

# Two Barriers to Moral Agency in Business Education

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## Abstract

This paper explores two modern concepts that make it more difficult to place action in the business sphere within the context of the person's life as a whole. The first concept is technique. Professions dominated by technique are prey to the illusion that one is not acting morally or immorally when one is acting as a technician. The Aristotelian accounts of technique and prudence can put technique into moral perspective. The second concept is the neoclassical economic view of competitive markets, which leaves little room for the business executive to seek anything but his own profits. Economic models of competition miss the opportunities to create space in which to promote the good of all stakeholders in a corporation. The concept of the entrepreneur can remedy this sense of helplessness

## Introduction

In the Fall of 2006 I taught a large lecture microeconomics course for the first time. I was eager to try some new technology to get students engaged in the class. Because I was naïve, and my students were not, I had the dismaying but enlightening experience of discovering a miniature cheating scandal late in the semester, involving about 12 students (about seven percent of the class). It was an interesting sample of students. Because I was clueless about the possibilities for cheating in my class, and because cheating in my class had become widespread (the twelve I caught were only the ones unlucky enough to have cheated the day I checked), many of those caught were upstanding students, who might not have cheated if I had not let things get out of hand in the class.

All of the students expressed sorrow and regret, with varying levels of sincerity, of course: "I'm not like this." "I don't know how I ended up doing something like this." What struck me about the conversations I had with these students was the resemblance between their reflections and those of contrite business executives caught up in the various scandals of the last decade. Both students and executives described a disconnect between the actions they took and the person they were. Both were in some sense shocking to themselves. And I wondered how easy it would be for these students to become those business executives.

One of the mysteries of human nature is that we must give reasons, however flimsy, for our sins. We must hide from ourselves the true nature of the wrong we do, reassure ourselves that we are justified in violating our own moral code. This is no less true in the business world than in other human arenas. Thus, when the convicted business executive, the adulterer, or the corrupt government official reflects candidly on his past, he

discovers a disconnect between the actions he took and the person he is: “How did I get to the point of rationalizing something I knew to be wrong?”

This is a perennially human problem, but it is also quintessentially modern. Alasdair MacIntyre, in *After Virtue*, describes the inability of a person to “square who they are with what they do” as a very common modern condition.<sup>1</sup> According to MacIntyre, the ability to lead a morally sound and happy life depends crucially on being able to describe a unified narrative of one’s life—seeing oneself as the same person in each of the very different social environments in which one must act. Modern society has lost the sense that such a unified narrative is necessary, or even possible; we wear different masks in different social environments, act out different roles in varying situations. People who think they can ‘be’ one thing and ‘do’ another, or that they *must* ‘be’ one thing and ‘do’ another, may find themselves in the situation of my students, or the indicted executive, who wonders how he became something he did not want to be.

The solution to the very modern divided self is not ‘balance’—the cutthroat persona giving way regularly to the loving husband giving way to the wild sports fan. The solution is ‘integrity’—we are each one person, each of us living one life, and we need to be the same person in every situation, in every temptation.

This paper describes two potential barriers to integrity in the modern business environment. Each makes it more difficult to connect actions in business to the moral life, for different reasons. Both barriers involve useful concepts that have been taken too seriously, and too far. The first arises from the challenge of living in a culture in which the dominant mode of knowing is technical. Technical knowledge is deceptively neutral; when important questions are framed in technical terms, a false distance is created between morality and action. The second barrier is the challenge of an economy in which markets rule, and in which the account of markets taught in college leaves little room for human agency. In the perfectly competitive market of the blackboard, individuals are helpless, tossed about by market forces. The apparent helplessness of the business owner in the face of market forces gives the owner an excuse to leave morality to government and charity. Both of these concepts—the concept of technical expertise and the concept of perfect competition—may make it more difficult for us and our students to discern our moral responsibilities and our moral possibilities.

## **Moral Technicalities**

Technique is the application of a systematic method to a narrow problem: the accountant applies accounting rules to balance the books, the financial analyst runs the numbers, the engineer calculates the stresses on a bridge, the doctor prescribes a cure according to best professional practice. Much of the material and scientific progress of modernity is founded on relentless systematization, the development of technical expertise. This technical specialization and material progress is in itself good (I do not, after all, want to get my dental care from the butcher), but technical language presents certain moral dangers.

