

Principal-Agent-Approach meets Christian Spirituality.

An interdisciplinary attempt to implement a virtue-based Enterprise Culture

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Zusammenfassung:

Wertegebundene, christliche (Sozial-)Unternehmen sind sowohl im Hinblick auf die Marktbeziehungen als auch im Hinblick auf ihre Governance-Struktur herausgefordert zu zeigen, inwiefern eine christliche Werteorientierung als effektives und akzeptiertes Gerüst der Unternehmenskultur umgesetzt werden kann. Anhand einer Verknüpfung der Principal-Agent-Theory mit Elementen wertebbezogener Zielfunktionen des Prinzipals werden Bezüge der individuellen „Spiritualitätsinterpretation“ zur Effektivität und Effizienz des Engagements des Agenten und Implikationen für den Organisationskontext aufgezeigt. Dabei werden Transaktionskosten der externen wie internen Akzeptanz einer Missionierungsinterpretation innerhalb der Organisationskultur deutlich.

Abstract:

Value based, Christian (social) enterprises have to consider the increasing challenge of competition with other providers as well the impact of their virtue-based mission upon the governance structure. With a connection between a principal-agent-theory with different interpretation of Christian-based enterprise leadership we can elaborate some impacts of spirituality upon agents' effectiveness and organizational efficiency. The results from the sole principal-agent model urge Christian leaders of companies to discuss their missionary mandate in the line of acceptance as well as organizational costs. Well-informed agent will also differentiate the impact of spirituality upon the market efficiency as well as on the self-productivity. Consequently, the internal as well the external acceptance of a spiritual mission has to be fulfilled.

Christian and other virtue-based enterprises embedded in a competitive market are challenged to enforce their virtual spirit in the company that corresponds to the ideological self-understanding (coherence and credibility principle). We focus here on Christian based enterprises assuming that our results will be helpful for Non-Christian virtue based enterprises as well. We set the hypothesis that a virtue-based Christian culture is a qualitative form of organizing enterprises. We want to elaborate which organization structure helps to promote or to reduce it. Therefore, we have to explain why and in which sense we are going to call this culture 'spiritual'. In the basic understanding of that kind of culture we follow the reading of Melè and Cantón (2014, p. 45): "Organizational culture is a composite of people's behaviors within the organization and in the underlying shared beliefs, meaning and values, the norms commonly applied and the practices carried out". Culture design of an enterprise induces external and internal consequences. Whereas the external consequences may help to describe how Christianity will enforce or hinder the market position from a consumer point of view the internal perspective refers to the organizational consequences of pursuing the normative goal being a Christian enterprise. Focusing on that internal perspective the interrelation between spirituality and its impact on all organizational members (employees, employers and other leaders) will become relevant. If we interpret behavior in terms of the organization as a compliance of rules (Dischner and Süß 2014, p. 107) we have to ask, what influence this culture has as the „source“ of the officially proclaimed values and the observable artifacts (Schein 2010) on the effectiveness and efficiency of organization performance in comparison to sole regulatory compliance efforts.

We will outline, that a coherent Christian enterprise culture is missionary per definition. Our aim is to operationalize this essential missionary task within a descriptive principal-agent-model that restricts the decision architecture for the principal as well as the agent. Here, we aim at employing an economical-based principal-agent-model that splits agents' world into efforts that they would describe as disutility and the rewards-based efforts as well as monitoring impacts of the organization upon the agent's effort. We review the consequences for a possible 'Organizational citizenship Behavior' (Organ 1988) that is not only enforceable but also motivated by intrinsic identification and operational reward as well.

Our paper is necessarily interdisciplinary. Our references to literature do not directly figure out a common discussion between traditional institutional economics and these spiritual approaches embedded in an organizational environment. Two main strands of literature are worth mentioning: First, papers dealing with the economics of religion want to elaborate why people demand for religious offers from a microeconomic point of view. The impact factors for religious participation have been discussed in several papers. Moreover, some other papers aim at describing determinants for religious participation. Azzi and Ehrenberg (1975) discuss a model of church attendance and contributions and the market impacts in consequence of this behavior. The second strand of literature can be embedded in the line of behavioral economics of organization especially with regard to intrinsic motivation for agents within an organizational setting

(Camerer and Malmendier 2007; Koszegi 2014). In order to stress a principal-agent-model (not as an ideological virtue base but as a helpful instrument) we must re-formulate the utility function of the principal as well as of the agents in the line of spiritual impacts that work within an organizational setting of an (social) enterprise. This instrumental use follows the anthropological insight of Adam Smith, that man in his decisions (not only, but also) includes utility considerations.

