

THE INTERPLAY OF CHURCH TEACHINGS AND PUBLIC FINANCE IN HUNGARY: INSIGHTS FROM OUR CHURCH LEADERSHIP AND MANAGEMENT COURSE



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ABSTRACT

This study explores the integration of ethical management principles into church-led institutions in Central and Eastern Europe, particularly in Hungary. With the transition from socialism to a market economy, church-based organizations face challenges in balancing financial sustainability with Christian values. The study emphasizes Virtue Economics, drawing from Catholic and Protestant teachings, to propose an ethical leadership model that prioritizes public service over profit maximization. It also examines historical and contemporary Church doctrines on economic ethics, highlighting the role of moral responsibility in financial management. A case study on the Church Leadership and Management degree at Károli Gáspár Reformed University illustrates practical efforts to train leaders in ethical governance. The study critiques mainstream economic approaches, advocating for a value-driven alternative that aligns financial stewardship with a Christian mission. Ultimately, it argues for a management paradigm that emphasizes human dignity, transparency, and social responsibility in ecclesiastical institutions.

Keywords: *Christian principles, church institutions, leadership, management education, virtue economics*



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INTRODUCTION

In the Central and Eastern European countries that have transitioned from a socialist to a market economy in the last three and a half decades (as is the case in many developed countries), it is common to see a shift in economic organisation towards ethical management principles and even a revival of Church-based management practices being employed in times of crisis. A kind of reincarnation of Church teachings is taking place, but as crises ease, ethical principles are pushed into the background. In our research, we present the main principles of management that emerge from Church teachings. These we treat as the theoretical foundations of our postgraduate course in Church Leadership and Management, launched in 2024, on which we have built a pioneering course in Church Management. Our training course attempts to teach a morally higher management approach for institutions operating under a budgetary order (i.e., non-business organizations), in which the use of public funds is subject to the standard and requirements for efficiency imposed by Hungarian law.

Our pathfinding educational work is of particular significance because although the teachings of the Church are not reflected in Hungarian legislation, it is important for us, as an institution of higher education with a Reformed Church background, that the retirement homes, schools, kindergartens, health care institutions, and congregations themselves, which are run by the Reformed Church, should also practice sound management and apply Christian principles. We are attempting to achieve this by not only teaching existing legislation, but by going beyond it to train leaders who feel responsible for society, based on Christian principles of ethical leadership and management. (See Figure 1.)

In principle, “only” management based on legislation can be prudent, transparent and accountable. It can therefore have all the characteristics that one expects in moral and even religious terms. Moreover, the manager of a for-profit company, in the interests of profit, in order to maximize profit, can also act prudently and responsibly, and transparently, in order to keep his business going and to make a profit for as long as possible. In contrast, in non-business (which includes ecclesiastical) institutions, a humane, strong ethical leadership attitude should be taught and developed, based on mission, vocation, and meeting the needs of our fellow human beings as broadly and qualitatively as possible, rather than on the pursuit of profit.

In our times of crisis (2007–2010: the subprime mortgage collapse and its subsequent impact on Europe; 2020–present: the global disruptions caused by COVID-19 and the war between Russia and Ukraine), leadership—and, by extension, management—must demonstrate continuity.¹ A coherent leadership

¹ Csaba Lentner: Enforcement of the Principle of Going Concern: with Special Regard to Public Service Providers, in E. Hyránek – L. Nagy (eds.): *Zborník Vedeckých Statí : Prieběžné výsledky*



Figure 1. Logical framework for a degree in ecclesiastical leadership

vision must prevail, and, particularly in our training, Church teaching should be grounded in the strengthening of public service. This constitutes the central priority of our ecclesiastical management course. The following discussion therefore reviews the principal ecclesial doctrines that provide a virtuous foundation for sustainable management.

THE CATHOLIC AND PROTESTANT CHURCH TEACHINGS ON LEADERSHIP AND GOVERNANCE

Defining the ultimate purpose of the economy is a key issue. Neoliberal economics holds that the ultimate goal is to maximise profit—this has been known since Milton Friedman—and that economics neglects the moral dimensions of human interactions.² In contrast, Virtue Economics takes a different approach, namely that the ultimate goal of economic activity is to promote human

riešenia grantovej úlohy VEGA č. 1/0004/13: Aktuálne trendy a metódy vo finančnom riadení podnikov a ich vplyv na finančnú stabilitu podniku, Bratislava, Vydavateľstvo Ekonóm, 2013, 9–17.

