

# Catholic Social Teaching, Organizational Purpose, and the For-profit/Nonprofit Dichotomy

## Exploring the *Metaprofit* Proposition

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The emergence of organizations that cannot be clearly categorized as for-profit or nonprofit shows that this traditional boundary is blurring. Moreover, the legitimacy of some categories that have been used to describe organizational diversity and the dominant role given to profit to determine the ontology of organizations is questionable. In the encyclical letter *Caritas in Veritate*, Pope Benedict XVI calls for enlarging managerial reason and the way in which organizations and their nature are understood. He also remarks on the importance of institutional plurality for the development of markets and society. Based on the dialogue between Catholic social teaching and managerial sciences, this article presents the metaprofit proposition as a way to overcome the for-profit/nonprofit dichotomy and to rethink organizational purpose. Metaprofit evidences that, beyond profit, organizations have multiple and interrelated goals that constitute their final purpose and emphasize the instrumental role of profit as a means toward ulterior ends. The article concludes by presenting possible consequences and challenges of the metaprofit proposition for managerial sciences.

## Introduction

The modern development of Catholic social teaching (hereinafter CST)<sup>1</sup> began in the nineteenth century, even if its deep origins can be found in the Bible—in particular in the New Testament—and some texts related to CST were published from the thirteenth century onward. Since then, its goal has been to reflect on social, economic, and political challenges to promote integral human development. Catholic social teaching is mostly contained in the papal social encyclicals

addressed not only to members of the Roman Catholic Church but also to “all men of good will.”<sup>2</sup>

The social encyclicals tackle challenges related to the time in which they were written. For example, the encyclical letter *Rerum Novarum*, published in 1891 by Pope Leo XIII, mainly tackles the emerging social upheavals born from the Industrial Revolution. The encyclical letter *Laudato Si'* by Pope Francis addresses environmental issues, such as climate change and ecology. The encyclical letter *Caritas in Veritate* (hereinafter *CV*), published in 2009 by Pope Benedict XVI, addresses several issues, among which are the challenges of globalization, the financial crisis, and issues concerning development and poverty. One relatively new issue addressed by *CV* refers to the plurality of organizational forms, the purpose of organizations, and calls for “a profoundly new way of understanding business enterprise” (*CV*, 40).

This article aims to examine the contributions that CST—and, particularly, the encyclical letter *CV*—have made to the understanding of the organizational realm, proposing a more holistic comprehension of organizations and their purpose. Based on these contributions of CST, we develop the *metaprofit* proposition, endorsing and complementing the purposeful elements of *CV* in the framework of managerial debate.

The article begins by reviewing how CST addresses organizational phenomena. Then, highlighting the main points of *CV*, it presents how the fruitful relation between CST and managerial sciences can help to consider organizations in a more holistic way.<sup>3</sup> To that end, the article presents the *metaprofit* proposition and its potential for management debate. The article concludes by presenting theoretical consequences of the *metaprofit* proposition and illustrates the challenges it poses for management practice and education.

## CST and Organizational Phenomena

Although CST developed in a time frame in which academic disciplines such as sociology, anthropology, psychology, economics, and management began their development, CST is not itself a social science. It does not offer specific scientific solutions to social, political, and economic problems. It has a generally moral and spiritual purpose but only of universal scope.<sup>4</sup> CST speaks not only to believers but to humanity as a whole. For this, it adopts a language and method capable of reaching all people through a rational approach to human (social, economic, and political) problems.

Even though it has a moral and spiritual purpose, CST's content is not just normative or regulatory. Instead, it always begins with an analysis of reality and an understanding of human history before interpreting the latter in the light of revelation (*Gaudium et Spes*, 4). Although based on an ethical and anthropological perspective for understanding reality, CST does not renounce its normative role. It cannot, however, limit itself to a normative role without first understanding its "object of analysis"—the human being and its social life in detail.<sup>5</sup>

Catholic social teaching's objectives and methods are interdisciplinary by nature.<sup>6</sup> It is in dialogue with the social sciences even though it cannot be exclusively classified under any one of them because they act on different levels of knowledge.<sup>7</sup> The relation between CST and the social sciences is twofold: First, the social sciences are necessary to CST because they allow it to better understand the reality of humans and their social relations. The social sciences, therefore, act as an instrument for CST, which does not have the scientific and technical tools necessary to fully capture all social, political, and economic problems. As a consequence, social sciences and CST are in a dialogue because the latter needs to understand social phenomena to reach people living in the midst of their troubles.

Second, the social sciences—including economics and management—interplay with CST. The latter proposes a unitary anthropological view, therefore supporting the social sciences to understand certain dimensions of human actions that cannot be captured by their own technical instruments. Consequently, CST can reinforce social sciences in their ethical foundations and in their attitudes in order to understand humankind and its deep nature. Looking at CST for inspirational insights in management is, therefore, a legitimate task. Catholic social teaching not only intends to speak to all men of good will (*Gaudium et Spes*, 22) but also to all sciences in a mutually fertile exchange of views. It is also notable that while CST is restricted to official pontifical or episcopal statements, Catholic social thought (as distinct from Catholic social *teaching* or CST) includes many other sources, such as contributions from intellectuals and socially engaged Christians who frequently acted in the past as forerunners of the official CST.

