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# Middle-Level Thinking: The Cultural Mission of Business Schools

Michael Naughton

*University Of St. Thomas - Minnesota*, [mjnaughton@stthomas.edu](mailto:mjnaughton@stthomas.edu)

T. Dean Maines

*University of St. Thomas, Minnesota*, [tdmaines@stthomas.edu](mailto:tdmaines@stthomas.edu)

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# Middle level thinking: the cultural mission of business schools

Middle level  
thinking

T. Dean Maines

*SAIP Institute, Opus College of Business, University of St Thomas,  
St Paul, Minnesota, USA, and*

Michael Naughton

*John A. Ryan Institute for Catholic Social Thought, Center for Catholic Studies,  
University of St Thomas, St Paul, Minnesota, USA*

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## Abstract

**Purpose** – Business education should be seen as a form of professional education which assists the student to acquire the virtue of practical wisdom. This article seeks to discuss the issues.

**Design/methodology/approach** – A middle level thinking (MLT) approach is taken to engage business education and practice that seeks to fashion explicit and vibrant ties between broad ethical principles and the concrete decisions, policies, and processes which shape how an organization operates.

**Findings** – The financial crisis of 2008 and past business scandals are symptoms of a broader cultural crisis. Universities and their business schools have contributed to this cultural crisis by providing students with an overly compartmentalized and specialized form of education. Business education must be re-envisioned as professional education which prepares students to engage in a form of middle level thinking (MLT). For this kind of thinking to become sustainable within a university context, it must draw upon the university's own cultural mission; otherwise, it will be susceptible to the economic and specialized pressures which bear upon these institutions.

**Practical implications** – The article describes a practical process called the self assessment and improvement process which helps to catalyze MLT. It also examines this method's application within the authors' own business school, which is situated within a Catholic university.

**Social implications** – By fostering MLT, business schools will promote the development of professionals who have the capacity to connect broad moral principles to concrete moral judgments and actions, thereby leading to specific practices which enable organizations to better contribute to the common good.

**Originality/value** – The article shows that acquisition of practical wisdom can be promoted within business schools through practical approaches which help to foster MLT.

**Keywords** Financial economics, Culture, Business studies, Thinking

**Paper type** Research paper

But before we can cure the problem [of business corruption] we must consider its causes. Recall that business executives were raised in your neighborhood, attended your schools, populate your churches and may have married your siblings . . . This suggests to me that the reformation of the business community begins where we all were formed; namely, in our homes, our schools and the cultural organizations that touch our youth. This is an issue of the embedded values that shape and govern our lives and that help steer us through uncharted and dangerous waters (Chuck Denny, former CEO of ADC Communications).

This essay makes three claims. The first is that the global financial crisis of 2008 and the business scandals of 2001-2002 are symptoms of a broader problem, a cultural



crisis. As our epigraph suggests, the “reformation of the business community” requires a cultural renewal. The second claim is that this cultural renewal must address university education and, in particular, management education. As cultural institutions, universities must draw upon a moral and/or spiritual tradition and help students connect this tradition to business practice. We characterize this kind of education as a form of middle level thinking, which increases the likelihood that students will acquire what the Aristotelian and Catholic tradition calls practical wisdom. The third claim is that faith-based universities must ensure that the distinct moral and spiritual tradition which informs their teaching and research is both theologically grounded and publicly argued. We conclude by discussing a method that has been adopted at our business school, called the Self Assessment and Improvement Process. We believe this method both illuminates our claims and illustrates a constructive way forward.

### **1. Cultural crisis and business education**

When the scandals of Enron, WorldCom, Arthur Andersen, and Parmalat first came to light, the authors of several essays and editorials turned to business schools and asked “What are you teaching your students”? Similar articles have appeared in the wake of the 2008 subprime credit crisis. Several years ago Cardinal Francis George noted that Harvard, Yale and other prestigious universities increasingly fail to present a unifying moral vision that helps students to see their future work as a participation in the common good. Absent such a vision, these institutions have become little more than “high class trade schools”. Rakesh Khurana (2007) arguably confirmed this insight in the title of his volume on the Harvard Business School – *From Higher Aims to Hired Hands*.