² Luigino Bruni – Robert Sugden: Reclaiming virtue ethics for economics, *Journal of economic Perspectives*, 27. 4 (2013), 141–164.

happiness, to serve the common good. Individual fulfillment³ occurs within a hierarchy of values, with material goods at the lowest level and intellectual and moral values at the highest.⁴

As a discipline in its own right, economic ethics plays a significant role in the interpretation of economic processes. Prominent scholars such as Amartya Sen,⁵ Joseph Stiglitz,⁶ and Thomas Piketty⁷ have emphasised the social and moral consequences of economics, including issues of poverty, inequality, and employment. Taking the moral dimension into account is essential, since the economy is not an abstract system but is based on concrete choices shaped by social and ethical norms.

The issue of private property is also at the heart of Virtue Economics. Following in the footsteps of St Thomas Aquinas, Virtue Economics recognises the legitimacy of private property, but also points out its communal implications: the owner has a responsibility towards the community.⁸

The notion of the common good is closely linked to the principle of an inclusive economy, which Pope Francis argues should involve all people, including the disadvantaged, in the economic process.⁹ For Virtue Economics, profit is not an end but a means to achieving the common good. The motto of social entrepreneurs reflects this way of thinking: “We do not create jobs to generate profit, we generate profit to create jobs.”¹⁰

Economic systems are based on anthropological and ethical foundations, and the development of economics has always returned to the moral dimension. Modern economics, although it has long sought to disassociate itself from ethics, has come to recognise that economic activity cannot be separated from questions of morality, law and social responsibility. As a consequence, there

³ Antonio Argandoña: *The common good of the company and the theory of organization*, IESE Research Papers D/777, IESE Business School, 2009, 7.; Ferenc Beran: *Etika. Az értékek tisztelete*, Budapest, Gondolat Kiadó, 2007, 53.

⁴ Milton Rokeach: *The Nature of Human Values*. New York, The Free Press, 1973; Béla Weissmahr: *Bevezetés az ismeretelméletbe*, Roma, Tipografia Dario Detti, 1978, 82–83.; Max Scheler: *A formalizmus az etikában és a materiális étiketika*, Budapest, Gondolat Kiadó, 1979, 144–180.; Arjo Klamer: Accounting for Social and Cultural Values, *De Economist*, 150. 4 (2002), 453–473.

⁵ Ignazio Musu: A Piaccgazdaság Etikai Vonatkozásairól, *Társadalom És Gazdaság Közép- És Kelet-Európában / Society and Economy in Central and Eastern Europe*, 16. no. 5 (1994), 185–187, <http://www.jstor.org/stable/45240065> (accessed 15 December 2024).

⁶ Róbert Tóth – Richárd Kása – Csaba Lentner: Identifying the Influencing Factors of Financial Literacy Across Pre- and “Post” Pandemic Times at the Hungarian SMEs, *Acta Polytechnica Hungarica*, Vol. 19, No. 8 (2022), 14.

⁷ László György – Gergely Horváth – Dániel Molnár: Meritokratikus gazdaságpolitikák a középszintű szolgáltatásban, *Pénzügyi Szemle*, 70. 1, 2024, 10.

⁸ Argandoña: *The common good*.

⁹ Luca Sandonà: Francis’ Economic Thought: His Case for an Inclusive Economy, *Forum for Social Economics* 49. 4 (2017) 430–445, <https://doi.org/10.1080/07360932.2017.1279557>

¹⁰ György Pataki – László Radácsi: *Alternatív kapitalisták*, Szentendre, Új Paradigma Kiadó, 2000.

is a growing emphasis on social economics, environmental economics and corporate responsibility.

Ultimately, Virtue Economics is based on the hypothesis that the human person takes precedence over the economic structure. This claim also follows from the distinction between behaviorist and humanistic psychology: whereas behaviorists believe that the environment determines the individual, humanistic psychologists (Maslow, Rogers) believe that the individual actively shapes his or her environment.¹¹

Man's freedom and responsibility guarantee that he does not become a mere tool in the economic system. This view of moral economics is also in line with the tradition of classical Christian thought, which emphasises the importance of individual moral choices in shaping social structures.