Historically, when CST confronted economic themes, it mainly did so in political<sup>8</sup> or moral terms<sup>9</sup> that had only an indirect reference to management. However, the dialogue with managerial sciences has broadened over the last twenty years, including several articles in well-established academic journals and special issues devoted to CST.<sup>10</sup> Nevertheless, a wide-ranging debate has developed around CST and, in particular, some social encyclicals such as the encyclical letter *Centesimus Annus*<sup>11</sup> and more recently *CV*. The discussion around official CST documents can be considered part of Catholic social thought and has involved some important managerial subjects, such as (1) a personalist vision

of economics that places the whole human at the center of economic exchange, including the biological, psychological, and spiritual dimensions;<sup>12</sup> (2) the principle of the common good, understood as guiding social and political life as well as economic initiatives;<sup>13</sup> (3) the principles of subsidiarity and solidarity that influence organizations' strategies and structures;<sup>14</sup> and (4) the subject of work and employment that, although confronted from moral and social perspectives, affects questions concerning organizations.<sup>15</sup>

Pope Benedict XVI made a significant contribution to the dialogue between CST and managerial disciplines with his encyclical letter *CV*. While setting itself in continuity with the previous ecclesiastical magisterium,<sup>16</sup> he placed renewed importance on managerial studies by analyzing institutions, organizations, and business ethics, indicating the shortcomings of some management theories. From an epistemological point of view, *CV* reinforced the interdisciplinary dialogue between CST and the managerial sciences in the perspective of the dialectics between faith and reason.<sup>17</sup> From a managerial point of view, *CV* opened a channel of communication with management theories in terms of the purpose of organizations and the legitimacy of stakeholder management.<sup>18</sup>

In particular, *CV* includes an innovative reflection about the plurality of organizational purpose and the limitations of the profit-making criterion to determine organizational forms:

When we consider the issues involved in the *relationship between business and ethics*, as well as the evolution currently taking place in methods of production, it would appear that the traditionally valid distinction between profit-based companies and non-profit organizations can no longer do full justice to reality, or offer practical direction for the future. In recent decades a broad intermediate area has emerged between the two types of enterprise. (*CV*, 46)

In *CV*, Benedict XVI highlights the incompleteness of the economic categories used to define certain phenomena by using organizational purpose in particular. This indicates a need for continuous dialogue between management sciences and the other social sciences (particularly those concerning ethics) to avoid reducing the former to a mere technique incapable of capturing reality in all of its complexity<sup>19</sup> or leaving management to the forces of a type of reductive pragmatism. Understanding organizational reality is the first and most important step in structuring effective management theories.

In this regard, CST is a useful source of comparison because it structurally proposes interdisciplinary dialogue as a means of investigation. Even when CST recognizes profit as the cornerstone of a firm, it highlights the limitations arising from not integrating it sufficiently with a broader anthropological perspective:

The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people—who make up the firm's most valuable asset—to be humiliated and their dignity offended. (*Centesimus Annus*, 35)

Referring to the encyclical letter *Rerum Novarum* of Pope Leo XIII, it seems that CST did not question the fact that profit is a factor defining the purpose of the firm, albeit not the only one and one that is hierarchically inferior to human dignity (*Rerum Novarum*, 20) and the common good (*Mater et Magistra*, 70). Nevertheless, the use of the managerial category of profit to define organizations has obstructed the full understanding of organizational purpose in the light of CST. In this regard, *CV* introduces a number of innovative elements for understanding organizations' ontology.

It is interesting to note that Benedict XVI did not overlook organizations' internal problems and the way in which they are understood and driven toward the single goal of profit.<sup>20</sup> *Caritas in Veritate* stresses that the instruments currently used to understand firms and their purpose are insufficient. It, therefore, does not place itself on a normative/moral plane but on the plane of understanding reality and underscores that it is, above all, necessary to enlarge the way we view organizations: "Today's international economic scene, marked by grave deviations and failures, requires a profoundly new way of understanding business enterprise" (*CV*, 40).

The inability of managerial theories to fully capture the existence of many innovative realities that transcend the traditional schema of a capitalist firm (*CV*, 40, 46) and the increasing significance of "differentiated forms" or "different types" of business activity (*CV*, 41) demonstrates this insufficiency. The management of these new forms of organization is not exclusively directed at the interest of profit for a single category (i.e., shareholders) but at metaeconomic goals strictly related to the nature of the managerial profession, thus making it ethical as well as technical.

It therefore seems that *CV* supports the idea that the traditional for-profit/nonprofit divide is a dichotomy incapable of interpreting the growing number of organizations that pursue social goals without rejecting profit as a means of achieving their metaeconomic goals (*CV*, 46). It is not a question of the formal, technical/juridical recognition of such organizations but rather one of understanding their purposes, related managerial behaviors, and the roles they play in

society.<sup>21</sup> These organizations go beyond the “third sector,” because their goals do not exclude profit but rather include it as part of a broader set of aims related to the common good and promoting humanity (*CV*, 47). In macroeconomic terms, it recognizes that a plurality of institutional forms is a factor of economic and social development and highlights the need for a profound review of the ways in which we view individual organizations.

However, CST (and more specifically *CV*) has seized on a fundamental element for developing managerial debate: the need to enlarge the way in which we understand organizational purpose. This idea can be usefully integrated into the framework of management theory. In this sense, CST is a valid stimulus for the development of such theories because it offers them an interdisciplinary vision and a broad anthropological and ethical perspective.<sup>22</sup> It is not, however, sufficient to unravel the conceptual knots that have important consequences on management theory.

The analysis of organizational reality made in *CV* allows a reconsideration of the conceptual instruments currently available for understanding organizations. In other words, the “intuitions” of CST can be re-expressed in managerial terms so they can help management to interpret reality in a more holistic way.

## The Metaprofit Proposition

Based on *CV*'s suggestions regarding organizations and their purpose, this section develops the metaprofit proposition.<sup>23</sup> *Metaprofit* is a term used to understand in a unitary way the mix of goals that organizations pursue independently of their legal status, academic classifications, governance structure, and profit production and destination. It reflects that organizations have multiple and interrelated goals that cannot be reduced to profit making. Moreover, metaprofit emphasizes the role of profit as a means toward ulterior goals and opens the perspective that organizations are contributors to the common good.