Our paper is organized as follows: In section 1 we clarify in which way we are going to combine the Principal-Agent-Approach with the vision of Christian enterprise culture consistently. In section 2 we outline a Christian view of human freedom and responsibility as framing for a legitimate Christian enterprise culture. Section 3 introduces our economic model for ordering agents' roles within an organizational setting. In order to stress our descriptive Principal-Agent-Approach we have to formulate basic hypotheses for depicting the principal's and the agents' utility functions. Section 4 uses the baseline descriptions of spiritual organizational management to re-formulate a traditional principal-agent-model and to elaborate an economic model to implement Christian spirituality. Some ranges for effectiveness and efficiency of different spiritual-based management strategies are discussed. Considering the ranges found out in section 3, section 4 tries to find some management implications for (Christian) virtue-based companies. Section 5 demonstrates the benefits of our interdisciplinary developed deductive results for future empirical studies.

1. Principal-Agent (and) Spirituality

Normative Agency theory is associated with a concept of negative freedom. We however will follow the normative well-being concept of positive freedom (Sen 1985). A purely descriptive application of the agency tool avoids the adoption of its normative and anthropological implications. We are convinced that this methodologically risky approach is worth going in the sense as follows: Neither we share the Principal-Agent Approach as a normative theory, but we use it as a heuristic and descriptive tool. Nor we follow an anthropology that reduces humans to the idea of the selfish homo economicus (Jensen and Meckling 1976). A fortiori, we do not follow the normative requirement that man should always follow the principle of egoistic utility maximization. This view of homo economicus contradicts the Christian image of man. Nevertheless we go with Adam Smith assuming that man always pursues selfish motives. So we have to take into account that man is sensitive to extrinsic incentives. We investigate relationships within a society and its organizations and do not follow the utopia that all those affected act completely selfless. As we have to accept the existence of asymmetric information and contractual relations as consequence, the agency-theory helps us as a tool to the relationships' realistic understanding. With Smith we are convinced that we carry intrinsic motives in ourselves as well (e.g.

sympathy and the impartial observer as conscience), which enable us to identify ourselves with the company as a steward (Tricker 2013). This integral human view in the line of Smith comes very close to the Christian natural law anthropology, which does not neglect the fundamental creation difference (Oslington and Hawtrey 1995).

We use the Agency-tool to identify enterprise vision and mission as follows: In enterprises we meet principals and agents who pursue both extrinsic and intrinsic motives. Both principals and agents always have their own interests. The credible principal of a Christian enterprise inter alia pursues the interest of creating a Christian enterprise culture C . This self-interest is not selfish because it relates to the welfare of the agents. C is the enterprise-vision. First of all we have to clarify the semantic of Christian spirituality for enterprise business in order to discuss an appropriate background for a plausible 'principle-agent spirituality'. The implementation of C is the mission for which the principal can select alternative missionary tract m :

$$f(m) = C \quad (1)$$

For the paper at hand we concentrate on the perceived value of C which shall be part of the organizational structure and leadership impact all agents perceive. At the end the principal has a set of m instruments which enforce C . But we cannot discuss the effectiveness of m within this paper because of lacking empirical evidence of such strategies at the moment. Further research on this question has to be done in future.


2. Christian enterprise culture (C)

“Organizational culture expresses human capacity to build shared convictions and values” (Melè and Cantón 2014, p. 45). What is the set normative goal of Christian Spirituality as organizational culture in enterprises? A coherent scheme from a Christian viewpoint is our framing.

In this section we will outline the coherent content of the vision C and introduce our basic understanding of Christian mission in enterprise ethics. We propose essential Christian ideas of enterprise ethics, spirituality and freedom and distinguish several missionary tract (m_1, m_2, m_3) for implementation.