It is the nature of technique to be narrow, to be somewhat removed from moral deliberation. Amid a dictatorship of relativism, in which reasoned moral disagreement seems impossible, we are attracted to the putative neutrality of technique.<sup>2</sup> Technique frees us (we think) from having to face our moral disagreements with each other, and to confront the morally difficult choices we often face. As a result, technicians may feel constrained to ignore the moral life (their life as a whole) when acting ‘as a technician;’ they may be happy to ignore the moral life in their technical practice, because the moral life is difficult, and technique seems to give us a vacation from it.

The problem with technique, and with professional practice in general, is that its separation from the moral life (that is, from our lives as whole persons) is not a complete separation. In the abstract, of course, the preparation of a balance sheet, the construction of a marketing campaign, are value-neutral. But balance sheets and marketing campaigns are never prepared in the abstract; some person prepares them as a part of his life plan. They are never prepared for their own sakes, because they look good in a book; they are prepared for a purpose, and the technical decisions and judgments that are made in their preparation cannot be in fact evaluated apart from the purposes for which they are prepared. A marketing plan for a crisis pregnancy center and one for an abortion clinic may each be technically good, even brilliant; nevertheless, to devote your technical skills to one or the other is always a moral act.

Technical knowledge encourages us to believe that the sort of person we are when engaged in technique can be separated from the sort of person we are at other times, and from the sort of person we are simply. Because such a complete separation is impossible, and yet we feel constrained to communicate in technical language, we can fool ourselves that we are being neither moral nor immoral when we are engaged in technique, even when our techniques conceal moral agendas. This leads to confusion about the moral stakes of our analysis and actions; John Paul II noted the tendency to evaluate human work simply in terms of its technical productivity, and to treat human life as something to be manipulated by technology.<sup>3</sup>

Consider the Groningen protocol, a set of criteria by which Dutch doctors may justify the killing of severely disabled infants.<sup>4</sup> What is most striking about the description and justification for the protocol is its technical language. Of course, defenders of the protocol discuss it in moral terms, referring to the “unbearable suffering and no hope of improvement” of severely disabled newborns, and to the need for an open and honest process to protect physicians and respect parents. Nevertheless, the presentation of the protocol is couched in the language of technique: it is a ‘protocol’, after all; it is drawn up by a committee of ethical, medical, and legal ‘experts’; it delineate five ‘requirements’, each of which must be satisfied; when a doctor has followed the protocol, he can be certain that he has exercised ‘due care’. The language of the protocol is that of professional standards of care.

It is not surprising that discussions of morally significant decisions employ technical language: morally serious people think carefully about important decisions, and careful thought produces general rules of guidance. There is a danger in technical discussions of

moral matters, though; in these confused times, technical details tend to crowd out the consideration of moral stakes. Where the Groningen protocol becomes accepted, it will become the standard of professional practice; it is a small step from standards of ‘professional practice’ to standards of ‘moral care’.<sup>5</sup>

In academic disciplines like my own (economics), the language of technique dominates in a different way: to be professional is assumed to be entirely technical, to be professionally neutral on all ‘values’. The language of morals is assumed to pollute technical practice, and to threaten objective inquiry. To the extent that an economist brings moral deliberation to bear in his work, he is ‘not doing economics’—he has removed himself from the disciplinary conversation. Most disciplines in academia are similarly dominated by technique. Even scripture scholars and theologians immerse themselves in technical discussions of hermeneutical theory and historical method. Moral philosophers analyze how people reason about ethics; when they themselves reason about ethics, they become ‘moralists’, not philosophers.

I do not mean to belittle the practice of technique. On the contrary, I must constantly defend the mathematical techniques of economics from critics who would reject them in favor of more discursive analyses. Any morally serious person must become technical in order to effect many of the goods he intends; Etienne Gilson famously asserted that “Piety is no substitute for technique.” The modern world is unlikely to mistake piety for technique, however; today technique substitutes for piety and wise moral judgment. What is most striking about the above examples is not the use of technical language per se, but the ways in which technique substitutes for, and drives out, moral deliberation.