THE VIEWS OF CATHOLIC AUTHORS ON ECONOMIC ETHICS

The roots of economics go back to the ancient Greek and Roman philosophers. Aristotle, as the forerunner of the virtuous economic paradigm, developed a philosophy of virtue ethics, which he applied to economic questions. His works, such as the *Nicomachean Ethics* and the *Politics*, form the foundation of virtue-based economic thought.¹²

In the Middle Ages, virtue economics became mainstream with the important works of St Thomas Aquinas, such as the economic sections of his *Summa Theologiae* [Summary of Theology].¹³ *St. Antonin of Florence*¹⁴ and *St. Bernardin of Siena*¹⁵ also contributed to the deepening of virtue ethics in economics.

The concept of a virtue-based economy flourished between the 15th and 18th centuries, particularly in the Italian city-states and in the broader region of Southern Europe. Unlike the profit-driven principles of emerging capitalist systems, the Civil Economy movement, championed by scholars such as Cesare Beccaria, Pietro Verri, Achille Loria, Carlo Cattaneo, Gian Domenico Romagnosi, and Ferdinando Paoletti, placed moral integrity at the heart of economic thought. These economists argued that a just and well-functioning economy

¹¹ Richard M. Ryan – Edward L. Deci: Self Determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-Being, *American Psychologist*, Vol. 55, No.1 (2000), 68–78.

¹² Imre Orthmayr: Erényetika, in G. Boros (ed.): *Filozófia*, Budapest, Akadémiai Kiadó, 2016, https://mersz.hu/dokumentum/filozofia__473/?kiadvany_oldal_mod=1#filozofia_part03_art02 (accessed 22 January 2025).

¹³ Christopher A. Franks: *He Became Poor: The Poverty of Christ and Aquinas's Economic Teachings*, Grand Rapids-Michigan, W.B. Eerdmans, 2009.

¹⁴ Bede Jarrett: *San Antonino and Mediaeval Economics*, Barcelona–Singapore, Athena University Press, 2004.

¹⁵ Raymond De Roover: Scholastic Economics: Survival and Lasting Influence from the Sixteenth Century to Adam Smith, *The Quarterly Journal of Economics*, 69. 2 (1955) 164–166.

should be built upon the ethical character of individuals, with its primary objective being the advancement of the “public good”—a notion that later evolved into the common good in Virtue Economics.

One of the most influential figures of this movement was Antonio Genovesi, a Catholic priest and economist who sought to reconcile economic activity with ethical and philosophical principles. As a professor at the University of Naples, he pioneered ideas on how economic policies could serve not just material wealth but also societal well-being. His teachings, which encouraged a balance between commerce, morality, and civic responsibility, were compiled in his seminal work, *Lezioni* [Lectures], published between 1765 and 1769. Genovesi’s approach to economics underscored cooperation and mutual benefit over competition and self-interest.¹⁶

In the 18th and 19th centuries, utilitarian Anglo-Saxon political economy became dominant, but virtue ethics did not disappear.

According to Catholic economists, the emergence of modern capitalism led to the erosion of traditional social norms, for which they hold politicians responsible. The bourgeois changes of the French Revolution involved an ideological transformation of society. The first critics conflated the political and economic revolutions, rejecting both.

In 1803, Adam Heinrich Müller outlined a just economic system in his *Elemente der Staatskunst*.¹⁷ Similarly, Franz Josef von Buss in the 1820s felt that the economy lacked a social dimension and solidarity. Catholic economic thought was based on scholastic and Neo-Thomistic principles, which later influenced the economic ethical approaches of the late 19th century.¹⁸

The first Catholic critique of modern capitalism was the encyclical *Vix pervenit* [On Usury and Other Dishonest Profits] of 1745, which sought a middle way in the controversy over the collection of interest.¹⁹ The Jesuits’ particular economic system had not developed into a model, and new theories had to be formulated. It was only after 1848 that the effects of the Industrial Revolution and the spread of free market principles provoked a wider Catholic reaction. At the time, economic thinkers focused on building national markets rather than an integrated continental market.