The arguments in favor of the metaprofit proposition can be traced to some of the intuitions evidenced in *CV* and to the empirical evidence of recent research in the field of management: first, the need to overcome the for-profit/nonprofit dichotomy and, second, the need to identify a wider ontological grounding for the study of organizations. The practice of classifying organizations as either for-profit or nonprofit seems to have consolidated over time. On one extreme, some for-profit organizations view profit as the principal, and sometimes the only, goal of the organization. On the other extreme, profit is completely excluded from

the goals of nonprofit organizations, whose main goals may be social, cultural, or philanthropic, but not necessarily economic.

However, particularly over the last twenty years, a careful observation of organizational phenomena demonstrates the existence of organizations that simultaneously aim to be for-profit and nonprofit. These cannot be classified as being only for-profit because their goals have strong social connotations. At the same time, they also cannot be considered nonprofit because they do not completely exclude the generation of profit.

The existence of such organizations demonstrates that the traditional boundaries between for-profit and nonprofit are blurred and incapable of fully capturing organizational diversity.<sup>24</sup> The taken-for-granted assumption that organizations can only be either for-profit or nonprofit is what we call the for-profit/nonprofit dichotomy. This dichotomous approach toward organizations prevents our viewing the singularity of organizations that do not fit purely into one of its categories, or that would fit into both of them.

This raises an important two-part research question: Is it sufficient to redefine the boundaries separating for-profit from nonprofit, or is it that the categories that have been used thus far to understand organizations are insufficient or outdated and need to be radically changed? This question has various implications for management and organizational studies.

The answers published thus far emphasize different aspects in an attempt to define a third category of organizations. Some scholars consider that the “mixed” nature of organizations combine both sides of the for-profit/nonprofit equation; for example, Battilana and others refer to organizations that produce “social value and commercial revenue through a single, unified strategy”<sup>25</sup> as hybrid organizations.<sup>26</sup>

The taxonomic problem has also been solved by qualifying these organizations as social enterprise to denote the existence of considerable differences between these and ordinary enterprises<sup>27</sup> or by making reference to the market positioning of organizations, calling them, for example, “non-market entrepreneurs.”<sup>28</sup>

The hybrid organization has been defined as “a market-oriented, common-good mission-centered organization which operates in the blurred space between traditional for-profit and nonprofit enterprises.”<sup>29</sup> Hoffman and others elaborated on this definition: “Hybrid organizations call for mission-centered business models that employ market tactics to address social and environmental issues.”<sup>30</sup> The authors emphasize the complementarities between purposes and tactic strategies that these organizations adopted. Battilana and others explore the hybrid ideal that depicts a hypothetically fully integrated organization in which “everything

it does produce both social value and commercial revenue.”<sup>31</sup> The authors also emphasize the challenges and tensions that organizations face because of their hybrid status. Another feature of hybrid organizations is their capacity to combine “different institutional logics in unprecedented ways.”<sup>32</sup>

Hybrid organizations have also been defined as belonging to the intersection among state, private, and civil society sectors transcending the typical for-profit/nonprofit divide.<sup>33</sup> However, according to Grassl, “the conceptualizations that have been suggested are formally weak, vague, or materially not substantive.... They typically neglect important issues such as the nature of components to be merged and the ontological differences between heterogeneity, hybridization, fusion, and other processes.”<sup>34</sup> We endorse this criticism and add that by using the term *hybrid organizations* an implicit acceptance of the for-profit/nonprofit dichotomy also takes place.

Organizations have also been defined as mission-driven,<sup>35</sup> values-driven,<sup>36</sup> or values-based,<sup>37</sup> emphasizing the need for consistency among purpose, values, and management within an organization. This approach, clearly focused on management, leaves behind tensions arising from the lack of legal frameworks that permit the pursuit of social missions with economic instruments. Alternatives have been implemented in different countries to solve this shortcoming; for instance, the possibility of creating organizations under particular legal forms such as those of an L3C or benefit corporation in the USA,<sup>38</sup> *Gemeinnützige GmbH* in Germany, or *impresa sociale* in Italy.

However, classifications based on legal definitions are conditional because of the evolutionary nature of civil law, and they therefore depend on the country, society, or political setting that legitimates laws, as well as the time needed for law development, creation, and acceptance.

Social enterprise, or social business, is probably one of the most commonly used labels to identify organizations that cannot fit into traditional categorization frameworks. Research on social enterprises and social entrepreneurship has expanded in recent years. However, some critical voices allege that the adjective “social” implies a normative or moralistic content.<sup>39</sup> The need to place the word before enterprise indirectly assumes that seemingly common enterprises are less social or not social at all—a clear symptom of adoption of the for-profit/nonprofit dichotomy. But beyond the denomination, recent research on the internal dynamics of social enterprises evidences the existence of several tensions that these organizations have faced as a consequence of “their commitments to both social missions and business ventures.”<sup>40</sup> While the need to apply the word *social* is another expression of dichotomous thinking, the existence of internal tensions



is partially a symptom of deeper cognitive problems triggered by the for-profit/nonprofit dichotomy in society.

All these solutions published in the literature are partially valid because they demonstrate the existence and (theoretical and operational) relevance of the problem. Each of them also sheds light on some interesting aspects of these organizations and their management. In particular, they underscore the coexistence of multiple elements that are apparently difficult to reconcile within the context of a unitary, formal juridical structure. Yet none of them seems to be totally free from the for-profit/nonprofit dichotomy insofar as they all tend to define a third category whose characteristics are at least partially inherited from the two larger categories rather than being substantially their own. This makes it difficult to identify the main purpose of these organizations that, consequently, is not plainly recognized as a unique characteristic. The permanence—or negation—of the goal of profit is not a satisfactory means of understanding organizational novelty because profit seeking is only one of multiple interdependent goals that constitute an organization's main purpose.

To better understand organizations, a dichotomous approach based on specific phenomenological characteristics, such as profit distribution, legal status, and managerial style, needs to be avoided. To that end, rather than remain at the same logical level, we suggest going to a metalevel and propose consideration of metaprofit as a concept that brings together different, interrelated goals in a unitary sense.