Although we are not supposed to look for moral advice from our technicians (who are supposed to help us achieve our goals efficiently, but not tell us which goals to pursue), we in fact constantly ask them for moral guidance. Any family physician will tell you that he is constantly asked for advice on childrearing – because he knows how to treat an ear infection, parents ask him for advice about toddler discipline. Most college professors are specialists in narrow technical fields of study, but they are asked by many students for advice about life. An entire publishing industry is devoted to books by successful business executives, unveiling the secrets to personal happiness. In each of these cases we assume that technical proficiency confers moral wisdom.

This state of affairs is undesirable, for two reasons. First, to the extent that we allow technical formulas to substitute for moral deliberation, we keep ourselves in the dark about the moral stakes in our decisions and our analysis. Often, we welcome this ignorance: the moral life moral is difficult and burdensome. This burden of responsibility is crucial to moral growth, however, and people who avoid moral responsibility do not mature as persons. Second, the use of technical language to describe moral matters can lead to a situation in which technical language is used strategically in order to conceal a moral agenda. In medicine the use of the term ‘embryo’ conceals moral judgments about when life begins; in economics, technical terms like “efficiency” and “optimality” embody judgments about human welfare (such as “more is always better,” or “you cannot make someone worse off by expanding his options”).

This culture of technique, which treats its technicians as saviors and avoids moral conflict by resorting to technical discussion, makes it difficult to recognize the place of moral reflection in the life of the teacher, the student, or the professional. Many of my economics students, for example, do not look for ethics in their technical training; they seek to flee ethics, and its irresolvable conflicts, for a purportedly neutral ground from which to prepare for the world of work. How can teachers help students to place their technical training within the context of their lives as human beings – to see the moral in the ethical? Likewise, how can teachers order their own technical practices towards *their own* moral development?

I have found Aristotle's observations on technique and prudence to be helpful in answering these questions. In the *Nichomachean Ethics*, he lists among the intellectual faculties two which are relevant to our problem: technique (or art) and prudence (or practical reason).<sup>6</sup> Technique concerns itself with *making*: making a door, producing notes from a violin, assembling a coherent economic theory, creating a lesson plan. The end of a technique is fixed, limited; the technique itself does not determine its end. In contrast, prudence concerns itself with *human action* in general. Technique asks "how should one make this particular, limited, *thing*?" Prudence asks "what should I, Andrew Yuengert, do with *myself*?"

The domain of prudence is the acting person's life in total. It is motivated by the deepest desire of the human heart for completeness in accord with its created nature. Aristotle devotes the *Ethics* to the nature of this happiness, and draws an important distinction between technique and prudence; his distinctions are of particular relevance to a culture dominated by technique, which tries to make moral questions into technical questions. These distinctions can help us to discern when technique oversteps its boundaries and encroaches on moral deliberation—to place technique at the service of prudence and wisdom.

The term *boundary* is misleading. Technique and prudence cannot be completely separated, because the *making* of technique is itself a type of human action. Since prudence orders all of our actions toward our happiness, it also directs technique: technical method is ultimately judged in light of the human ends it serves. The governance of prudence over technique is indirect, though: it need only point technique toward a certain end, and then turn it loose. Given an end specified by prudence, the details of the making are completely contained in the methods of the technique; making needs direct prudential guidance only if it fails to achieve the person's ends, or if its practice undermines other important human goods. Prudence acts on technique at a distance, by specifying its goals.

Although prudence acts only at a distance, it must act nonetheless. In extreme cases, like that of the prison guard who follows the torture manual to the letter, we do not excuse the competent technician wholly for the uses to which his technique is put. Neither do we admire the technically adept abortionist or human cloning researcher. Considered in the abstract, some techniques are morally neutral, but technique is never practiced 'in the

abstract'; whenever technique is exercised, it become the action of a person, and thus has moral import.