By the end of the 19th century, the Jesuits had also become increasingly involved in economic and social issues. Luigi Taparelli d’Azeglio²⁰ and Johann

¹⁶ Luigino Bruni – Stefano Zamagni: *Civil Economy, Efficiency, Equity, Public Happiness*, Bern, Peter Lang, 2007.

¹⁷ Jakob Baxa: *Adam Müller. Ausgewählte Abhandlungen*, Jena, Verlag Gustav Fischer, 1931.

¹⁸ Franz Josef Stegmann: Economic Liberalism, Marxism and Critical Judgement, *St. Augustine Papers*, Vol. 5, No. 1 (2004), 25–26.

¹⁹ Maria-Gaia Soana: The relationship between corporate social performance and corporate financial performance in the banking sector, *Journal of business ethics* 104 (2011), 134.

²⁰ Thomas Behr: *Social Justice and Subsidiarity: Luigi Taparelli and the Origins of Modern Catholic Social Thought*, Washington DC, Catholic University of American Press, 2019.

Baptist Franzelin²¹ strengthened the theoretical foundations of Catholic economics and social policy. At the turn of the century, Heinrich Pesch developed a system of solidarism that put the economy at the service of human welfare and the common good. Pesch's work had a major influence on later papal encyclicals such as *Rerum Novarum* [On Capital and Labor] and *Quadragesimo Anno* [Reconstruction of the Social Order].²²

Since the present study is about budgetary institutions, it is necessary to mention among the economic antecedents, at least tangentially, how the state's involvement in the economy is viewed from the perspective of a conservative Catholic conception of the state. Here one must think of the members of the influential 19th century school, the Fribourg Union, which sought to synthesise continental Catholic conservatism. They formulated a position opposing both liberalism and socialism and also had a major influence on the encyclical *Rerum Novarum* [On Capital and Labor]. The ideology's origins lie in the combination of conservative thinking and social programmes, with the central actor being the well-structured state. This idea is complemented by the principle of a hierarchical, corporatist structure of society and the economy, which is expressed politically through the representation of professional interests. However, the theory of a corporatist system of representation, in addition to emphasising traditional values, also identified the need to increase social harmony and thus overall economic efficiency as the necessary justification for its creation.²³

At the beginning of the 20th century, Oswald von Nell-Breuning²⁴ and Gustav Gundlach²⁵ further developed Pesch's theories. The influence of the Jesuit school of economics was particularly significant in Germany, where it formed the basis of Christian social and Christian democratic thought. Economic policy, based on the principles of solidarity, emphasised the principles of human dignity and social justice and formed the basis of modern economic ethics discourse, so much so that the social market economy in West Germany after the Second World War was characterized by another emblematic era of virtue-based economics, when Virtue Economics became the official ideology of the CDU/CSU in the West German parliament.

²¹ Georg Cantor: On the Theory of the Transfinite, *Fidelio* 3. 3 (1994), 97.

²² Peter Koslowski: Solidarism, capitalism, and economic ethics in Heinrich Pesch, in P. Koslowski (ed.): *The theory of capitalism in the German economic tradition: Historism, ordo-liberalism, critical theory, solidarism*, Berlin – Heidelberg, Springer, 2000, 371–396.

²³ Michael Walsh: The Myth of Rerum Novarum, *New Blackfriars* 93, no. 1044 (2012), 155–62. <https://doi.org/10.1111/j.1741-2005.2011.01473.x>. (accessed 3 January 2025).

²⁴ Johannes Wallacher: Oswald von Nell-Breuning. Prophet of contemporary ethics in economics and finance, in J. Herzgessell – J. Percic (eds.): *Major Jesuit Thinkers*, Leiden, Brill, Schöningh, 2019. 52–53, https://doi.org/10.30965/9783657788927_006

²⁵ Anton Rauscher: Theory and Critique of Capitalism in Gustav Gundlach, in P. Koslowski (ed.): *The theory of capitalism in the German economic tradition*, 397–415.

One can see, therefore, that the encyclicals of the Church's social teachings also represent the trend towards virtue ethics from 1891 onwards. Pope Leo XIII's encyclical *Rerum Novarum* [On Capital and Labor] opened up this line of thought, which was continued by Pope Francis' *Laudato Si'* [Praise be to you – On Care for Our Common Home] in 2015.

