

demonstrates why it is successful in maintaining a relatively low unemployment level for the young. There is a clear understanding that to translate this to Latin America would require significant adaptation to its social and economic contexts.

The comparative papers on health policy and pensions are very good primers for determining the options for key policy decisions. The later paper on recent Latin American health-care reforms provides a good example of the type of concern that one would have in implementing reforms within certain social and economic contexts. No ideal reform can be taken off a shelf and introduced within a different social and economic background. Such implementation issues are seriously discussed throughout the book. The papers specific to Germany will be useful for anyone who is not knowledgeable on the history and framework of the post-war German economy.

Most of the papers are qualitative in nature. Some provide economic figures, and a few develop some quantitative modeling. However, the focus is always on the qualitative policy concerns.

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Ethical Business Leadership: Balancing Theory and Practice

Sherwin Klein

New York: Peter Lang, 2002 (132 pages)

The fields of professional ethics do not always serve their professions well. It is often difficult to determine whether the introduction of formal courses in applied ethics actually makes a difference in the professional conduct of the students who take them. This may be especially true in the specialty of business ethics. Scores of books, perhaps more than one hundred, are now in print in this area, with more certainly to follow. In the last year or so, though, questions have been raised in many quarters about the real impact that courses in business ethics have had on business school graduates. The corporate scandals of 2002 suggest that a quarter century of ethics education has not dramatically improved the standard of practice.

While Sherwin Klein's *Ethical Business Leadership* is not written as a textbook, it is nevertheless a refreshing contribution to the field of business ethics. A collection of previously published essays reworked into loosely connected chapters, it argues for a fundamental rethinking of the way in which ethical theory is brought to bear on the problems of management.

One of the consistent obstacles to doing professional ethics well is the unavoidable need to bring together an appreciation both for the real challenges of professional practice and for the insights of ethical theory. Klein turns his attention to both parts of the whole. In his first chapter he criticizes the view that management is another kind of *techné*, or skill, and argues instead that successful organizations require liberally edu-

cated, virtuous managers. Only these people possess the breadth of vision needed to coordinate the specialized skills of the other members of the organization as a unified whole. This coordination depends upon a comprehensive grasp of what the good for human persons is and the various ways in which that good can be instantiated.

He then turns his attention to the problems created by moral philosophers who, in principle, at least, have a sharper concept of the good than most business people but who may be severely limited by their lack of practical experience. By analyzing the relationship between Cervantes' Don Quixote and Sancho Panza, Klein illustrates how character and a clear vision of the good can inform common sense to produce a genuinely prudent person. Streetwise Sancho Panza is inspired by Quixote's goodness to rise above shrewdness to real wisdom. The challenge to professional ethics, so often unmet, is to enable physicians, lawyers, and managers to do the same.

The most important chapters of the book, however, are the two that deal directly with the adaptation of Aristotelian ethical theory to business. Here he argues that Aristotle's emphasis on happiness and character rather than on formal rules provides a more robust and useful approach to ethical decision making. This flies in the face of common practice in organizations, which is, to situate the responsibility for ethical management in the legal department and the more-or-less comprehensive codes of ethics that such departments are eager to develop. Klein shows that a culture that respects genuine human goods and encourages the development of practical wisdom is much more likely to produce sound ethical management.

Klein's discussion of the importance of culture is one of the most intriguing aspects of the book. He draws on Aristotelian political theory to suggest ways in which ethicists might help to shape business organizations into communities that would be more human and more broadly successful. Aristotle considered the political community in the abstract but also examined the different forms adopted by scores of actual communities. He recognized that the complexities of custom and culture generally set practical limits to the degree to which an actual society could approximate the ideal. Similarly, Klein speculates that ethicists might do much more than generate rules for ethical conduct. They might effectively guide managers in shaping their companies to approximate, to one degree or another, the characteristics of an ideal company.

Few books are without flaws, or at least without points of disagreement that reviewers are inclined to call "flaws." In this case, two come to mind. First, it is not clear that Klein fully appreciates the goods (for example, wealth creation, job creation, satisfaction of needs) that businesses contribute to their communities or the degree to which managers and executives are motivated by their own commitment to those goods. At times he seems to subscribe to a vision of business people as motivated primarily by greed and self-interest. While there are certainly many examples of this vision, there are also many examples of more virtuous managers.

Second, while Klein's use of Aristotle's political theory is insightful, it may not be quite the right insight. Aristotle conceived of three kinds of human communities: families, villages, and cities (societies). He did not consider large, permanent communities

devoted to specific purposes, such as businesses or non-profit corporations. There has long been a tendency to treat such organizations either as large families or as small societies. This is helpful in some ways, but in other ways it can be misleading. Further work is needed before we can understand the distinct nature of specialized associations.

This is a short but provocative book, the depth of which should not be gauged by its length. As the articles previously appeared in professional ethics journals, the book itself is geared more toward ethicists and those with a substantive background in philosophy than to practicing managers. Nevertheless, Klein's message is an important one for business managers, who should hope that it will receive the attention that it deserves.

—Robert G. Kennedy

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Rethinking the Purpose of Business: Interdisciplinary Essays from the Catholic Social Tradition

S. A. Cortright and Michael J. Naughton (Editors)

Notre Dame: University of Notre Dame Press, 2002 (333 pages)

Rethinking the Purpose of Business is, as the subtitle indicates, a collection of "Interdisciplinary Essays from the Catholic Social Tradition." The contributors include academics and practitioners in the fields of management theory, moral theology, economics, ethics, engineering and law. The articles center on the question of whether Catholic social thought provides a meaningful contribution to the contemporary debate about the structure and purpose of business firms and, more generally, the entire enterprise of business. In particular, the force of the essays, when considered together, is to call into question the sufficiency of both the shareholder and the stakeholder models.

This collection of essays grew out of an academic conference sponsored by the John A. Ryan Institute for Catholic Social Thought at the University of St. Thomas in Minnesota. In 1997, the Institute organized an international conference in Belgium, examining the relation between Catholic social teaching and management education. Out of that meeting, the organizers picked eighteen authors to present revised versions of their papers at an intensive seminar held in 1998. From that seminar, the editors chose thirteen essays.

The result of this multi-stage process is a collection of interdisciplinary essays that gives the reader an introduction to some of the broad range of approaches, through which serious thinkers are applying the tradition of Catholic social thought to questions about the meaning and purpose of business. For those not familiar with the tradition of Catholic social teaching, this volume is not an introduction. Knowledge of key concepts from papal encyclicals and other Church documents is assumed.