



Creed or greed: what can the Church learn from businesses founded on principles of faith?

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Creed or greed: what can the church learn from businesses founded on principles of faith?

Does the Church have anything to learn from the business world? 'No' might be the resounding answer from a good number of priests, ministers and church administrators.

Those who have chosen to serve God rather than the customer have often made personal sacrifices by foregoing a secular career, and will almost certainly expect their church to do the same. The distinction between Sunday and Monday runs deep, and blurring the two is likely to meet considerable resistance in religious circles.

On the other hand, the church as a whole is not exempt from the pressures of modern life, social change and economic realities. In terms of its management, some church structures and assumptions are quite literally mediaeval in their origins, and have been found wanting in recent years, as high-profile scandals continue to demonstrate. Churches need to adapt and modernise their management policies and practices, a fact that is demonstrated by growing academic and practical interest in this field and exemplified by the establishment of the Susanna Wesley Foundation at Roehampton University in 2014.

Yet no matter how high the risks of inertia are, these need to be set against the risks of inappropriate change. Adopting successful management models and change management strategies from commercial organisations might seem the logical answer, but a cleric's instinctive fear of contamination by such association might in fact be well grounded. Any sort of crossover into the world of commerce is fraught with its own difficulties and reputational risks. Merely investing pension funds caused the Church of England great trouble in 2013 when the *Financial Times* revealed that it had unwittingly

provided start-up capital for payday lending firm Wonga.com, a business which the Archbishop of Canterbury had previously castigated as unethical¹. This is not to say that the worlds of faith and business can never meet, but it does in part explain a reluctance on the part of the church to become overly distracted by innovations and opportunities in the business world.

Perhaps a more palatable way for the church to learn from the world of commerce is to focus on businesses which have themselves been founded on principles of faith. There are numerous vehicles in which such ventures have appeared, including the co-operative movement, paternalistic or evangelical entrepreneurs, Quaker-based businesses, church-owned businesses and more recently social enterprise, the latter being either a modern phenomenon or a reinvention of the others. The charity sector could be considered yet another vehicle for faith-based enterprise, although it is omitted in this review because the focus of charities has to be non-commercial by law.

Although operating in very different environments to the churches themselves, these faith-based businesses have nonetheless attempted to create management structures based on precedents found in the Bible, in the organisation of the early church and in monastic endeavours. Among their management strategies are some notable examples of faith-inspired structures that might prove of interest to purely ecclesiastical bodies. As this study demonstrates, these include some innovative approaches such as:

- Flat management structures (e.g. Quaker ideals of consensus through meetings)
- Hierarchical management structures (such as the paternalistic model)
- Equal opportunity employment (pioneered in some Christian co-operative bodies long before the approach became mainstream)
- Business relationships built on trust (such as business-to-business collaboration among Quakers and among Methodists)
- Subsidiarity or delegation of decision-making and implementation to the lowest level (a concept championed by the Roman Catholic Church)
- Holistic management: taking account of the needs of families and children
- Peer-to-peer recruitment and mentoring
- Triple bottom line accounting, or social accounting (which has been pioneered by social enterprises in recent years)

A simple glance at the above will indicate not just a plurality of management and strategic approaches taken by faith-based business, but some that are in direct opposition to one another. They also stand in opposition to some long-standing church policies: the policies of equal opportunity employment

¹ BBC News 2013 'Wonga row: Archbishop of Canterbury 'embarrassed' over Church funds' 26 July 2013
www.bbc.co.uk/news/business-23459932

pioneered by Roman Catholic co-operatives, for example, make for instructive comparison with the employment practices of the church itself². Furthermore, one other model commonly employed to describe managerial behaviour is the 'servant-leader', based on Biblical precedent³. Often cited but used in such a diverse array of situations, the concept is too general and subjective to be considered as a definable management approach or technique, although it is mentioned in this research whenever the term is appropriated.