John Paul II's reflections on the economy deserve special mention. Pope John Paul II approached the world's problems from a global perspective, paying particular attention to the socio-economic differences between rich and poor countries. In addition to his conservative theological approach, he was also modern in his application of the Church's teaching to contemporary social conditions.

In his encyclical *Laborem exercens* [On Human Work],²⁶ he saw work as a fundamental factor for human dignity and moral development. He stressed that work is not merely an economic necessity; it is also a creative and self-expressive activity that brings man closer to God. The Church therefore rejected systems that treated man as a mere means of production and stressed a subjective, human-centered understanding of work. The Pope rejected an antagonistic understanding of the opposition between capital and labor, and all violent social transformation. He held that economic injustices must be remedied by ensuring solidarity between worker and capital and fair working conditions. The Church's aim is to create a society in which the dignity of work is primary and in which people have the possibility of acquiring ownership of the means of production. John Paul II stressed that economic systems must respect the dignity of the human person and that property rights cannot be absolute, but must rather be subordinated to the principle of the common good. He envisaged a solution to social problems that involved education and social responsibility, which could lead to the strengthening of a culture of work.

In his encyclical *Centesimus annus* [On the 100th anniversary of Pope Leo XIII's *Rerum Novarum* – On Capital and Labor],²⁷ the Pope rejected Marxism and dictatorships that restrict freedom and oppose a democratic market economy. However, the encyclical takes a nuanced position on capitalism: if it recognises the market economy and freedom of enterprise as part of an ethical and religiously based political order, it is acceptable; if it emphasises only economic freedom without regard for human values, it is to be rejected. The Church does not offer concrete models, but its teaching can serve as a compass for the creation of a just society. The encyclical draws parallels between the

²⁶ Miklós Tomka – János Goják: *Az Egyház társadalmi tanítása*, Budapest, Szent István Társulat, 2005, 367–414; Miroslav Volf: On Human Work: An Evaluation of the Key Ideas of the Encyclical *Laborem Exercens*, *Scottish Journal of Theology*, 37(1), 1984, 65–79.

²⁷ Tomka–Goják: *Az Egyház társadalmi tanítása*, 531–585; Oliver F. Williams: Catholic social teaching: A communitarian democratic capitalism for the new world order, *Journal of Business Ethics*, 12 (1993), 919–932.

last century's conflicts between capitalists and workers and the current conflict between the Global North and the Global South, highlighting the problem of exploitation in developing countries. The document stresses the role of enterprises in society: they are not just capitalistic societies, but rather communities created to serve society. Finally, it stresses that the purpose of human labour is the liberation and development of the human person, which requires a new value-based labour movement. True freedom can only be achieved when man is able to control his instincts and obey the truth.

The feudal system in Europe was gradually dismantled and with the emergence of modern capitalism, the traditional forms of social self-organisation disappeared. Industrialization did not create social protection, which became one of the major shortcomings of the new economic system. The Church, invoking the Christian principle of charity, criticised free trade capitalism, stressing the primacy of labour over capital. Modern financial systems, on the other hand, were a critique of ill-gotten gains based on medieval Christian monetary theory.

THE ECONOMIC ETHICS OF THE PROTESTANT REFORMERS

Luther and Calvin expressed their views in different historical and economic contexts, which is one of the bases of their differences. While Calvin operated in more developed economic trading cities, Luther worked in a more feudal economic structure.²⁸ Calvin had a broader legal and humanistic education, which helped him to better understand economic relations and the role of capital.²⁹

Luther saw work as a divine calling, an equal and honourable task for all men: the purpose of work is to glorify God and serve humanity, regardless of its nature. In his German translation of the Bible, the concepts of vocation and work are closely linked. Luther, however, allowed little room for social mobility and held that a man should remain in the occupation to which he is called.³⁰ His economic views were conservative: he denounced speculation and unfair profiteering and favoured agriculture. He considered commerce to be necessary, but he thought it important that it should be conducted in a godly manner.³¹

²⁸ B. András Szabó: A gazdaság etikája, in S. Fazakas (ed.): *A protestáns etika kézikönyve*, Budapest, Kálvin Kiadó, Luther Kiadó, 2017, 303.

²⁹ György Kovács: *Protestantizmus és kapitalizmus: Magyar gazdaság- és eszmetörténeti tanulmányok*, Szeged, DRHE Szegedre kihelyezett Vallástani Tanszék-Ethelbert Stauffer Teológiai Kutatóintézet, 2011, 43–55.