Even this indirect role for prudence, and thus for ethics, is difficult to discern amid the intensive technical training of most undergraduate, professional, and graduate schools. It is at this point that Aristotle's distinctions can help us to reflect on the role of prudence in even technical pursuits. He draws two distinctions between prudence and technique which can provoke reflection on the place of ethics in technique:

1. The end (or artifact) of technique is something external to the technician; the end of prudence is internal—the development of the acting agent.
2. Technically competent persons may perform their technique poorly on purpose and yet remain technically proficient; a prudent person will never act imprudently on purpose.

The first distinction specifies the location of the products of the two faculties. Technique creates something external to the technician: a material thing, a state of affairs, an argument, etc. As a result of the action of the technician, some *thing* becomes. In contrast, prudence brings about results internal to the acting agent; through the actions of prudence, *the person who acts* becomes. Because prudence involves the entire person, it is not just an intellectual exercise—it brings into play all of the moral virtues. This distinction suggests a question useful in detecting the operations of prudence within technique: "How does the practice of technique affect me as a person?"

There are several ways in which technique can shape us. First, if technique is used for immoral ends (the advertiser promoting vice, the scientist creating technologies which undermine human dignity), its practice, however value-neutral in theory, degrades the technician. A physician who uses his technical skill to kill becomes a different sort of person than one who uses his skill to heal. Second, training in a technique itself changes the person trained. The philosopher of science Michael Polanyi notes in *The Study of Man* that even technical learning changes our identity as persons. *We pour ourselves* into our technical pursuits: "Every time we assimilate a [technical] tool to our body our identity undergoes some change; our person expands into new modes of being."<sup>7</sup> In my own field, one does not simply learn the tools of economics; one "becomes an economist," or "learns to think like an economist." This is not just a technical change: economists become more utilitarian in graduate school, evaluating even very personal decisions (whom to marry, how many children to have) in terms of costs and benefits.

The adoption of technique is a highly personal act; it engages a person's entire being. Students struggle to decide on a major, even a technical major, because they know that their choices will affect the sorts of persons they become. People leave highly technical professions, often because they do not like the sort of person that they have become in the practice of the profession's technique. These aspects of technique affect our constitution as persons; they should be evaluated in moral terms.

The second distinction between prudence and technique generates another set of questions which can uncover the role of ethics in technical pursuits: “Can what I am doing be done badly on purpose?” “Can I do this well without being a good person?” This distinction highlights the instrumental nature of technique. The master of a technique can use it badly on purpose: a good clarinet player can play flat or in tune at will, while a poor clarinet player plays in tune only by accident. This sort of mastery over technique is often useful in teaching: in the discipline of statistics, for example, a teacher will often specify a statistical test poorly in order to make a point to his students.

A technique can be applied badly on purpose precisely because it is at the service of some higher end specified by prudence. The master musician plays poorly in order to help his students learn to play well; a master writer writes poorly in order to give her students an example of poor writing. The same cannot be said of prudence. The goal of prudence—a fully human life—cannot be instrumentalized for some higher end. Since prudence involves the person in his totality, there is no higher end toward which a flawed act of prudence might contribute. When, for example, we move from the ability to purposely do something poorly (like playing a clarinet in or out of tune) to decisions about when it is appropriate to do so (play poorly in a concert or in a master class, for example), we have left the realm of technique and are fully engaged in prudential action. We bear ultimate responsibility for even our technical actions. Joseph Dunne, in *Back to Rough Ground*, expresses the way in which the moral buck must stop on the desk of prudence: “In relation to one’s phronesis [prudence], one has no discretionary powers to be exercised by some superordinate self. Here one is fully engaged and whatever mistakes one makes must be put down to oneself.”<sup>8</sup>

Aristotle’s distinctions highlight the connections between technique and ethics. Technical pursuits are insulated from ethics in the abstract – calculating a statistic, conducting an accounting audit – but technique is never applied in the abstract. It is carried out as part of a project of action in pursuit of someone’s ends; the evaluation of those ends has implications for the desirability of the technique, and for the happiness of the technician. We and our students need to reflect on how our technical practice reflects who we are and shapes who we are becoming, in order to assume full responsibility for our techniques and for our moral lives.