Critics of business schools in fact are pointing toward a crisis of culture, of which the worldwide financial implosion and the earlier accounting scandals are but a manifestation. The lack of moral responsibility demonstrated at every level of the financial system suggests that a broader cultural failure is at work. This is not to underestimate the complexity of the structural causes that brought down Bear Stearns, Fannie Mae, Freddie Mac, AIG, Washington Mutual, and others. It does suggest, however, that our political and economic institutions were not solely to blame, and that the prevention of similar failures in the future will require more than just improved regulations and financial incentives. For the most part, the perpetrators of the 2008 calamity were neither vicious nor cut-throat; rather, they are people who lacked moral character, who demonstrated moral thoughtlessness, who blindly followed the money. Consumers, loan officers, investment bankers, and speculators all attempted to capitalize within a particular part of the financial system; in so doing, each myopically passed on problems to other parts of that system. They were technically competent, hard working, and for the most part law abiding, but their moral and spiritual center failed to help them see their role in a broader, destructive whole.

University education increasingly perpetuates this moral myopia, this tendency to focus only on the parts. In a 2005 article, Bennis and O’Toole (2005) criticized business schools for adopting a model of excellence “predicated on the faulty assumption that business is an academic discipline like chemistry or geology when, in fact, business is a profession and business schools are professional schools”. The emphasis on quantitative methods within fields like economics, finance, and operations

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management helped to popularize the scientific model within business schools. Use of this model has catalyzed greater academic specialization, an increased emphasis on detailed technical explanations of the various business functions in both research and the classroom. While this approach can capture valuable insights, it also encourages students to think compartmentally. It does not prepare them to see the whole, especially as it relates to the social and moral character of human relationships. It is an approach to education that ignores the heart of a professional understanding of business – practical wisdom, that is, middle level thinking that integrates technical competence with moral and spiritual ends. When business education adopts a scientific rather than a professional model, it reduces itself to mere training. It fails to engage the student in a deeper examination of business management, including the ultimate ends of economic activity.

One might think that faith-based universities would have an easier time overcoming such a specialized and compartmentalized view of education. Unfortunately, as James Burtchaell (1998) has documented, Christian universities in the US have suffered from what can be called the slippery slope of inclusion. At one point in their history, the identity of these institutions was defined primarily by their tie to a particular church or denomination, e.g. Methodist, Lutheran, Catholic). However, over time they came to be identified with more general Christian or humanistic ideals (“*veritas*”), then with the goals of the college, and eventually with the achievement of excellence within each particular academic discipline. As a result of this reductionism, many faith-based universities became detached from the moral and spiritual teaching (and life) of their sponsoring ecclesial communities. With their institution’s core identity evacuated, faculty increasingly invested their loyalty in their particular field of expertise, giving priority to the first principles of these disciplines. Since these principles are largely methodological and amoral, the faculty’s sense of responsibility for their students’ moral development gradually attenuated.

Business education that is concerned with the moral formation of students thus faces significant obstacles, whether it takes place within a religious or secular context. As Alasdair MacIntyre has explained, the problem confronting higher education:

Is not primarily some range of alternative beliefs about the order of things [Christian, Muslim, Hindu, secular], but rather a belief that there is no such thing as the order of things of which there could be a uni-fied, if complex, understanding or even a movement toward such an under-standing (MacIntyre, 2001).

We believe that business education should be ordered toward the end of forming highly principled and practically wise professionals. This goal may make some people uneasy. However, they should be far more diseased by MacIntyre’s indictment, for a nihilistic approach to business education surely will result in graduates who lack the moral character necessary to resist the corrosive effects of a highly competitive economic system.

## **2. Catholic business education as a form of middle level thinking**

Of themselves, universities cannot make students virtuous. However, they can create conditions which promote a professionalism that helps to foster virtue’s growth. These conditions include serious engagement with first principles that are relevant to business practice, e.g. an understanding of the nature of work, property, capital, law,

society, and human flourishing. They also include an encounter throughout the curriculum with the skills and traits necessary for a business leader to act as a responsible professional. And they include concrete cases which illustrate what business professionals look like when they are at their best and their worst. In other words, it would be an education in “middle level thinking” (MLT), the habit or practice of linking moral principles with business realities so that an authentic and efficacious integration of aspiration and action results (see Boyer, 1990).

MLT is an approach to business education and practice that seeks to fashion explicit and vibrant ties between broad ethical principles and the concrete decisions, policies, and processes which shape how an organization functions. Traditionally, MLT has been described as “practical wisdom”. We use the term MLT because it underscores the mediating connections and bridging lines of thought that foster greater integration between the deeper purposes of human life and day-to-day decision making within organizations (see Boswell *et al.*, 2000). MLT is right thinking directed towards right action, as well as right action that helps to guide right thinking.