Enterprise ethics

Enterprise ethics ask, working from the basis of a conception of man, for just relationships within a firm, with a view of protagonists and regulations. The enterprise culture is realized in the ethos of those involved that is the executives and the employees. Therefore management ethics are also an ethics



of virtue but do not, however end there.¹ They are also institutional ethics and ask personnel, organization or principle departments about written and unwritten rules of enterprise, such as basic principles, organizational charts, hierarchies and decision-making-channels, about the allocation of competences, as well as the strategies of personnel planning, use and development, and about communication and motivation culture such as the organization of controlling. Thus it is along the lines of the following practical questions: What sort of character underlies an executive?² Which employees are hired? Which education measures are promoted? Does one, as an executive, opt more for cooperative or for top-down decision-making, more for control or for trust, more for competition or for teamwork? Does one rely in particular on extrinsic financial incentives for motivation or is intrinsic motivation through insight and identification preferable?³ Ethically orientated leadership concerns the responsibilities of an enterprise for its staff: Thus, according to Plaschke et. al. (2007) personnel management, as the care of a concern for its staff, has the aim of providing the firm with good employees. At the same time it has the humane aim of caring for the employees through the firm. But leadership ethics must also be understood in a broader sense. It takes on the role of carrying out normative assessment of the leadership culture at all points of contact between senior management and other staff. In this meaning leadership-ethics are also concerned with a normative evaluation of corporate culture and thereby above all of the reciprocal relationship between the senior management and other employees and amongst themselves. It identifies responsible influence on the behavior of the managed. From a Christian point of view efficiency and human development in the enterprise must always be considered together. They are not identical, but neither contrary to each other. Obviously the economic logic is not unethical. Efficiency and competition create jobs and avoid wastage of scarce resources (Vranceanu 2014). Thus they are effective instruments to fight social exclusion.⁴ But efficiency is not an end in itself (Sandel 2012). If it were the ultimate social goal we should have to reformulate not only Christian principles but also our public constitutions: Then not the dignity of man, but efficiency would be inviolable. The market logic of price and efficiency is approvable by a Christian idea of enterprise culture, not as a liberal ideology, but because the human development as end in itself corresponds with the responsibility of man before his Creator.⁵ Accordingly, we follow a liberal Christian position.

Positive Freedom

In the Aristotelian freedom line the virtuous reason succeeds in recognising Man's given and eternally valid objective natural law. Thomas Aquinas made this philosophy accessible to Christian theology. Thereafter the personal and transcendent God the Father is made immanent in the world through Jesus Christ. The secular neo-Aristotelian analysis of human rationality is helpful to make a Christian idea of freedom applicable for enterprise contexts in a secular context as well. Sen (1979, p 552 f.) assumes a triple human rationality with selfish, altruistic and deontological motives. Freedom as decision-making can



be understood only in an analysis of competing rationalities with these three motivations. The fundamental capability rights (the development of creativity, sociality, health, and responsibility) are expressions of freedom (Sen 2003). They meet the absolute standard of quality of life that is the due of every human. The establishment of quality of life demands that individuals will be enabled in the long term to implement effectively in reality the freedom appropriate to nature. The objective reference of this legitimacy is postulated to be a given of natural law. Self-determination is therefore conceived as an option-room for decision-making that is naturally due to everyone to strengthen their self-responsibility. Natural freedom requires the development of an individual's self-responsibility. It is understood as an individual range of options for responsible decision that allows appropriate choice between alternatives. A just enterprise culture in this sense demands that individuals are relieved of such a positive ability for freedom by a culture removing the obstacles to freedom of choice. The provision of choice will optimise the option space for choice if the individual itself is capable of making responsible decisions without paternalism.

In order to adopt the "capability approach" for a Christian idea of positive freedom we suggest two additions: 1.) it is necessary to set a justified guarantee of a minimum standard for those that are barely capable or incapable of exercising their own responsibility and can therefore no longer gain access to a range of options for positive freedom. 2.) The idea of a submission to God's will and man's vision of God enables a Christian-Aristotelian ethics to substitute Sen's mere postulate of human basic functions and the dignity obtained from them.