³⁰ Antal Birkás: Luther és Kálvin politikai és gazdasági nézetei, *Polgári Szemle*, 11. 4–6 (2015), 41–51.

³¹ Martin Luther: On Trade and Usury, *The Open Court*, Vol. 1897, No. 1 (1897), 16–34, <https://opensiuc.lib.siu.edu/ocj/vol1897/iss1/2> (accessed 19 January 2025)

Luther condemned usury and believed that money, by its very nature, could not prosper by itself.

Calvin, on the other hand, was more permissive about usury. He believed that money-lending occurred in the Old Testament for purposes of solidarity, but that interest could be justified in the case of investment loans. The Genevan reformer linked the rate of interest to state regulation, and considered an interest rate of 5-6.67% acceptable, and even founded a Christian bank.³² He also played a role in promoting the accumulation of capital by linking work and asceticism to one another. He accepted the possibility of social mobility and considered performance to be key. He encouraged disciplined work while minimizing consumption.³³ He did not consider wealth to be a problem in itself, but believed that its use was a great responsibility and should be for the benefit of others.

Although there is a close link between Protestant ethics and early capitalism, the later development of capitalism can no longer be clearly traced back to Calvin's teachings. The Calvinist work ethic, moderate interest rates, and the modern understanding of money contributed to the development of capitalism, but the structure of late capitalism departed from the original Protestant ethic.

Max Weber explored the relationship between Protestant ethics and capitalism and found that the economic rationalism of Protestants, especially that of the Puritans, helped capitalism to develop. He emphasised three main factors: a sense of vocation, worldly asceticism, and a positive valuation of the accumulation of money. Weber's theory has been criticized by many, including Richard Tawney,³⁴ who argues that the roots of capitalism can be traced back to pre-Reformation Europe. Later research (e.g., Becker and Wössmann)³⁵ emphasized the link between literacy and economic development. In the 20th century, Protestant social ethics dealt with the ethical challenges of capitalism and various trends emerged to address social problems, such as the involvement of the social conservative state or religious socialism.

Protestant churches continue to take a stand on economic issues in the 21st century, especially neoliberalism and sustainability.

³² Erzsébet Teréz Varga: Kálvin János és a reformáció jelentősége a mai közgazdasági gondolkodásban, *Köz-Gazdaság*, 13. 3 (2018), 63.

³³ Gyula Dávid: *Kálvin gazdasági etikája*, Cluj-Kolozsvár, Minerva, 1931., 18–19.

³⁴ Richard Henry Tawney: *Religion and the Rise of Capitalism: A Historical Study*, New York, Harcourt Brace & Co., 1926, <https://www.gutenberg.org/cache/epub/71223/pg71223-images.html> (accessed 19 January 2025).

³⁵ Sascha O. Becker – Ludger Wössmann: Was Weber wrong? A human capital theory of protestant economic history, *The Quarterly Journal of Economics*, 124. 2 (2007), 531–596.

MACROECONOMIC CONDITIONS AND REGULATORY FRAMEWORKS SURROUNDING THE MANAGEMENT OF CHURCH INSTITUTIONS

The macro-economic environment after 2020 has become more difficult, just as it was after the US sub-prime crisis of 2007-2008, raising three requirements for the leaders who manage the finances of our ecclesiastical institutions. Legal compliance, efficient use of public funds, and adherence to relevant Christian principles, as discussed in this paper, are all core requirements. Over-borrowing, one-sided profit-maximising management practices that ignored banking and ethical norms were a major trigger in the crisis that erupted at the end of the first decade of the 2000s, causing a global crisis and sovereign debt problems. In the 2020s, the Covid epidemic and the effects of the Russia-Ukraine war on energy markets and the national budget sector caused public debt growth, deficits, and even record European inflation in Hungary.³⁶ All these factors have significantly reduced the purchasing value of Churches' funds and the ecclesiastical institutions funded from the national budget. In other words, in real terms, less money is available for the maintenance and even increase of the level of services. In addition to the management principles adopted from practicing business (social responsibility, integrity), it is appropriate to adopt an ethical management approach based on Church teachings, which in our view is more sustainable.