The distinction between for-profit and nonprofit is supported by the paradigm of profit as the main ontological determinant of organizational identity. Nevertheless, as an incremental value created by management, profit is not entirely peripheral to nonprofit organizations: the decision not to distribute a profit<sup>41</sup> does not mean abandoning the pursuit of its creation. Consequently, distinguishing between organizations based on their attitude toward distributing profits is to adopt a criterion that generates a formal distinction but not an ontological one.

Then limitations of considering profit as the main ontological determinant of organizational identity become clear. On one side is the existence of organizations that do not fit into profit-based categories (e.g., hybrid organizations, social businesses). On the other side, these limitations refer to the potentially ambiguous meaning of profit when transformed from a measure of efficiency to a paradigm of understanding organizational phenomena. According to the logical categories of accounting and management, profit is a measure of produced economic value expressed by the difference (in various configurations) between income and costs.<sup>42</sup>

However, if we consider profit to be the main determinant of identity or category membership, it tends to assume further significance of organizations' primary goal, and this profoundly affects the way in which we conceive of organizations. Empirical evidence shows that companies that assume profit as the organization's main goal are less successful than companies that explicitly pursue goals beyond profit.<sup>43</sup> There are serious consequences if profit becomes the fundamental discriminating factor for interpreting and guiding an organization's behavior:

1. Epistemologically, considering profit as defining organizational behavior means defining organizations based on a single criterion that becomes the framework for category cognition (e.g., for potential investors, supporters, customers, or beneficiaries), identity building (e.g., for workers, employees, volunteers, customers, or beneficiaries),<sup>44</sup> and legitimacy-granting (e.g., in society or among stakeholders).<sup>45</sup>
2. Profit making is a formal classification criterion that does not fully embrace organizational reality and hinders securing heterogeneity and isomorphisms.<sup>46</sup> Organizations not clearly fitting a particular category would be constrained to be part of one established category.
3. Identifying profit as the principal (or sole) goal of organizations promotes an approach to managerial problem solving that relies exclusively on contractual regulations to handle intraorganizational interactions,<sup>47</sup> so management can, unsatisfactorily, begin to easily consider organizations as a net of contracts between subjects that have individually profitable aims.
4. Limiting the horizon of goals to profit excludes important aspects of governance, such as the intrinsic motivations underlying the actions of individuals within an organization that affects the behavior of the organization itself.<sup>48</sup>

Moreover, profit as a main ontological determinant is not a sufficient justification for organizations that include profit as one of their organizational goals. This is not only the case for organizations specifically designed to operate in particular markets such as personal services, health care, cultural production, or training and education. In all these organizations, the principal goal usually is a societal one.<sup>49</sup> Therefore, organizations such as family businesses clearly pursue extraeconomic objectives associated with familial relations, although they operate in the market.<sup>50</sup> In a similar way, cooperatives, with their connotation of mutual

aid,<sup>51</sup> cross-sector partnerships, which bring together private and public interests,<sup>52</sup> several small- to medium-sized enterprises (SMEs) whose interorganizational relationships are highly relational and dominated by the intrinsic motivations or even the spirituality of their internal stakeholders;<sup>53</sup> and microenterprises created only for subsistence also pursue extraeconomic objectives.

In summary, we propose metaprofit as an idea that enables consideration of organizational purposes in a more holistic way. It demonstrates that the ultimate purpose of organizations is a complex system of multiple and interrelated goals that cannot be reduced to profit-making activity. The metaprofit proposition embodies the idea of profit as a means to additional ends. By doing so, it contributes to overcoming cognitive shortcomings.

In metaprofit, profit is simultaneously a useful means of achieving various types of goals (e.g., social, solidaristic, or cultural) and a measure of management's capacity to efficiently govern an organization. Profit as a measure of value generation expresses the economic dimension of managerial action: only when profit is generated can it be appropriately directed toward the organization's proposed goals.

The metaprofit proposition is a managerial reflection based on recent CST, and the etymological origin of the neologism metaprofit is based on the polysemy of the Greek prefix *μετα* (*meta*) that can mean "after" or "beyond," "together with," or even "change" when it is found in composites. The neologism metaprofit is based on two of its acceptations, in particular:

1. *Causal*: in this sense, metaprofit refers to the existence of ultimate causes that are "beyond" profit in human economic activity. In comparison with these, profit is not an ultimate horizon for organizations oriented toward reaching noneconomic ends, which can have a highly disparate nature and are rooted in various aspects of human life consistent with achieving the common good.
2. *Instrumental*: profit (i.e. a measure of the creation of value) is an indispensable means of reaching the proposed ends. Thus, meta also means "by means of," which indicates economic activity as an instrument that people can use for achieving their purposes. Profit, then, is the measure of the "good governance" of the activity itself.

## Some Theoretical Consequences of the Metaprofit Proposition

Several consequences at a theoretical level follow from the metaprofit proposition. In particular, this proposition suggests the necessity of a new paradigm to understand organizational purposes: overcoming profit as an essential determinant of organizational ontology and behavior. For example, metaprofit enables a holistic consideration of organizational purposes and avoids reductive approaches that consider profit maximization as the sole and paramount goal to strive for.