What lies on one side of middle level thinking is a set of first principles which express a vision of the human person and society, their ultimate goals and purposes. On the other side of the “middle” is the concrete decisions and actions business leaders take in their organization, which are developed into policies, processes, and practices. MLT focuses on how these two, aspiration and action, are coherently connected, integrated, and synthesized. This integration is never achieved simply by deducing specific actions from general principles or by moving inductively from particulars to broader norms. MLT requires an iterative approach that moves back and forth between principles and specific cases, events, and tools. This movement generates insight into what right action looks like concretely within particular situations; it also helps to elaborate the meaning and implications of moral standards through their application to a range of different circumstances. This type of thinking is never wholly completed precisely because the theological and philosophical principles draw us into the deepest and most profound understanding of the human and because we can never exhaust the complexity and uniqueness of human action (Sullivan and Rosin, 2008).

Because we work at a Catholic university, we will focus on a particular form of MLT, one that is informed by the Catholic social tradition. This social tradition has developed over two millennia; it provides a moral framework for assessing and shaping social relations and institutions. It is concerned with how business is institutionally embodied, how it impacts people. The tradition is theologically grounded, but not sectarian. That is, it is not interested in talking only to itself, but desires to speak with all people of good will. The social tradition has confidence in reason. It builds on the insights taken from theology and philosophy, but it also engages such fields as economics, political science, and sociology, as well as the disciplines found within business schools. The social tradition claims no monopoly on the good, but honors and learns from what is true and good in all traditions. Once the Catholic social tradition is understood as a theological tradition that welcomes broad interdisciplinary input and public debate for the sake of improving institutions, we can begin to sense the rich possibilities it offers as a form of MLT.

In the context of Catholic business education, MLT helps business professionals move from the broad theological and moral principles of the Catholic social tradition to more particular, concrete moral judgments in a way that fosters an integration of

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principle and action. How this is done within specific curricula – for example, an undergraduate business program with a strong liberal education component, as opposed to a more focused MBA program – may be very different. Yet, it is precisely this type of thinking that creates conditions which allow future leaders to develop the traits they need if they are to become capable of forming organizations which contribute authentically to the common good.

### 3. The SAIP method at the Opus College of Business

According to its vision statement, our business school, the Opus College of Business (OCB), aims at “excellence in educating highly principled global business leaders”. This statement raises several questions. What does it mean to be “highly principled”? To what kind of principles does this statement refer: spiritual, theological, moral, economic, or management principles? What are their sources? Which ones should guide OCB graduates throughout their careers? How might a diverse faculty develop a common understanding of these principles? Must faculty members agree on them? What specific implications for teaching and research arise from a commitment to excellence in educating highly principled leaders?

Such questions reveal tensions between different facets of the College’s life. OCB’s institutional parent, the University of St Thomas, is rooted in the Catholic liberal arts tradition. This tradition offers well-articulated principles which reflect both faith and reason, including the principles of the Catholic social tradition. Yet the OCB also operates within a pluralistic culture. Many of its faculty and students neither understand nor accept the principles of the social tradition, and may also not embrace its liberal arts philosophy.

An honest recognition of tensions between our institutional tradition and our makeup as a community raises other difficult questions: how can OCB educate “highly principled global business leaders” in a manner that engages its own religious roots and yet speaks to the culture in which it operates? How does it avoid “imposing” a particular faith tradition, while simultaneously eschewing a weak moral pluralism, a “lowest common denominator” approach to moral questions?

Such complex questions cannot be fully resolved here. Instead, we conclude this paper by discussing a practical approach called the self assessment and improvement process (SAIP) that increasingly is used within OCB. The SAIP method helps to foster MLT. We also believe it helps us to constructively engage both the Catholic social tradition and the pluralism present within the OCB and our broader society. Besides the SAIP method, the OCB has developed an extensive faculty development program on mission and identity, requirements in business ethics, integrating courses on faith and work, a Great Books program for MBA students and volunteering possibilities, all of which foster MLT.