In 2010, Hungary started a wide-ranging reform of public finances. The key rules of sustainable public management, including predictable institutional budget management, were put in place. Public finance management, the achievement and longer-term maintenance of fiscal balance, and the reduction of public debt are among the country's primary economic policy objectives, which are set out in the public finance chapter of the Fundamental Law of Hungary. The Stability Law, which was intended as an implementation of the provisions of the Fundamental Law, was adopted to regulate and continuously control the central budget law, from which the Churches and their institutions receive normative and task-based funding. The Law on Public Finances is a guarantee for the balance of public finances and the transparent, efficient, and controllable management of public funds. The Hungarian Parliament, exercising its budgetary powers, approves an annual budget plan on the proposal of the Government, called the Act on the Central Budget of Hungary. At the end of the budgetary year, the Government prepares a draft final accounts bill, which is audited by the State Audit Office, debated by Parliament and passed into law. The budget plan law and the final accounts law contain the budget appropriations and implementation data for the Churches and Church-run

³⁶ Csaba Lentner: The Silver Age, *Polgári Szemle*, Vol. 19, No. 1-3 (2023), 10-12, <https://doi.org/10.24307/psz.2023.0902>

institutions. The micro-level accounting reports of the state budget and the Church institutions operating under the budget order should be synergetic and interdependent.

It is essential that the state and its budgetary institutions manage public money efficiently and transparently.³⁷ In order to achieve this goal, it is obviously necessary to have the previously described framework laws and the legal regulations that are subordinate to them in the legal regulatory hierarchy, including specific legal norms that apply to ecclesiastical institutions. In addition to compliance with the law, the management requirements must also be met by complying with the relevant management principles. Public finance principles are operational norms that all public entities must follow in planning and implementing the budget, accounting for revenue and expenditure, and reporting on the accounts. Their function is achieved when they appear simultaneously and in a mutually reinforcing way. The purpose of the principles is to act as guiding principles with legal guarantees. The legislation giving effect to the principles sets out the procedural rules for drawing up the budget (including the institutional budget) and for the accounts. It also lays down rules of conduct for the implementation and management of the budget. Thirdly, it sets out the accounting treatment of financial flows.

The management of the ecclesiastical institutions in a given macroeconomic environment, in accordance with specific legislation and management principles, is a pre-condition (the macroeconomic and public financial context), a legal obligation (compliance with legislation, efficient use of public funds) and a prudent and ethical choice of management. The professional portfolio of our ecclesiastical management and administration course seeks to put this triple principle into practice.

CASE STUDY: A PROFILE OF THE CHURCH LEADERSHIP AND MANAGEMENT DEGREE³⁸ AT KÁROLI GÁSPÁR REFORMED UNIVERSITY

Our three-semester postgraduate program in Church Leadership and Management was established in 2023 at Károli Gáspár Reformed University. The host institution is a key player in Reformed higher education in Hungary, having been founded in 1993 during the early years of the post-Communist transition. Its legal predecessor, the Pest Theological Academy (later the Budapest Reformed Theological Academy), had existed since 1855. The university is named after Gáspár Károli (1529–1592), a Reformed pastor, Bible translator, and church

³⁷ Gyula Pulay: *Integritásmenedzsment: A bizalom megteremtése és megőrzése*, Budapest, Akadémiai Kiadó, 2021.

³⁸ In Hungarian: egyházi vezetés és gazdálkodás szaktanácsadó szakirányú továbbképzési szak

organizer. According to Dávid Czvitinger, Hungary's first literary historian, Károli was "the most outstanding Hungarian philosopher, linguist, and religious scholar of his time, and the most prominent preacher of the Word of God among his followers."

The aim of the program is to ensure that the management of social and educational institutions maintained by churches and congregations adheres not only to legal and efficiency requirements but also aligns with the Church's teachings. Additionally, the program seeks to train financial managers with a thorough understanding of church-specific financial and administrative matters.

Since the regime change, Hungarian churches have developed an extensive network of social and educational institutions, which are legally classified as entities operating under the ecclesiastical budget system. Over the past three and a half decades, the number and significance of these institutions have steadily increased. Their management is characterized by strict legal compliance, efficiency in the use of public funds, and a strong emphasis on Christian principles, reflecting their ecclesiastical status.