From one standpoint, with regard to organizations that would fit into the wrongly labeled for-profit sector, it is questionable to assume that a firm can be comprehensively described as existing for the purpose of creating profit. In fact, considering a firm as a “one-purpose-institution is untenable.”<sup>54</sup> While profitability is an important objective, there are other legitimate objectives within a firm. Some can be seen as complementary to profit creation, such as customer satisfaction or product quality, but others can be interpreted as contradictory, such as when a firm delegates resources to socially responsible activities without certainty about the profitability of those activities.<sup>55</sup>

From the opposing standpoint, if we consider organizations that would belong to the wrongly labeled nonprofit sector, we are referring to them only residually as organizations that do not pursue profit. This distinction, however, does not grasp the ulterior peculiarities regarding these organizations. According to Anheier, “the nonprofit sector as a concept has not become ... a cognitive device that groups together similar objects, facilitating recognition and communication.”<sup>56</sup> In fact, in the for-profit sector, the question regarding corporate purpose is recurrent<sup>57</sup> and even considered a cornerstone of recent philosophical approaches toward management. Such a question seems to be a nonstarter with regard to nonprofit organizations but instead is a crucial one.

Probably most evident are the cognitive challenges that arise while referring to hybrid organizations and social businesses in the framework of the for-profit/nonprofit divide. For example, Battilana and others cite the lack of legal structures that such organizations face, the difficulties in defining an integrative organizational identity capable of attracting financial and human resources, and the sometimes-problematic distinction among customers and beneficiaries.<sup>58</sup> Moreover, these authors acknowledge the existence of a “hybridization movement” in which for-profit and nonprofit organizations are also involved. The question that remains unanswered regards the teleology of this movement.

Metaprofit presents an integrative function across divergent organizational purposes; it allows a broad and composite view of the ontology of organizations

as complex relational systems in which profit acts as a means of knowledge and governance, but is not the founding element of the system. Moreover, the metaprofit proposition introduces a teleological shift or clarification. It situates the role of profit as a means for ulterior ends, avoiding possible consequences of considering profit as the main goal of organizations,<sup>59</sup> and also avoiding an approach that supposes a trade-off between the profit purpose of an organization and other possible purposes. It rejects the either/or approach to organizational purposes, as if they were considered participants in a zero-sum game, and supports a both/and approach that integrates organizational purposes at an ulterior level: we would say a multilevel and a metalevel.

Consequently, the metaprofit proposition suggests redesigning the paradigms of organizational purpose.<sup>60</sup> The foundations of metaprofit at an individual level rely on a holistic anthropological view of economic agents (e.g., workers, entrepreneurs, and managers); consequently, its organizational reflection concerns a holistic view of organizations and the relationships that take place within them.

Organizations use the economic activities of production and the market exchange and therefore can generate profits; however, underlying them is a community of people with their own interests, motivations, experiences, competencies, and sensitivities.<sup>61</sup>

## **Conclusions and Challenges of the Metaprofit Proposition**

This article has described how the metaprofit proposition can further develop the debate concerning organizational purposes. Starting from some intuitions of CST, metaprofit has been proposed as a development of some reflections from *CV*. The following consequences result from our analysis and presentation:

First, it has been pointed out that metaprofit supersedes the traditional for-profit/nonprofit dichotomy by shifting the focus away from profit and toward broader paradigms for understanding organizations and their purposes.

Second, the etymological explanation of metaprofit indicates that profit is a means to ulterior ends, suggesting a teleological clarification toward the relation between profit and purpose, and avoiding confusion between means and ends that has a direct impact on how organizations are understood and managed. From the analysis, it becomes clear that while profit represents a contingent element, the purpose of organization reflected in the metaprofit proposition points toward other elements that take greater precedence.

Third, metaprofit questions the current ways in which we understand organizational taxonomy, the validity of current categorizations, and the reductive criteria used to define category membership. It evidences that the actual method of defining category membership relies on a reductive view of organizational purpose. In contrast, the metaprofit approach supports the idea that the purpose of organizations includes multiple and concomitant ends and objectives that embrace purpose complexity and its consequences.

The metaprofit proposition directly tackles one of the main issues concerning management philosophy: the purpose of organizations. However, because of the exploratory nature of this article, it is clear that a metaprofit approach to organizations faces several challenges in contributing further to the subject of management. The following areas in particular need additional investigation:

- The metaprofit idea—proposed as a means of understanding organizational phenomena that fall outside traditional categories—evidences the necessity of a larger discussion around organizations from an ontological point of view; in particular, the relationship between profit and organizational purpose. This challenge particularly concerns management, because some theories do not appear exhaustive or capable of including the consequences of organizational variety.
- Metaprofit can be further studied as an interlocutor of theoretical approaches, such as stakeholder theory. Metaprofit can help the development of these theories in order to determine the ontology of organizations, overcoming some unsatisfactory instrumental approaches to management.
- Starting from this point of view, metaprofit suggests enlarging our way of understanding organizational purpose, managerial style and related managerial tools, and business ethics.

The breadth of the challenges raised by studying the metaprofit proposition supports the need for further research as a useful contribution to the development of the management debate concerning organizational forms that cannot adequately be categorized based on the paradigm of profit.