The various faith-based business sectors are not without their success stories, although over the long term history demonstrates another very clear reason why the church might be wary of dabbling too deep in the market: commercial success tends to draw such organisations away from their founding principles. One only needs to consider such diverse British businesses as Lloyds Bank, Barclays Bank and Cadbury plc (all Quaker foundations) and Hartley's jam (an enterprise informed by its founder's devout Methodism) to realise that faith has made a lasting mark on the consumer sector, but the businesses themselves have long abandoned any theological foundation. In recent months yet another major entity with a faith heritage has taken a step towards joining these secular ranks, following the sale of around 80 per cent of the Co-operative Bank to hedge funds.

Whether these businesses should be regarded as a cautionary tale about the dangers of mixing with the markets or as a goldmine of innovative Christian entrepreneurship depends on an array of subjective factors including social, political and theological viewpoints. In order to determine whether the pretext of this research is valid – that principles based on faith can be integrated with the management of a commercial entity – this paper starts with a short history of faith-based business endeavours. This will help to determine the extent to which any business can claim to be managed according to principles of religion and the Bible rather than the market.

After establishing the credentials and credibility of different types of faith-based endeavour, the research will then look at specific sectors or business types to see what management structures and policies have developed. The juncture of religion and commerce has certainly produced some innovative techniques and it may be that this sort of hybrid business thrives best at periods of rapid economic change. The birth of the Industrial Revolution in particular proved a seminal period for both the co-operative movement and the paternalistic, Christian entrepreneur. Modern-day discontent with capitalism, globalisation and inequality have been connected to the arguably new business model known as social enterprise, which is discussed in detail in the later paper.

² See for example the Spanish co-operative Mondragon, page XXX below.

³ Examples include Luke 22:26, Mark 10:42-45 and John 13:12-15.

A theological and historical overview of faith-based businesses

One simple conclusion about faith-based organisations is that they are either Christian but not very commercial, or commercial but not very Christian. In the former category are the churches themselves, more akin to a public sector organisation, government or bureaucracy than a commercial operation, notwithstanding rhetoric about professionalisation and modern management practices⁴. And on the other hand there are businesses set up with an explicit Christian ethos, which tend to find their high ideals compromised and eventually overwhelmed by the realities of the marketplace. Companies such as Cadbury plc which have been wholly absorbed by the market have already been mentioned, but there are many other examples of this process, which continues today.

Actual hybrids of church and commerce are relatively rare in mainstream Christian denominations, and seem to produce an inordinate amount of bad publicity for the churches concerned. The reputational risks for a church that is operating commercially in almost any market are considerable, given the connected web of commerce in a globalised economy. Examples are as diverse as the German publisher Weltbild, owned by the Roman Catholic church in Germany and revealed to be a publisher of pornographic fiction, and Buckfast Tonic Wine, owned by the monks of Buckfast Abbey in Devon and regularly accused of causing a crime wave in Glasgow thanks to its high caffeine and alcohol combination. Even the seemingly harmless act of investing in a major supermarket or shopping centre could lead to charges that a church is profiting from the sale of alcohol, tobacco, pornography and gambling. While financial returns might be high, the reputational risks can be higher still. In the Christian world at least, attempting to serve both God and Mammon comes with long-standing warnings attached.

That perhaps makes the theological justification for any faith-based management strategy a particularly interesting area of investigation. Some themes have emerged from the researched outlined here, fitting loosely to different denominational attitudes:

- The Trinity as a model of collaborative rather than competitive business (sometimes cited by Roman Catholic co-operatives and their supporters)
- The incarnation as a model for the corporate business (discernible in Protestant business thinking)⁵

⁴ See for example A Britton (2002), Economics and the Church of England, *Journal of the Association of Christian Economists*, Issue 31 (ISSN 0956-3067) http://christian-economists.org.uk/jour_31.pdf, who writes "The synodical system, together with the responsibility of church leaders to it, is a conscious imitation of the relationship of Government to Parliament. Bishops are encouraged to think of themselves, in some contexts, as Ministers, whilst church officials behave very like civil servants."

⁵ See in particular Stephen F. Copp (2011), A Theology of Incorporation with Limited Liability Reaffirmed, *The Journal of Markets and Morality*, Vol 14, No 11 <http://www.christian-economists.org.uk/DPO09%20Copp%20Limited%20Liability%20Reaffirmed.pdf>, where he argues that companies can be seen as the Biblical idea of incorporation translated into a secular context.