Responsibility and Spirituality

The Christian idea of Aristotelian freedom is bound to a threefold responsibility: God calls man in Jesus Christ to the triple love and the triple responsibility before God, before himself and before the neighbors. He expects our free decision to develop these virtues. In this sense, spirituality is a living relationship of man to the personal and incarnate God, which should mature and grow. It is therefore quite a social virtue. It is a habit of continuing transformation, which - inspired by the Holy Spirit - makes its way to the vision of God (Mt 28:20; Gal 4:6; Rom 8:15). Spirituality requires man to make over and over again inwardly free from human constraints that enslave us and hinders us on the way to salvation, e.g. from selfishness, egotism and the addiction to follow my lower impulses and instincts. This is a never-ending process of growth by internal audit and maturation.⁶ The way to salvation requires after the Christian viewpoint the free decision to hear the call and give space to the Holy Spirit. Such self-knowledge as knowledge of God gives man dignity and self-stand as God's image. Spiritual experience always justifies the serenity of the With-God-ness from which follows a social virtue as a loving openness to those around me. Christian spirituality is realized as a culture, when people have here the free choice to follow the call of God, to identify themselves as callees and use this option room to follow consistently the call of God in freedom and responsibility. By its very nature Chris-



tian spirituality requires an enterprise culture of positive freedom and threefold responsibility. It is a missionary task to realize that culture. Our overall understanding is that 'Mission' is not only a business term, but in the Christian viewpoint it is semantically bound to the call of Jesus.

Spirituality as Christian Enterprise Culture

We are now going to explain the reason why we identify a consistent Christian enterprise culture as spirituality even when we are aware of an enormous syncretistic adoption of that term. Following an Anglo-Saxonian tradition, spirituality in a "broader" meaning is not a priori bound to a specific religion or confession (Grabenstein 2012, p.527). Considering several different definitions of spirituality, we identify three common elements: Transcendence and connectedness (Bucher 2007, p.33), experience (Utsch 2012, p.396) and intentional exercise (Manzeschke 2012, p.555). From a Christian point of view it can be seen as living Holy Spirit (Benke 2004, p.29). These elements establish a border between *spirituality* and simple concepts of corporate *spirit*.

While spirituality is predominantly seen more as an individual habit or quality, individuals in organizations can also produce an organizational spirituality as well (Wegner and Lubatsch 2010, p.196) that can be both explicit and implicit. This organizational spirituality then becomes part of the organization's culture.

Until now, no complete description of a Christian enterprise culture characterized by spirituality can be found in science literature. A fortiori – according to Schein (2010) - we have to ask for possible evidence in artifacts, espoused beliefs and values and basic underlying assumptions in this culture. Since artifacts might be quite manifold we ask for basic convictions and values in a Christian enterprise culture characterized by spirituality as a living relationship of man to the personal and incarnate God. We suppose that definition of spirituality to be essential for a (enterprise) culture called Christian.

3. An economic model for implementing spirituality

We are now going to develop an economic model to evaluate the effect of missionary culture in the company. We explore the impact of various missionary programs on the realization of C. Our model is based on the traditional principal-agent-theory with a marginal transformation to the ideas of Prendergast (2008) and in the line of typical principal-agent models in the sense of Bénabou and Tirole (2003) or Holmström and Milgrom (1999).

In the enterprise the principal wants to maximize a given result of the organization X which is only dependent from the agents' efforts e_i . The leader of the firm, which represents the principal, wants to enforce the missionary goal that is a part of his utility function and should be conducted by the agents. The



agents face a traditional utility-environment where they choose an effort e_i that interacts with a variable skill parameter s_i (Holmström and Milgrom 1999). The principals can only observe an output x_i which shall be a function of e_i , s_i and the spiritual parameter C . Moreover, X is the level of combined efforts done by different types of agents. Hence, there arises a problem of moral hazard because the principal could only observe X but not the real effort level of the agents depicted with e_i . For the sake of simplification we refrain from discussing the aspects of the signals which the principal gets from the agents' efforts. Moreover, we only look on the preference of a typical agent. External as well as internal preferences may impact the utility function U_i of a given agent.

