 1. Try to remove the problem**
Explain that unless the new owner are fools they will expect appraisals to be overly generous therefore some system of checking is required to ensure comparable results.
- 2. Try to point out the consequences of wrong behaviour**
Explain that if the other company discover the plot they will (a) disregard all appraisals and (b) demand the removal of anyone who complied with it.
- 3. Refuse to Comply**
Produce fair appraisals with a covering note stating that whilst over praising individuals would be to their short term gain, it is not in the long term interests of either them or the company if they are over-promoted.
- 4. Avoid becoming involved**
State that under the circumstances you do not believe appraisals are likely to be valuable and suggest that someone else completes them.

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David is an experienced financial professional who has devoted his skills to management training in practical understanding and utilisation of financial information. A Graduate, Chartered Accountant, and Associate of the Institute of Taxation, he is also a Member of the Chartered Institute of Personnel and Development and has been an Ordained as a Deacon in the Catholic Church.

He has worked as a Financial Controller and Company Secretary in the Finance industry and as a Director of Finance and Administration in the Computer Services industry. Since 1990 he has conducted management development programmes for over forty major organisations including Arla Foods, Blue Circle, BP, CSC Computer Sciences, Conoco, Ernst & Young, Lloyds Bowmaker, Royal Mail, Unilever and Zeneca. He also runs programmes for the Leadership Foundation and the management teams at a number of Universities. International training experience includes work in Belgium and Holland for CSC, in Denmark, Kenya and the Czech Republic for Unilever, in Holland and the US for Zeneca, in Dubai for Al Atheer, in Bahrain and Saudi Arabia for Cable & Wireless.

He specialises in programmes in financial management for both tactical and strategic decision making. In addition he has run courses in acquisition evaluation (The Economist, Eversheds, Blue Circle and Hays Chemicals) and in post-acquisition management (Unilever). All training is specifically tailored to the needs of the organisation with the emphasis on practical applications to enhance profitability and cashflow. He has developed material for delivery by in-house personnel (Royal Mail, Lloyds Bowmaker and Conoco), computer based training packages (The Post Office, Unilever and BP), and post course reinforcement self-study workbooks (CSC and Zeneca). He has also produced a training video on Cashflow Management.

He is a prolific writer of case studies, role plays and course material. He has also published articles on the financial justification of training, financial evaluation of IT investment proposals, the use of Activity Based Costing and Customer Profitability statements, commercial considerations for consultants, the need for taxation awareness training for general managers, evangelisation and Christian business ethics.

Many of his generic documents are freely available on his website:

FinancialManagementDevelopment.com including papers on Charity Management.

In addition to his Diaconal work in the Church, he has held a number of voluntary positions including University, College and School Governor, Hospice Treasurer and Trustee of various charitable institutions. He continues to provide ad hoc commercial advice to several other charitable organisations. He has been married for over 35 years and has one daughter and three granddaughters.

This series of papers is designed to help managers by providing a basic understanding of key financial concepts to assist them in their work. It is provided at no cost since this knowledge is a Gift from God and thus to be shared (Matthew 10:8).