This specialized training in church management and administration is designed for pastors, presbyters, caretakers, parish priests, and managers overseeing both the spiritual and material life of congregations, as well as leaders of ecclesiastical legal entities and budget-managed congregations. Many of these individuals are not trained economists, yet they bear significant responsibility for managing the increasingly complex financial affairs of their communities. When reporting to various authorities, they cannot claim ignorance of economics or management, nor can they delegate these responsibilities entirely. Instead, they must work closely with financial professionals, despite often lacking expertise in financial, legal, and administrative matters. This situation also applies to directors and managers of ecclesiastical institutions, as well as to members of governing bodies within higher church organizations.

The Church Leadership and Management program equips church, ecclesiastical, and institutional leaders with the knowledge and skills they need to perform their management duties effectively while maintaining their ecclesiastical mission. The program addresses the challenges of leadership and the administration of Church-affiliated institutions, providing comprehensive training in financial, accounting, and tax regulations specific to ecclesiastical entities. Graduates will be able to prepare institutional budgets, interpret financial reports, and navigate audits in compliance with applicable regulations. They will also be trained to manage resources effectively in accordance with legal requirements, modern management methods, and Christian principles.

The program's curriculum aligns with its objectives, offering a structured approach to professional training. Students must complete 24 credits in foundational ecclesiastical leadership studies, which include courses such as Value-Driven Leadership, Budgetary Finance and Accounting Control, Conflict

Management, Peacebuilding, Leadership Ethics, and Church Law Fundamentals. The second module, Advanced Church Finance and Accounting Fundamentals, requires students to accumulate 36 credits and covers essential topics such as ecclesiastical finance and accounting (including annual account preparation, budgeting, and monitoring), taxation, grant-specific accounting, and institutional and external audits. In the third semester, students are required to complete a 30-credit thesis.

The thesis may focus on any subject covered in the program. Students work under the supervision of faculty members specializing in their chosen topic. Alternatively, students may select an external consultant for thesis guidance, with oversight provided by an internal faculty member. The thesis must be at least 80,000 characters in length and must adhere to the Reformed University's Regulations for Studies and Examinations. The thesis defense is conducted in addition to the final examination, which includes core subjects such as Value-Driven Leadership, Leadership Ethics, Fundamentals of Church Law, Budgetary Finance and Accounting Control, and Institutional and External Audits.

The first cohort of the program commenced in February 2024 with 20 enrolled students. Given the strong interest and anticipated demand, a new intake is scheduled for September 2025. Half of the applicants come from congregational backgrounds, while the other half are from Church-administered budgetary institutions. Enrollment is open nationwide, with a geographically diverse applicant pool. A typical student in the program is a Reformed pastor managing a significant budget, a church administrator, or a leader in a Church-run institution. The students of the program express a unified goal: to become experts in ethical financial management within Church and Church-affiliated institutions while remaining committed to their faith and public service.

SUMMARY

In contrast to mainstream economics and the “Homo economicus” approach to management, our study emphasizes the importance of operating Church-run institutions based on the social teachings of the Church. In Hungary, the transition from a planned economy to a market economy brought about a widespread adoption of market-driven management principles, especially in the public sector before 2010. However, in contrast to the relentless pursuit of growth and profit maximization inherent in mainstream economics, the authors of this study advocate for a management approach grounded in Church teachings, virtue ethics, Aristotelian and Thomistic principles, and Lutheran and Calvinist vocational ethics.

Mainstream economics often prioritizes profit maximization, sometimes masked by corporate social responsibility (CSR) rhetoric. The business-driven

approach to management that accompanied Hungary's transition to a market economy inevitably influenced public institutions, including Church-affiliated entities. As a result, an "alternative management approach deficit" has emerged, with budgetary institutions increasingly dominated by utilitarian market principles. The development of Church-based management methods, rooted in ethical and theological traditions, is still in its infancy in Central Europe, particularly in Hungary.

This study highlights the limitations of applying the 3E principle (Effectiveness, Efficiency, and Economics) as the sole guiding framework for managing church budget institutions. In a virtuous economy, the human person is the foundation of the economic system, rather than a mere instrument for maximizing profit or efficiency. Instead of prioritizing profit, the goal is to maximize the fulfillment of public needs and promote the common good through ethical management principles. Our study outlines the training model, principles, and theoretical foundation that support this vision.

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