The firm will pay the agents a wage, which combines a fraction β of the observable output X as well as a fixed payment P_i . However the fraction benefit is also dependent on the impact of spirituality in the sense of C which resembles an utility-function from identity described in the paper of Akerlof and Kranton (2005, p.14). The principal is risk-neutral and optimizes the contract parameters P , β and C . The expected benefit is dependent on the effectiveness of the individual agent' impact on the quality of the benefit $x(e_i, C)$ as well as the probability to have market success with quality produced which shall be depicted with a probability function $p(e_i, \gamma)$. The market success is contingent on the agents' efforts e_i as well as the given market parameters γ . For the sake of simplification we refrain from discussing the impact of $C=f(m)$ on the external market perception of the market. Hence, our focus is only directed on the internal impact of C on the agent's effort ($X(e_i, C)$). The principal's utility function can be depicted as follows:

$$\max p(e_i, \gamma) \{ (1 - \beta) X(e_i, C) - P_i \} \quad (2)$$

Employing a standard Neumann-Morgenstern function, the agents are risk-averse and their utility function ($u' > 0$, $u'' < 0$; $v' > 0$, $v'' < 0$, $p' > 0$, $p'' < 0$, $X' > 0$, $X'' < 0$) is:

$$U_i = p(e_i, \gamma) U \left[P_i + \beta X(e_i, C) - \frac{e_i C}{s} \right] - v(e_i) \quad (3)$$

Looking at the second-stage of the model one can outline the reaction function of the agents considering any change of the contract parameters P , β and C set by the principal. The best response function \hat{e} gives the optimal reaction of an agent at the second stage:

$$\hat{e} := p'(e_i, \gamma) U + p(e_i, \gamma) U' \left[\beta \frac{\partial X}{\partial e_i} - \frac{C}{s} \right] - \frac{\partial v}{\partial e_i} \quad (4)$$

Proposition 1:

The second-best effort value consists of three terms based on the risk-averse utility function of the agent. The optimization condition resembles the idea of linear contracts with a fixed payment and a risk-adjusted benefit (cf. Prendergast 2008, p. 203). The first term addresses the expected baseline utility of the agent that goes along with fixed benefit. The second term comprises the individual-assessed marginal return as a fraction of the overall output. The third term describes the non-monetary disutility with a higher effort.



Considering the best response function \hat{e} for any agent at stage two, one can use some comparative statics to show the marginal effects. As we are directly interested in the enterprise-vision C we can elaborate:

$$\frac{d\hat{e}}{dC} = - \frac{\overbrace{p'(e_i, \gamma)U' \left[\beta \frac{\partial X}{\partial C} - \frac{e_i}{s} \right]}^{\geq < 0} + \overbrace{p(e_i, \gamma)U'' \left[\beta \frac{\partial X}{\partial C} - \frac{e_i}{s} \right]}^{< 0} \left[\beta \frac{\partial X}{\partial e_i} - \frac{c}{s} \right] + \overbrace{p(e_i, \gamma)U' \left[\beta \frac{\partial^2 X}{\partial e_i \partial C} - \frac{1}{s} \right]}^{\geq < 0}}{\Omega < 0} \quad (5)$$

Proposition 2:

Assuming the second-order condition for a maximum holds that the denominator will be always negative. Hence, looking at the numerator one can sum up that an increase in spiritual organization will incentivize the agent to increase its own effort given two aspects are given: First of all, the "spiritual benefit" ($\beta \frac{\partial X}{\partial C}$) must outweigh the costs of increasing the own efforts ($\frac{e_i}{s}$). Moreover, the third term depicts the impact of spirituality upon the individual productivity. Here, the spiritual organization contributes to higher quality of effort in form of a strategic effect ($\frac{\partial^2 X}{\partial e_i \partial C}$).

4. Management implications for virtue-based (Christian) companies

A positive impact of spirituality organization on the individual incentive depends on two necessary conditions. We can differentiate expected impact of spirituality on the overall performance of the firm (impact of virtue-based Management) from the individual impact on the individuals' capability to be a member of the organization (Conveying by spiritual impacts)

$$p'(e_i, \gamma)U' \left(\beta \frac{\partial X}{\partial C} - \frac{e_i}{s} \right) \geq 0 \quad (6)$$

Impact of virtue-based Management: The equation will be positive if the perception of the individual contribution will exceed the individual costs of additional efforts. The marginal utility is combined with the marginal "market efficiency" $p(e_i)$. Hence, the agents have to weigh the expected benefit of spirituality with the costs they have to bear. This term reflects the expectation of an agent that the firm will pursue its Christianity in the future.

$$p(e_i, \gamma)U' \left(\beta \frac{\partial^2 X}{\partial e_i \partial C} - \frac{1}{s} \right) \geq 0 \quad (7)$$

Conveying by spiritual impacts: The relation shown above describes given market impact $p(e_i, \gamma)$ the interrelation between a marginal increase of spirituality upon the baseline productivity of an agent weighted by the contribution margin $\beta \left(\beta \frac{\partial^2 X}{\partial e_i \partial C} \right)$. Three cases could be possible:

- (a) If an increase in spirituality enforces the individual productivity, we have a kind of a strategic complement between spirituality and individual productivity ($\frac{\partial^2 X}{\partial e_i \partial C} > 0$).