## Notes

1. Catholic social teaching is in some circles understood also as the Social Doctrine of the Church.
2. Second Vatican Council, Pastoral Constitution on the Church in the Modern World *Gaudium et Spes* (December 7, 1965), no. 22.
3. The novelty of *CV* addressing managerial issues is originally developed by Wolfgang Grassl and André Habisch, “Ethics and Economics: Toward a New Humanistic Synthesis for Business,” *Journal of Business Ethics* 99, no. 1 (2011): 37–49; see also Domènec Melé and Michael J. Naughton, “The Encyclical-Letter ‘*Caritas in Veritate*’: Ethical Challenges for Business,” *Journal of Business Ethics* 100, suppl. no. 1 (2011): S1–S7.
4. The nature and the objective of CST are well clarified in Second Vatican Council, *Gaudium et Spes*, no. 3, and in Pope John Paul II, encyclical letter *Centesimus Annus* (May 1, 1991), no. 54.
5. See Nicholas J. Healy Jr., “*Caritas in Veritate* and Economic Theory,” *Communio* 37, no. 4 (2011): 580–91; David L. Schindler, “The Anthropological Vision of *Caritas in Veritate* in Light of Economic and Cultural Life in the United States,” *Communio* 37, no. 4 (2011): 558–79.
6. The interdisciplinary nature of CST is explained in Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (Vatican City: Libreria Editrice Vaticana, 2006), nos. 76–78.
7. The idea of theology as the “queen of sciences” is not new and can be traced back, for example, to Thomas Aquinas, *Summa Theologiae* I, Q 1, A 5. A recent development of that idea is presented in Jacques Maritain, *The Degrees of Knowledge* (Notre Dame: University of Notre Dame Press, 1995).
8. Milton Friedman, “The Pope, Liberty, Capitalism: Essays on *Centesimus Annus*,” special supplement, *National Review* 43, no. 11 (1991): 3–4.
9. George Weigel, “The Pope, Liberty, Capitalism: Essays on *Centesimus Annus*,” special supplement, *National Review* 43, no. 11 (1991): 15–16.
10. Some important journals published special issues dedicated to explore and develop management and economics in the light of CST. See, for example, the *Journal of Markets and Morality* 16, no. 1 (Spring 2013); the *Journal of Markets and Morality* 14, no. 2 (Fall 2011); the *Journal of Business Ethics* 100, suppl. no. 1 (2011); the *Journal of Business Ethics* 12, no. 12 (1993); the *Journal of Business Ethics* 7, no. 6 (1988); and the *Journal of Management Development* 29, nos. 7–8 (2010).

11. See Andrew V. Abela, "Profit and More: Catholic Social Teaching and the Purpose of the Firm," *Journal of Business Ethics* 31, no. 2 (2001): 107–16; and Oliver F. Williams, "Catholic Social Teaching: A Communitarian Democratic Capitalism for the New World Order," *Journal of Business Ethics* 12, no. 12 (1993): 919–32.
12. See Lloyd Sandelands, "The Business of Business Is the Human Person: Lessons from the Catholic Social Tradition," *Journal of Business Ethics* 85, no. 1 (2009): 93–101; Maciej Zieba, "From Leo XIII's *Rerum Novarum* to John Paul II's *Centesimus Annus*," *Journal of Markets & Morality* 5, no. 1 (2002): 159–66.
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14. See Domènec Melé, "Exploring the Principle of Subsidiarity in Organizational Forms," *Journal of Business Ethics* 60, no. 3 (2005): 293–305.
15. See Ferdinand Tablan, "Catholic Social Teachings: Toward a Meaningful Work," *Journal of Business Ethics* 128, no. 2 (May 2015): 291–303; Timothy J. Cusick, "Management, Labor, and the Development of the Human Person: Insights from the *Compendium of the Social Doctrine of the Church*," *Review of Business Journal* 27, no. 2 (2006): 20–26.
16. See John M. Breen, "Love, Truth, and the Economy: A Reflection on Benedict XVI's *Caritas in Veritate*," *Harvard Journal of Law & Public Policy* 33, no. 3 (2010): 987–1030; Manfred Spieker, "Continuity and *Res Novae* in the Encyclical Letter *Caritas in Veritate*," *Journal of Markets & Morality* 14, no. 2 (Fall 2011): 327–43.
17. See Drew Christiansen, "Metaphysics and Society: A Commentary on *Caritas in Veritate*," *Theological Studies* 71, no. 1 (2010): 3–28; Philipp Gabriel Renczes, "Grace Reloaded: *Caritas in Veritate*'s Theological Anthropology," *Theological Studies* 71, no. 2 (2010): 273–90; Andrew Yuengert, "Economics and Interdisciplinary Exchange in Catholic Social Teaching and *Caritas in Veritate*," *Journal of Business Ethics* 100, suppl. no. 1 (2011): S41–S54.
18. See Gene R. Laczniak and Thomas A. Klein, "*Caritas in Veritate*: Updating Catholic Social Teachings for Macromarketing and Business Strategy," *Journal of Macromarketing* 30, no. 3 (2010): 293–96; Antonio Argandoña, "Corporate Social



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19. See Antonio Argandoña, “Economic Ethics and Institutional Change,” *Journal of Business Ethics* 53, no. 2 (2004): 191–201; Paul H. Dembinsky, “The Incompleteness of the Economy and Business: A Forceful Reminder,” *Journal of Business Ethics* 100, suppl. no. 1 (2011): S29–S40.
  20. Kenneth E. Goodpaster, “Goods That Are Truly Good and Services That Truly Serve: Reflections on *Caritas in Veritate*,” *Journal of Business Ethics* 100, suppl. no. 1 (2011): S9–S16.
  21. Sison and Fontrodona, “The Common Good of Business,” S99–S107.
  22. Paul Oslington, “*Caritas in Veritate* and the Market Economy: How Do We Reconcile Traditional Christian Ethics with Economic Analysis of Social Systems?” *Journal of Markets & Morality* 14, no. 2 (Fall 2011): 359–71.
  23. The concept of metaprofit was presented for the first time after the publication of *CV* in Giorgio Mion and Cristian R. Loza Adauí, *Verso il Metaprofit: Gratuità e Profitto nella Gestione d’Impresa* (Siena: Cantagalli, 2011); a review of that book by Wolfgang Grassl can be found in *Journal of Markets & Morality* 16, no. 2 (Fall 2013): 684–86. This book situates metaprofit in the tradition of the Catholic social thinking. In this article, metaprofit is presented as a proposition applied to the problem of the for-profit/nonprofit dichotomy aiming to enrich the managerial debate and understanding of organizational purpose.
  24. Avner Ben-Ner, “The Shifting Boundaries of the Mixed Economy and the Future of the Nonprofit Sector,” *Annals of Public and Cooperative Economics* 73, no. 1 (2002): 5–40.
  25. Julie Battilana et al., “In Search of the Hybrid Ideal,” *Stanford Social Innovation Review* 10, no. 3 (Summer 2012): 51–55.
  26. Hybrid organizations have also been discussed in the light of CST after the publication of *CV*; for example, Michael Troilo, “*Caritas in Veritate*, Hybrid Firms, and Institutional Arrangements,” *Journal of Markets & Morality* 14, no. 1 (2011): 23–34; Wolfgang Grassl, “Hybrid Forms of Business: The Logic of Gift in the Commercial World,” *Journal of Business Ethics* 100, suppl. no. 1 (2011): S109–S123.
  27. The literature on “social enterprises” is abundant; some exemplar contributions are Carlo Borzaga and Jacques Defournay, eds. *The Emergence of Social Enterprise* (London: Routledge, 2001); Jacques Defournay and Marthe Nyssen, “Social Enterprise in Europe: At the Crossroad of Market, Public Policies and Third Sector,” *Policy and Society* 29, no. 3 (2010): 231–42; Johanna Mair and Ignasi Martí, “Social