Aristotle’s distinctions may help to trace out the disputed boundary between ethical questions and technical pursuits, and so help to orient us toward the important moral questions that our techniques help us to evade. The identification of the truly moral in our technique-driven lives is only a crucial first step, however. It does not address the widespread despair of discussing moral questions intelligently; it was this despair that precipitated the resort to technique in the first place. In *Three Rival Versions of Moral Enquiry*, Alasdair MacIntyre notes that fruitful moral disagreement requires communities of shared commitments about the nature of the good and the nature of inquiry into the good, and a set of practices of inquiry rooted in institutions.<sup>9</sup> This is a tall order, but I am hopeful that the renewed confidence and assertiveness of religious intellectual traditions will create the sorts of institutions in which reasoned engagement with rival moral traditions may take place. Renewed hope for rational moral disagreement will make it

easier to put technique in its proper place – at the service of the human good, and not as master of human destiny.

## The Market Made Me Do It

A second barrier to moral agency is the economic concept of competitive markets. In the economic account of competitive markets, the business owner is a price taker: he has no control over the price, which is revealed in some mysterious way in market transactions. His only choice is over output, which is chosen to maximize his profits. In both labor and capital markets the business owner is also a price taker. In the long run, competitive pressures from entry and exit will drive his economic profits down to zero: he will earn the same rate of return on his investment that he could have earned in other industries.

There is not much room for moral agency in this model. If the business owner thinks the market wage is too low, and decides to pay his workers more, or if he resists cutting his workforce when demand is slack, or if the business contributes to the community out of profits in a truly disinterested way, his profits will fall below the market rate of return, and he will risk being driven out of business or bought out by a less scrupulous employer who will act to maximize profits. What's a moral person to do? "The market made me do it."

There will of course be times when market pressures will force a business to make difficult choices with real human costs: let people go who need the work, for example. We should not minimize the reality of competitive pressures, and the difficult choices facing the business owner. Neither ought we to *maximize* the reality of competitive markets, either: many markets are less than perfectly competitive, and firm owners are not helpless in the face of competitive pressure. Sometimes "the market made me do it" will be a cop out.

If actual markets leave as little room for businesses to act toward any goal but the maximization of profit by any legal means, then what shall we make of John Paul II's exhortations in *Centesimus annus*?

In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business.<sup>10</sup>

If the maximization of profit is only one of the goals of a business, which exists as a "community of persons," there must be some room for the pursuit of goals other than profits in markets.

If there is no room for a business to pursue moral goals beyond profit, then the state and non-profit sectors are left as the principal guarantors of “the exercise of human rights in the economic sector.”<sup>11</sup> However, John Paul II assigns primary responsibility for these rights not to the government, but “to individuals and to the various groups and associations which make up society.”<sup>12</sup> Catholic social teaching, while assigning a crucial role to government in the promotion of rights, demands that businesses play their appropriate subsidiary role. Is it possible for them to do so, and remain viable in competitive markets? Or is Catholic Social Teaching demanding something impossible?

Most real markets are full of niches: geographic, brand, service niches. Long-term relationships with customers and suppliers, barriers to entry, and the unique skills and talents of workers and employers create ‘economic rents’—that is, profits that are not easily competed away. They can provide a space—sometimes only a little space—to give fuller rein to an employer’s desire to more fully include the interests of employees and other stakeholders in his business decisions.

Mainstream economics can easily miss the room for moral agency in economics, because it often ignores the reality of imperfect competition, and lacks an analytical language to describe the challenges and contributions of entrepreneurs. An entrepreneur specializes in making things happen in the messy, uncertain environments in which businesses operate. There is little room for the entrepreneur in economics, since the messy, uncertain details of business have been assumed away—we assume that everyone knows what the demand curves and cost curves look like, and new products, technologies, and business organizations come into being magically, without any entrepreneurial enterprise.