(b) If an increase of spirituality decreases the individual productivity, we have some form of crowding-out ($\frac{\partial^2 X}{\partial e_i \partial C} < 0$).

(c) Last, a change in the Christianity organization and leadership level may be neutral for the productivity of an agent ($\frac{\partial^2 X}{\partial e_i \partial C} = 0$).

Considering the conditions shown in equation (6) and especially in equation (7) we can conclude:

Given an increase in spirituality does really enforce the overall effectiveness and efficiency of the enterprise ($p'(e_i, \gamma)U'(\beta \frac{\partial X}{\partial C} - \frac{e_i}{s}) \geq 0$) we can concentrate on the individual level of agents shown in equation 7. Hence, equation 6 is a necessary condition for an economic successful implementation of spirituality. In consequence, we can differentiate three types related to the strategic relationship depicted in (7) ($\frac{\partial^2 X}{\partial e_i \partial C}$).

The principal must try to observe the expected impact of $C=f(m)$ in order to find the appropriate way for enforcing his ideas of mission. What can be conveying or detrimental factors for such a case? As we explore some baseline conditions that have to be tested in further empirical research, we can only postulate some consequences with respect to literature. If principal observe that given the necessary (6) is positive, he has to observe the perceived level of spirituality from the perspective of the agents. If there is a form a strategic substitute the perceived level of spirituality will be too much for the agents, and it must be discussed in which form the implementation has been done in the enterprise. All effects of monitoring and acceptance costs have to consider the rebound effect on the creditability of the chosen spirituality concept. In the case of a strategic complement, the efficiency argument will dominate which may be borne by principal and agents as well. In the second case of a strategic substitute, the monitoring costs run against a form of acceptability threshold from the perspective of the agents. Principal and agents will be deviated by fulfilling the spirituality goals, which may be detrimental to the need of economic effectiveness and efficiency on the market. Referring to literature discussing social preferences and reciprocity in principal-agent-contexts extrinsic, performance-based rewards and reciprocal motivation of agents are substitutes (Englmaier and Leider 2012). Hence, within our spirituality context we have also to consider the interrelation between the strength as well as the breadth of managerial incentives set by the principal.

Missionary implementation and enforcing spirituality impact C

The results from the sole principal-agent model described above urge Christian leaders of companies to discuss their missionary mandate in the line of acceptance as well as organizational costs. As we have seen the well-informed agent will also differentiate the impact of spirituality upon the market efficiency as well as on the self-productivity. Consequently, the internal as well the external acceptance of a spiritual mission has to be fulfilled. A Christian spirituality must reflect a threefold responsibility for each human being before God, before



themselves and towards the others, based on humans being created in God`s own likeness. Therefore they are builders of a Christian culture in the enterprise. We distinguish two missionary strategies which can be derived from the biblical message. A defensive missionary enterprise culture takes seriously the knowledge that our weakness makes us strong (2 Cor 12:10). Christian enterprise culture is convincing by an appreciation of foreign ideologies and religions. In this culture Christianity is not explicit in the confession of one`s own but implicit in the respect of the foreign. This defensive strategy makes it attractive for implementation in secular contexts. However, from a Christian viewpoint, a culture of arbitrariness could be the undesirable consequence. The contrary asks for an an offensive missionary enterprise culture. It follows the command of Jesus to the audible confession in the world (Mt 28:19f.). The appreciation of the foreign now becomes reality in the explicit encounter with the Christian confession: in words, in rules, in rooms, in gestures e.g. From a Christian viewpoint, a culture of oppression and paternalism could be the undesirable consequence. Which mission idea we prefer, depends on its consequences for the essential idea of personal freedom and responsibility realized in the enterprise culture we call a spiritual one.