- Entrepreneurship Research: A Source of Explanation, Prediction, and Delight,” *Journal of World Business* 41, no. 1 (2006): 36–44.
28. Gordon E. Shockley, Peter M. Frank, and Roger R. Stough, eds., *Non-market Entrepreneurship: Interdisciplinary Approaches* (Cheltenham: Edward Elgar, 2008).
  29. Brewster Boyd et al., *Hybrid Organizations* (Sheffield: Greenleaf Publishing, 2009), 9.
  30. Andrew J. Hoffman, Krista K. Badiane, and Nardia Haigh, “Hybrid Organizations as Agents of Positive Social Change: Bridging the For-Profit and Nonprofit Divide,” in *Using a Positive Lens to Explore Social Change and Organizations*, ed. Karen Golden-Biddle and Jane E. Dutton (New York: Routledge, 2012), 133.
  31. Battilana et al., “In Search of the Hybrid Ideal,” 52.
  32. Julie Battilana and Silvia Dorado, “Building Sustainable Hybrid Organizations: The Case of Commercial Microfinance Organizations,” *Academy of Management Journal* 53, no. 6 (2010): 1419.
  33. Taco Brandsen and Philip Marcel Karré, “Hybrid Organizations: No Cause for Concern?” *International Journal of Public Administration* 34, no. 13 (2011): 827–36.
  34. Grassl, “Hybrid Forms of Business,” S113–S114.
  35. See William W. George and Andrew H. Van de Ven, “Medtronic’s Chairman William George on How Mission-Driven Companies Create Long-Term Shareholder Value,” *Academy of Management Executive* 15, no. 4 (2001): 39–47; Michael V. Russo, *Companies on a Mission: Entrepreneurial Strategies for Growing Sustainably, Responsibly, and Profitably* (Stanford, CA: Stanford University Books, 2010); Yingyan Wang, “Mission-Driven Organizations in Japan: Management Philosophy and Individual Outcomes,” *Journal of Business Ethics* 101, no. 1 (2011): 111–26.
  36. See Richard Barrett, *Building a Values-Driven Organization* (Oxford: Butterworth-Heinemann, 2006); Richard Barrett, *The Values-Driven Organization: Unleashing Human Potential for Performance and Profit* (New York: Routledge, 2013); Ben Cohen and Mal Warwick, *Values-Driven Business* (San Francisco: Berrett-Koehler, 2006).
  37. See Luigino Bruni and Alessandra Smerilli, “The Value of Vocation: The Crucial Role of Intrinsically Motivated People in Values-based Organizations,” *Review of Social Economy* 67, no. 3 (2009): 1–18; Luigino Bruni and Alessandra Smerilli, *The Economics of Values-Based Organizations: An Introduction* (New York: Routledge, 2014).
  38. Rae André, “Assessing the Accountability of the Benefit Corporation: Will This New Gray Sector Organization Enhance Corporate Social Responsibility?” *Journal of Business Ethics* 110, no. 1 (2012): 133–50.

39. Christian Lautermann, "The Ambiguities of (Social) Value Creation: Towards an Extended Understanding of Entrepreneurial Value Creation for Society," *Social Enterprise Journal* 9, no. 2 (2013): 184–202.
40. Wendy K. Smith, Michael Gonin, and Mayra L. Besharov, "Managing Social Business Tensions: A Review and Research Agenda for Social Enterprise," *Business Ethics Quarterly* 23, no. 3 (2013): 427.
41. Lester M. Salamon and Helmut K. Anheier, "Toward an Understanding of the International Nonprofit Sector: The Johns Hopkins Comparative Nonprofit Sector Project," *Nonprofit Management and Leadership* 2, no. 3 (1992): 311–24.
42. Israel Kirzner, *The Driving Force of the Market: Essays in Austrian Economics* (London: Routledge, 2000).
43. Jim Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: Harper Business, 1994). See also an analysis of the results of Collins and Porras in the light of CST in the article by Andrew V. Abela, "Profit and More: Catholic Social Teaching and the Purpose of the Firm," *Journal of Business Ethics* 31, no. 2 (2001): 107–16.
44. See Battilana et al., "In Search of the Hybrid Ideal," 51–55.
45. See Wendy K. Smith, Michael Gonin, and Mayra L. Besharov, "Managing Social Business Tensions: A Review and Research Agenda for Social Enterprise," *Business Ethics Quarterly* 23, no. 3 (2013): 407–42.
46. See, for example, the seminal work of Paul J. DiMaggio and Walter W. Powell, "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," *American Sociological Review* 48, no. 2 (1983): 147–60. On the one hand, it is important to notice that this is credited as one of the main triggers of the discussion on neoinstitutionalism, which is one of the well-established streams of research in contemporary organizational theory. See Royston Greenwood and Renate E. Meyer, "Influencing Ideas: A Celebration of DiMaggio and Powell (1983)," *Journal of Management Inquiry* 17 (2008): 258–64. On the other hand, this is a good example of the interplay between CST and managerial sciences, taking into consideration that *CV* makes evident the absence of institutional frameworks for new organizational forms without explicitly developing an organizational theory.
47. See James Bernard Murphy, "The Morality of Bargaining: Insight from 'Caritas in Veritate,'" *Journal of Business Ethics* 100, suppl. no. 1 (2011): S79–S88.
48. See Ernst Fehr and Urs Fischbacher, "The Nature of Human Altruism," *Nature* 425 (2003): 785–91; Bruno S. Frey and Reto Jegen, "Motivation Crowding Theory," *Journal of Economic Surveys* 15, no. 5 (2001): 589–611.