Many of our students already are entrepreneurs, or soon will be; they are often attracted to the challenge of making something new happen in environments where no one expected it could be done, of finding a way. The challenges facing the entrepreneur are similar to the challenges facing the moral business owner: how to create value where none was before, how to create an organization that generates benefits not just for the entrepreneur but for customers. The challenge of creating a business that has aspects of a good community of capital owners, customers, and workers is the same sort of challenge. There are remarkable people out there trying to make these sorts of businesses work, and succeeding. Sometimes it will not be possible, but sometimes it will—it is a challenge worthy of, and big enough for, a morally serious entrepreneur.

A related but common misunderstanding about markets does not show up in the academic literature, but is common among students. When asked to reflect on an ethical issue in markets, students often argue that, since competition among self-interested individuals in markets can result in certain desirable social outcomes, individuals are *obligated* to act self-interestedly in markets. This is a strange reversal of the argument that personal vice can be turned to public benefit in markets. The common claim that even purely self-interested motives can promote good outcomes in markets does not imply that only pure self-interest will promote public benefits.. There are a tangle of logical and analytical errors to be sorted through here, involving the realism of the market model, the nature of self-interest, and the allocative function and informational content of price signals.

## Conclusions

We need to encourage our students not to be intimidated by the techniques they learn and the expertise of others, not to use them to evade moral responsibility. We need to teach them to be critical of the claim that technical actions are always morally neutral—admittedly, the moral stakes may sometimes be small, but often they are not; a person is never just “doing his job.” Also, students should not be overly intimidated by the market. Those of them who are entrepreneurial should be encouraged to add one more thing to their desire to start a business and make it a success; to make it a good, caring place for everyone involved. The business world is a great place to let their desires to create run free, to the benefit of them, their workers, and their communities.

<sup>1</sup> Alasdair MacIntyre, *After Virtue*, 2nd ed. (Notre Dame: University of Notre Dame Press, 1984).

<sup>2</sup> Most economics discourse is dominated by emotivist ethics, in which disagreements over morality are disagreements about values, which are simply matters of taste. The texts which established emotivism firmly in the discipline are Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* (London: MacMillan and Company, 1932), and Milton Friedman, “The Methodology of Positive Economics,” in *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953). Robbins famously wrote that “if we disagree about ends, it is a case of thy blood or mine—or live and let live, according to the importance of the difference or the relative strength of our opponents” (p.150). Friedman added that moral disagreements were “fundamental differences in basic values, differences about which men can ultimately only fight” (p.5).

<sup>3</sup> See John Paul II, encyclical letter *Laborem exercens* (14 September 1981), para. 6; John Paul II, Encyclical Letter *Evangelium vitae* (25 March 1995), para. 4.

<sup>4</sup> Eduard Verhagen and Pieter J.J. Sauer, “The Groningen Protocol – Euthanasia in Severely Ill Newborns,” *The New England Journal of Medicine* 352 (10 March 2005): 959-962.

<sup>5</sup> This is not idle speculation. In many different fields, technical discussion drives out, and sometimes substitutes for, moral deliberation. Pro-life physicians and student health center nurses, when they counsel against abortion and abortifacient drugs, must not only resist prevailing moral tides in the culture – they must contravene established standards of care in their professions. When these professionals act according to conscience, they risk accusations of professional incompetence, since moral standards which they reject have been enshrined in the technical language of standards of care and best practice.

<sup>6</sup> Aristotle, “Nicomachean Ethics”, in *The Basic Works of Aristotle*, trans. by David Ross, ed. by Richard McKeon (New York: Random House, 1941), 6.3–6.5.

<sup>7</sup> Michael Polanyi, *The Study of Man* (Chicago: University of Chicago Press, 1959), p. 31.

<sup>8</sup> Joseph Dunne, *Back to the Rough Ground: Practical Judgment and the Lure of Technique* (Notre Dame: University of Notre Dame Press, 1993), p. 267.

<sup>9</sup> Alasdair MacIntyre, *Three Rival Versions of Moral Enquiry: Encyclopaedia, Genealogy, Tradition* (Notre Dame: University of Notre Dame Press, 1990).

<sup>10</sup> John Paul II, Encyclical Letter *Centesimus annus* (May 1, 1991), para. 35.

<sup>11</sup> *Ibid.*, para. 48.

<sup>12</sup> *Ibid.*, para. 48.