The SAIP method enables organizations to appraise and enhance their performance on issues of ethics. It has been fostered and used within the OCB in a variety of ways. In 2007 the OCB founded the SAIP Institute, an organization which promotes the method’s development, creates assessment tools which utilize the SAIP approach, and helps for-profit and not-for-profit enterprises apply these tools. The institute also develops curricular materials, including case studies which examine how particular organizations have employed SAIP-based tools to institutionalize responsible business

conduct. Pedagogically, the SAIP method makes three contributions to the development of business professionals, which we describe below.

*Fostering the discipline of examining corporate conscience*

An examination of conscience is a periodic, systematic review of one's deeds, words, and thoughts for the purpose of determining their conformity with or departure from a set of moral standards. It is a longstanding practice in the West, one undertaken by individuals intent upon moral improvement or unity with God. The SAIP method extends the examination of conscience from the realm of the individual to that of the firm (Maines, 2011). It facilitates an examination of corporate conscience, a review of a firm's moral character. The SAIP adapts techniques taken from total quality management to create an organizational analogue to the frameworks which individuals have used to facilitate conscience examination – in the case of Christian penitents, for example, a structured series of questions organized around specific commandments in the Decalogue. More specifically, the SAIP builds on the approach to organizational self-assessment pioneered within the US-based Malcolm Baldrige National Quality Program (for more details see Goodpaster *et al.*, 2004).

The SAIP method is modeled upon the Baldrige self-assessment. However, the requirements addressed by the two approaches differ in nature. While the questions in the Baldrige self-assessment help a firm evaluate how well it has integrated principles of total quality management within its activities, the questions which arise from the application of the SAIP method – like the queries considered in a personal examination of conscience – are rooted in ethical principles. The SAIP transforms these principles into a systematic inventory of questions. By responding to these questions using empirical evidence, and then scoring these answers using a proprietary quantification scheme, leaders can identify where vital moral values have been integrated within the policies, processes, and practices which guide and shape their organization's decisions and actions, as well as where that integration is tenuous or lacking. This assessment suggests where improvement is necessary to better align the organization's conduct with the principles and norms used within the process. Furthermore, the information gathered by answering the assessment's questions assists with the formulation of initiatives that target specific improvement needs. Applied at regular intervals, the method helps an organization develop as a moral agent, bringing its performance into greater conformity with recognized standards for ethically responsible conduct.

*Promoting progressive articulation*

Many business students and executives have expressed to us that while they are committed to principles such as human dignity, common good, and solidarity, they are unclear what those principles mean for day-to-day business operations. Progressive articulation involves moving from such broad principles to more specific norms and moral reference points. By resolving more general standards into more detailed guidelines and behavioral benchmarks, progressive articulation makes it possible for organizations to assess the "fit" between their moral aspirations and their deeds.

For example, the principle "participatory community of work" is premised on a moral and theological belief that people can develop authentically only if they are allowed to use the intelligence and freedom that God has bestowed upon them. This principle fosters subsidiary relationships where leaders create conditions that push

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responsibility for decision-making to the most appropriate organizational level and provide the support required for this responsibility to be exercised effectively (e.g. resources, training, etc.).

The SAIP method uses progressive articulation to translate the aspirations expressed by this principle into specific queries about company practices. These questions push the organization to examine how it concretely embeds this precept within its operations. Representative questions include the following:

- *Planning.* How does the firm's mission, vision, strategic direction, and policies address a participatory community of work?
- *Alignment.* How are the firm's leaders held accountable for promoting a participatory community of work?
- *Process.* How does the firm encourage employees to identify and implement improvements to its operational processes?
- *Training.* How does the firm support the creation of a participatory community of work through its documented training (e.g. training on team-based work systems)?
- *Measurement.* What are the current levels and trends of employee engagement in the following areas: perception that employees support the mission of the organization; perception that employees have the skills and knowledge to perform their jobs; perception that all employees are respected?
- *Impact.* What evidence can the firm provide to demonstrate that increased participation on the part of its employees contributes to improved customer outcomes?

Developing these questions entails more than simple deduction; rather, it involves an elaboration of normative requirements in light of characteristic challenges faced by organizational leaders. The formulation of the questions contained within SAIP-based assessment tools draws heavily upon the practical wisdom of business professionals, specifically, former and current executives who participate in these tools' development. Moral insight rooted in extensive professional experience is instrumental to creating interrogatories which are not moral formalisms, but well-targeted and incisive questions that ultimately are useful to decision makers who are seeking to determine how well their organizations have institutionalized particular moral standards.