49. For example, historically, schools and hospitals were created with a goal totally different from profit-making. In several cases religious orders and movements assumed education and health as a concretization of their charisma in social life, see Luigino Bruni and Barbara Sena, eds., *The Charismatic Principle in Social Life* (London: Routledge, 2012). For a discussion regarding the purpose of universities as organizations see: John Henry Newman, *The Idea of a University* (1852; repr., New Haven: Yale University Press, 1996). The creation of for-profit organizations operating in education and health is a more recent phenomenon.
50. The contemporary research on family business proposes that the distinctive characteristic of businesses in possession of families is the socioemotional wealth creation and preservation. For an overview of this theory see Pascual Berrone, Cristina Cruz, and Luis R. Gomez-Mejia, "Socioemotional Wealth in Family Firms: Theoretical Dimensions, Assessment Approaches and Agenda for Future Research," *Family Business Review* 25, no. 3 (2012): 258–79.
51. See Jessica Gordon Nembhard, "Cooperatives and Wealth Accumulation: Preliminary Analysis," *The American Economic Review* 92, no. 2 (2002): 325–29; Charles Ling, "The Many Faces of Cooperatives," *Rural Cooperatives* 79, no. 6 (2012): 24–29; Vladislav Valentinov and Jana Fritsch, "Are Cooperatives Hybrid Organizations? An Alternative Viewpoint," *Journal of Rural Cooperation* 35, no. 2 (2007): 141–55; Paul D. Earl, "Lessons for Cooperatives in Transition: The Case of Western Canada's United Grain Growers and Agricore United," *Journal of Cooperatives* 23 (2009): 20–39; Michael E. Sykuta and Michael L. Cook, "Cooperative and Membership Commitment: A New Institutional Economics Approach to Contracts and Cooperatives," *American Journal of Agricultural Economics* 83, no. 5 (2001): 1273–79.
52. See James E. Austin and Maria May Seitanidi, "Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part I. Value Creation Spectrum and Collaboration Stages," *Nonprofit and Voluntary Sector Quarterly* 41, no. 5 (2012a): 726–58; James E. Austin and Maria May Seitanidi, "Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part II. Partnerships Processes and Outcomes," *Nonprofit and Voluntary Sector Quarterly* 41, no. 6 (2012b): 929–68.
53. See Mara del Baldo, "Italian Small and Medium Values-Based Companies: Towards a New Way 'of Being' Business?" *International Journal Society Systems Science* 5, no. 4 (2013): 337–54; Gregorio Guitian, "Integral Subsidiarity and the Economy of Communion: Two Challenges from *Caritas in Veritate*," *Journal of Markets and Morality* 13, no. 2 (Fall 2010): 279–95.
54. Peter Koslowski, "The Shareholder Value Principle and the Purpose of the Firm," in *Competition, Trust, and Cooperation: A Comparative Study*, ed. Yuichi Shionoya and Kiichiro Yagi (Berlin: Springer, 2001), 179–209.

55. Cf. Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," *The New York Times Magazine*, September 13, 1970.
56. Helmut K. Anheier, "Theories of the Nonprofit Sector: Three Issues," *Nonprofit and Voluntary Sector Quarterly* 24, no. 1 (1995): 17.
57. See Shankar Basu, *Corporate Purpose: Why It Matters More Than Strategy* (New York: Garland Publishing, 1999); Richard R. Ellsworth, *Leading with Purpose: The New Corporate Realities* (Stanford, CA: Stanford Business Books, 2002).
58. Battilana et al., "In Search of the Hybrid Ideal," 51–55.
59. Jordi Canals, "Rethinking the Firm's Mission and Purpose," *European Management Review* 7, no. 4 (2010): 195–204.
60. The editors of the *Academy of Management Journal* and Cardinal Vincent Nichols have discussed different aspects of the purpose of organizations in an article by Elain Hollensbe et al., "Organizations with Purpose," *Academy of Management Journal* 57, no. 5 (2014): 1227–34. Other aspects of organizations and purpose can be found also in Canals, "Rethinking the Firm's Mission and Purpose," 195–204; Sison and Fontrodona, "The Common Good of Business," S99–S107; and Domènec Melé, "The Challenge of Humanistic Management," *Journal of Business Ethics* 44, no. 1/2 (2003): 77–88.
61. Considering an organization as a community of persons is a pillar of CST, see Pope John Paul II, *Centesimus Annus*, no. 35; Domènec Melé, "The Firm as a 'Community of Persons': A Pillar for Humanistic Business Ethos," *Journal of Business Ethics* 106, no. 1 (2012): 89–101. This has at least three major theoretical consequences that are particularly significant in the context of metaprofit: First, profit is not an individual goal to be pursued against other players' interests; instead, it is a means of reaching a common good. This highlights the importance of cooperation and collaboration as well as competition for a more effective pursuit of common goals. Second, the relationships inside an organization cannot be defined in exclusively contractual terms because no contractual instrument is capable of covering every aspect of common life. To the contrary, in a community of people, a particular ethos, that is, shared principles, values, and behavioral rules regulate social interaction. Third, understanding and governing an organization always requires a vision of the whole that is capable of simultaneously considering the economic dimension of organizational behavior and the other (internal and external) relations established that involve the community's members and its stakeholders.