- The ‘priesthood of the laity’ as a justification for finding spiritual value in secular, business affairs (commonly seen in Calvinist-inspired traditions).

The academic study of the link between religion and commerce began in earnest with the seminal work of German sociologist Max Weber, author of *The Protestant Ethic and the Spirit of Capitalism* (1905). According to his theory, ethics inspired by Protestant forms of Christianity, and even Protestant theology itself, can have a noticeable impact on an individual’s propensity for success in a capitalist market, whether or not the companies they run have been founded on explicit religious principles.

According to Weber, the Protestant ‘work ethic’ led to the formation of modern capitalism – a system so successful in its own right that it no longer requires any religious attitude from its participants. Under this model, any business leader operating in Britain or the US will be operating within the parameters of an essentially Protestant belief system, regardless of personal belief. The argument that religion’s legacy is powerful enough to permeate an individual’s ethics and attitudes on such a fundamental level demonstrates the difficulty in determining what differentiates Christian-based companies from ordinary ones.

Such all-pervading Christian influence, assuming Weber is even partly correct, make attempts to define a watertight sector of ‘faith-based businesses’ an impossible task. This review therefore confines itself to commercial operations that claim an explicit faith inspiration to justify their management, priorities and strategy. Weber’s thesis is universally praised for its innovative thinking, but has been challenged by a range of economists, theologians and sociologists, who have found fault with much of its evidence, assumptions and supposed correlations.

The earliest Christian precedent for any sort of corporate endeavour is sometimes considered to be the early church, as described in Acts 2:44-45 (“And all who believed were together and had all things in common”). Although this is more a model of communitarian collaboration rather than equitable financial distribution, it did have some influence on the idea of co-operatives (see below).

As a more robust model of commercial joint venture, the monastic community seems a better type. Among many authors examining the economic impact of these communities, Adrian Ashton in *Social Enterprise: The ‘holy grail’ of business models* considers the development of monastic trade to be a benign consequence of surplus agricultural production⁶. It is true that monasteries engaged with their local economies, but it is perhaps a mistake to bracket this work with their charitable ministry, such as the

⁶ Adrian Ashton (2009), *Social Enterprise: The ‘holy grail’ of business models*, *Faith in Business Quarterly Journal*, Vol 12 No 4

provision of alms, education and infirmaries. To regard commercial activity as another example of the monasteries' outreach would have been dismissed as wishful thinking long before the first stirrings of the Reformation. The townspeople of Bury St Edmunds grew so enraged by the civic and economic distortions created by its famous monastery they embarked on four months of sporadic rioting in January 1327, burning down much of the monastic complex⁷. A similar process took place in St Albans and Abingdon in the same year as citizens took advantage of the deposition of Edward II to vent long-standing grudges about rents, duties and interference in the weekly market and annual fair⁸.

By a mixture of accident and design, monasteries found themselves trading as a corporate entity, and Ashton further argues they adopted prototypes of managerial structures recognisable today, such as the democratic selection of an abbot or abbess (the modern-day CEO) and the convention of meetings at the circular table in the monastic chapter house, prefiguring board meetings⁹. The idea of prayer as the central 'work' of the monastery was proposed by St Benedict (c.480–547), and has been cited from time to time as inspiration by Christian businesses. One piece of etymological evidence that the business world is indeed built on ecclesiastical origins is the word 'company itself', which derives from the Latin *cum panis*: a group of people united 'with bread', perhaps indicating origins in a Eucharistic community of monks. But for all their crossover into commerce, monasteries remain ecclesiastical at heart, insulated from the market by rigorous monastic rules, and thus outside the category of business operations with a faith heritage.

The first purely commercial organisations based on imported Christian values are post-Reformation. The era of the paternalistic and sometimes explicitly Christian factory owner began in the century preceding the Industrial Revolution, and is closely linked to Nonconformist denominations. As will be discussed in the section on Quaker businesses, as early as the 1660s it was a condition of entry into the Society of Friends that individuals had to be honest in trade and free of debt¹⁰. The implications of this can be seen in both trading relationships and in terms of manager/employee relationships.