#### *Deepening the exploration of first principles and their cultural sources*

The SAIP method also helps to drive clarity on first principles – that is, the ethical standards which underlie business practice – and the sources of these principles. For example, students in the OCB's full-time MBA program recently discussed a case study focused on a particular application of the SAIP method. This tool, known as the Catholic Identity Matrix, uses the method to help Catholic hospitals better integrate six principles taken from the Catholic social tradition within their operations. The case examined the use of the Catholic Identity Matrix by Ascension Health, the largest not-for-profit (and Catholic) healthcare system in the US (see article by Brinkmann and O'Brien in this issue).

Reactions to the narrative varied. Many students commented on the assessment technique and its application, including the need for metrics that can help an enterprise



ascertain the extent to which ethical principles shape its actions. Others addressed the norms used within the assessment. A range of opinions were expressed: Some voiced support for the principles; others criticized the use of standards like respect for human life within hospitals that, while Catholic, serve the general public; still others questioned the validity or usefulness of the assessment because ethics “is a very subjective domain”. Further exchanges shed light on the basis for these perspectives. Typically, their roots were found to lie in some cultural element – for example, religious faith, or the rejection of religious faith in favor of a secular worldview centered on autonomous personal choice, or a technical education which equates objectivity with empirical demonstrability.

This example illustrates a common dynamic within the classroom: when students have an opportunity to articulate their moral principles, they do so by reaching back into their culture – their families, their religions, their education and training, the intellectual and social currents which surround them. This tendency makes clear that moral principles are not pulled out of thin air; rather, they emerge from values embedded within the institutions and the broader milieu which shape our lives. By helping to establish a “line of sight” between specific ethical principles and an organization’s operations, the SAIP method prompts students to engage these first principles, to examine them critically in light of their own moral standards (and vice versa), and to engage others’ moral principles in a way that illumines areas of agreement and disagreement. On one hand, the method challenges the often unexamined belief that businesses are somehow morally neutral places. On the other hand, it challenges those who derive their principles from a particular faith or philosophical tradition to discern whether those principles can be made intelligible and accessible to colleagues who do not participate in that tradition.

Reflection and dialogue on first principles is an essential practice within pluralistic settings like business schools. This practice inevitably leads to conflict, yet it also highlights opportunities for consensus – for example, agreement on certain “practical truths regarding [our] life in common” (Maritain, 1998). Indeed, this kind of consensus provided the basis for the UN Declaration of Human Rights: Jacques Maritain, the eminent French Thomist, credited the “common language” of practical truths with enabling diverse UN participants to agree on an array of fundamental human rights. Agreement on practical truths is not the same as agreement on first principles; and understanding our first principles is essential to avoiding a split between our core moral beliefs and our actions. However, this limited consensus can supply the basis for common moral action within a pluralistic organization (see Alford and Naughton, 2001).

#### **4. Conclusion**

As we have argued in this paper, while universities and their business schools are not fully responsible for our current financial crisis, they once again will waste a significant and opportune moment for growth and development if they do not come clean in how they have contributed to it. In their desire for both relevance and prestige, business schools too often have become extensions of economic institutions and have lost sight of their cultural mission. However, if business schools lose sight of their cultural roots, they will be left with few cultural resources to foster a form of MLT which increases the probability that the virtue of practical wisdom will take root in the

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future business leader. Universities and their business schools cannot, by themselves, make their students highly principled and practically wise, but they can collaborate with those institutions such as the family, religion, and the state which attempt to create a culture that fosters good leaders and good companies.

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### About the authors

T. Dean Maines is the president of the Self-assessment and Improvement Process (SAIP) Institute at the University of St Thomas Opus College of Business. Maines spent 16 years working with Cummins, Inc., where he served as the chief human resource executive for the firm's Worldwide Power Generation Group, and president of the Columbus Occupational Health Association, a Cummins-managed partnership. T. Dean Maines is the corresponding author and can be contacted at: [tdmaines@stthomas.edu](mailto:tdmaines@stthomas.edu)

Michael Naughton is the holder of the Alan W. Moss Endowed Chair in Catholic Social Thought at the University of St Thomas where he is a full professor. As a faculty member with a joint appointment in the departments of Catholic Studies (College of Arts and Sciences) and Ethics and Law (Opus College of Business), he is also the director of the John A. Ryan Institute for Catholic Social Thought, which examines Catholic social thought in relationship to business.