Based on the Christian ideas we have to discuss normatively different organizational settings:

(1) An indirect mission based on a strong concept of agents` freedom to accept the mission and repelling paternalism only performs the organization impacts set by the principal. (2) A direct mission where the principal can directly control and measure the agents` efforts to fulfil the mission goal that confronts a virtue ethics position with relativistic arbitrariness in the interpretation of Christian spirituality. (3) A mixed form where organizational settings incentivize actors to perform self-select their decisions to fulfil the principal`s goal of enforcing spirituality. Referring to the results from the models all the strategies are embedded into a range between the lower bound (market accessibility of spirituality (equation 6) and the upper bound which must reflect the strategic impacts on the agent`s awareness of Christianity on individual effectiveness and vice versa.

5. Agency-Theory forthcoming: the empirical questions

We tried to prove that there is no fundamental contradiction between a Christian approach of enterprise ethics and the principle-agent-model as an instrument. Overcoming this only supposed contradiction opens up new perspectives for Christian Business Ethics. The theoretical model has elaborated some major incentive factors that must be considered when discussing spiritual impact within a principal-agent-context. For an empirical research some baseline questions have to be set. In the line of Ashforth et. al. (2011) for a sustainable



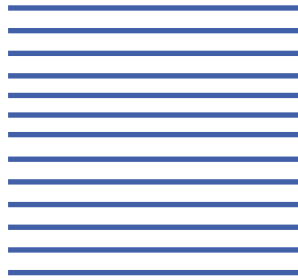
implementation of an organizational identity the interactions of all stakeholders involved (agents as well as principal) must be reflected. Here, it is necessary to be aware of the intrasubjective perspective, the intersubjective view and finally for a common view the generic subjective perception of identity. Our principal-agent-model primarily discussed idealized incentive structures like wages or organizational structures. However, the utility function of an agent as well his risk-awareness may be directly connected to the shared values within an organization if identity may be enforceable for choosing a contract as well as for performing the contract between principal and agents (similar to Akerlof and Kranton 2005). Finally, we can formulate basic hypotheses for further (empirical) research:

- (1) There is no fundamental contradiction between the ideas of the principals and employees: The characteristics mentioned by the principals play an important and typical role for both groups. Employees do not experience any “proselytizing”.
- (2) Principals rather draw a picture of a decided Christian spirituality: Lived in everyday life through prayer and meditation it should be communicated to employees through training and advisory services, as well as by the leaders. It reflects a mission statement of a life-, service- and faith-community.
- (3) Agents identify this as typical for a spiritual corporate culture, but show a different understanding of spirituality as well as other spiritual. Agents may possibly connect aspects of leadership, climate and interpersonal contact more with spirituality in comparison to the way principal would do. In consequence, possible divergencies in expectations of companies` produced culture of virtue have to be elaborated.
- (4) The outside perspective of spirituality shown by the organization and its members has to be reflected. In consequence, some benchmark measurements of similar value-based approaches conducted in non-Christian Social Enterprises has to compared with.



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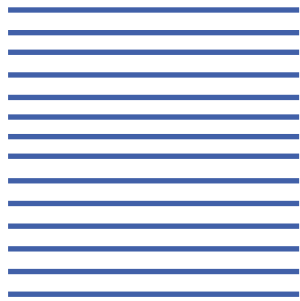
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Endnotes

- [1] Rohrhirsch (2013) objects that, from the Christian viewpoint, there are no Christian leadership ethics, but only Christian executives.
- [2] Kuhn and Weibler (2012) have made the criticism that currently it is especially Machiavellians, narcissists or psychopaths who make the running.
- [3] Many other relevant questions concerning leadership culture can be added here, e.g.: minimum wages, maternity or sick leaves, health care, bonus systems, sabbaticals.
- [4] Cf. Pope Francis requires in EG 53f.: "No to an economy of exclusion."
- [5] Cf. CA: The market has so far proved to be the best form of organization of the economy: Efficiency creates justice.
- [6] Spirituality has a transcendent reference. This is a differentiation to forms of mere enterprise spirit. We distinguish a wide and a narrow concept of spirituality. The wide concept means the very general connectedness with something sacred that gives human life a meaning (cf. Benke 2004). We investigate an explicitly Christian spirituality and therefore follow a narrow definition: After that spirituality is the ongoing transformation of man who responds to the call of Jesus Christ (cf. Plattig, 2014, p. 14). The aim of these inner human dynamics is the salvation of the individual before God. As a social enterprise culture spirituality enables the affected people to develop this virtue.