From the outset, some of the earliest adherents to the Society of Friends in the 1650s were involved in their own small-scale trade. The society went on to nurture some of the first entrepreneurs to build up sizeable businesses. Abraham Darby I (1678–1717) was the Quaker owner and manager of what

⁷ Mary D Lobel (1933), A detailed account of the 1327 rising at Bury St Edmunds, *The Suffolk Institute of Archaeology and History*, Volume XXI Part 3 pages 215 to 231

⁸ Gabrielle Lambrick (1964), Abingdon and the Riots of 1327, *Oxoniensia* volumes 1964-5, page 129

⁹ Ashton (2009), page 13

¹⁰ See the chapter 'The Society of Friends and business culture, 1700-1830' by Ann Prior and Maurice Kirby, in David Jeremy, ed. (1998), *Religion, Business and Wealth in Modern Britain*, page 117

became the Coalbrookdale Company, a foundry business whose perfection of coke-fired rather than charcoal-fired iron production enabled the mass metal production so essential to the Industrial Revolution. The company developed a school, built workers' cottages and paid higher wages than other firms¹¹. Many other Quaker businesses followed, including all four of the country's main chocolate manufacturers (Cadbury, Rowntree, Fry and Terry). The phenomenon of Quaker business activity is influential enough to be considered a management case study in its own right, and is dealt with in its own section below.

Entrepreneurs from different Christian denominations also set up businesses that claimed a faith foundation, a movement that peaked during the Victorian period. Three Methodist entrepreneurs of the period are Jesse Boot (1850-1931), who founded the Boots chemist chain, William Pickles Hartley (1846-1922), who founded the Hartley's jam company, and John Mackintosh (1868-1920), the toffee manufacturer. The economist Everett E. Hagen has calculated that half of the top 92 entrepreneurs in Britain during the early industrial period were Nonconformist believers, a statistic which demonstrates a strong correlation between faith and business activity, even though other academics have queried the precise figure¹².

The influence of these once-dominant entrepreneurs faded during the course of the 20th century as family ownership was diluted by outside investors, and then subject to wholesale takeover. The Christian entrepreneur using his or her business to demonstrate religious commitment is no longer a dominant feature of British business, although something of the tradition can still be seen in America, where several founders and owners of large companies are very public not only about their personal faith but about its application to their management policies and business strategies. Among those linking Christianity to their managerial style and hence their commercial success are Rich Snyder, founder of fast-food retailer In-N-Out Burger, David Neelman, the founder of Jet Blue airlines and a committed Mormon, Neil Clark Warren, founder of dating website eHarmony, George Foreman, former boxer and producer of low-fat cooking grills, and Truett Cathy, founder of fast-food retailer Chick-fil-A (described later).

That is not to say the phenomenon has entirely died out in Britain. Brian Souter, founder and chairman of the Stagecoach Group transport operator, has spoken openly of his Christian faith, and spent £1 million of his own money in an unsuccessful campaign to retain laws that forbade the promotion of homosexuality by local authorities in Scotland in 2000. But he consciously keeps his faith and his campaigning work separate from his business, stating in a newspaper interview that "ethics are not irrelevant, but

¹¹ <http://www.quakersintheworld.org/quakers-in-action/271>

¹² Everett E. Hagen (1962) *On the Theory of Social Change*, quoted in David Jeremy, ed. (1998) *Religion, Business and Wealth in Modern Britain*, page 17

some are incompatible with what we have to do because capitalism is based on greed. We call it dichotomy, not hypocrisy”¹³.

Alongside the growth of the Christian entrepreneur during the Victorian era came another faith-inspired innovation: the co-operative. Although the role of Christianity is mostly overlooked by economists and historians, the founders of what is widely regarded as the prototype co-operative enterprise were greatly influenced by their faith. The Rochdale Society of Equitable Pioneers was set up in 1844 by a pioneering collective of weavers and other workers in the Lancashire town, who were concerned by the social impact of industrialisation on their community. Though some histories make no mention of any faith heritage, they were greatly inspired by the English philanthropist and committed Christian William King (1786-1865), who published a short-lived journal called *The Co-operator* in 1828¹⁴. The Christian Socialist movement became prominent during the middle of the 19th century, a group committed to the idea of a ‘new and better social order’.¹⁵

In 20th century Britain, much of the rationale behind the co-operative faded with the rise of the Labour Party, which focused on public ownership, through nationalisation, rather than employee ownership through the co-operative. Workers’ housing, medical help and pensions became far less important for benevolent employers when the state began co-ordinating welfare provision.

The oversight of Christian influence also has something to do with the successful evolution of the co-operative model in British business. The most prominent example today is the John Lewis Partnership, established in 1929 when John Spedan Lewis converted his father John Lewis’ business into a trust that distributes all profits to the firm’s employees, or partners. His motivation however was a desire to produce a different and better form of capitalism rather than to practise any creed¹⁶.

There are also different models for co-operative ventures, which tend to either foreground the interests of the employee (as in the partnership model of John Lewis) or the interests of the consumer (as in the payment of dividends to the consumer along the lines of the modern-day loyalty reward card). Both are sound business practices without any need for a theological rationale. The largest consumer-focused co-operative in Britain, the Co-operative Group, can trace its roots all the way back to the Rochdale pioneers via a series of regional and national mergers. It retains something of a faith

¹³ John Thompson and Bill Bolton (2007), *Entrepreneurs*, page 68

¹⁴ Peter Davis (2006), *The Co-Operative, Catholic Social Thought and the Good Company. The Importance of Pluralism in the Market*. Paper published by the University of Leicester

<https://www2.le.ac.uk/departments/management/document/s/research/research-units/umbo/catholic.pdf>

¹⁵ Donald A. Hay and Alan Kreider (2001) *Christianity and the Culture of Economics*, page 57

¹⁶ David Jeremy, ed. (1998), *Religion, Business and Wealth in Modern Britain*, page 23

heritage today, a mixed blessing considering the 2013 scandal that engulfed the group following revelations that its chairman and Methodist minister Rev'd Paul Flowers was a habitual drug user¹⁷.

Far greater religious influence can be seen in the development of co-operative businesses in southern Europe from the mid-20th century onwards, particularly in Catholic-majority countries where religious inspiration has been pivotal. Examples in Spain, particularly Mondragon, founded by a Roman Catholic priest, and in Italy are discussed in the section on co-operatives.

And finally there is an emerging sector known as 'social enterprise'. The term was first used in 1978 by the academic Freer Spreckley, of Beechwood College near Leeds as a new term for worker and community co-operatives¹⁸. This term was first used by the British government in 1999, and was discernible in the concept of the Big Society proposed by the Conservative Party leader and later prime minister David Cameron in 2010. The term has been applied to a range of modern enterprises, several of which have an explicit Christian remit such as Traidcraft plc, the Methodist Housing Association, and some credit unions¹⁹. The Churches' Mutual Credit Union is due to launch in September 2014, a legal entity separate from the Church of England but set up by Anglicans following the Archbishop of Canterbury Justin Welby's attack on payday lending firms in 2013. In addition to such businesses, other charitable operations such as food banks can be described as social enterprises, along with non-faith philanthropic ventures such as the chef Jamie Oliver's Fifteen restaurant chain, which employs disadvantaged young people.

Spreckley also went on to develop the concept of 'triple bottom line' accounting, also known as social accounting. Traidcraft has been producing social accounts since 1994, the first plc to do so²⁰. This striking management tool is still in its infancy compared to other accounting practices, but this paper concludes by stating that it has some of the greatest potential for transforming the management of church organisations.

¹⁷ Mail on Sunday (2013) <http://www.dailymail.co.uk/news/article-2509376/Co-op-bank-boss-Paul-Flowers-suspended-Labour-drugs-scandal.html>

¹⁸ <http://socialbondinvestor.com/all-you-need-to-know-about-social-enterprises/>

¹⁹ <https://www.churchofengland.org/our-views/home-and-community-affairs/home-affairs-policy/work-and-the-economy/creditunionshow-churches-can-help.aspx>

²⁰ Simon Lee (2009) Faith-Based Enterprises: Making the link between Faith and Enterprise, *Faith and Business Quarterly Journal*, Vol 12, No 4, page 15