TRANSFORMING OUR STUDENTS:
TEACHING BUSINESS ETHICS POST-ENRON

Daryl Koehn

Abstract: Teachers and managers strive to be determining causes, leading those whom we instruct or supervise to act in some ways rather than others. If we are seeking to be causes, then we ought to admit our mission and monitor how well we are doing. Yet, instead of owning up to our failures, we hide behind claims such as “some students are unteachable because their habits are bad,” or “we have little time to affect our students who are being indoctrinated by other business school professors to believe that narrow self-interest does and should rule the world.” Perhaps it is we who have failed our students, not the reverse. Examining our business ethics pedagogy is crucial because regulation is not by itself going to prevent future scandals. This paper presents three structures for teaching business ethics in a liberal arts, transformative way. While no pedagogy comes with a guarantee, these approaches at least have the potential to transform students because they force students to have “some skin in the game.”

Last year our outgoing SBE President Laura Hartman made an impassioned plea for business ethicists to take more responsibility for what their students do. She inverted Immanuel Kant’s famous dictum that “ought implies can,” arguing instead that “can implies ought.” Since we can affect what others do so, we ought to hold ourselves accountable for our performance. Now I do not believe that “can implies ought.” I could speak for two hours, but I’m certain that you do not think that I ought do so. Still, I take Laura’s larger point. Teachers strive to be a determining cause, leading those whom they instruct to act in some ways rather than others. Anyone who does not own up to that goal either is not very reflective or ought to be in a different profession. If we are seeking to be causes, then we should admit our mission and monitor how well we are doing. Yet, instead of owning up to our failures, we hide behind claims such as “some students are unteachable because their habits are bad,” or “we have little time to affect our students who are being indoctrinated by other business school professors to believe that narrow self-interest does and should rule the world.” I have two rejoinders to these rationalizations.

First, although it is true that it is no more possible to teach unmotivated students ethics than it is to instruct them in calculus, I believe it is better to assume that every student is teachable than to write off a segment of the student body. We cannot know who is teachable unless and until we have made a concerted effort to instruct all whom
we potentially can affect. When a colleague of Kant's complained about the laziness of German students, Kant responded, "Habe Geist!" ("Have Spirit!"). We, too, need to have spirit and to seek continually to improve our teaching.

Second, even if the message our students and employees are hearing in the marketplace and in other MBA classes encourages selfishness or greed, we ought not to give up on our students. If we business ethicists were as hard on ourselves as we are on business executives, we surely would take ourselves to task for our practice of blaming our students or business school colleagues for their lack of ethics. Perhaps it is we who have failed our students, not the reverse. I mistrust the self-righteous tone I sometimes hear in our attacks on fellow business school faculty. We ethicists talk as if we know exactly what it means to teach effectively. If only our colleagues would stop getting in our way, we could churn out ethical managers. I wonder whether we really do know what it means to be effective teachers of ethics and whether we are meeting our own standard.

Although business ethics pedagogy is seen as an unsexy topic, it is crucial that we start to think seriously about how best to teach the subject. For it is increasingly clear that we are not going to regulate ourselves out of the current ethical quagmire. You will recall that the Sarbanes-Oxley legislation was supposed to improve companies' internal controls and the quality of financial reporting and to prevent executives from benefiting from their crimes. The law was also supposed to jumpstart market reform aimed at improving transparency and eliminating conflicts of interest at Wall Street firms. Last year, I suggested that the 2002 Sarbanes-Oxley law would create a lot of work for lawyers but produce few truly significant changes. A year has elapsed. Have firms and executives stopped their manipulation of numbers? Have corporate governance practices improved? Are Wall Street firms acting in ways that preserve the integrity of analyst recommendations? I continue to be dubious.

Some of the most egregious offenders continue to engage in shady dealing. Post-Sarbanes, Tyco (under its new CEO) has had to restate earnings yet again. In recent quarters, the company wrongly classified $696.1 million as pretax charges. They made the restatement only after pressured to do so by the SEC. All told Tyco has restated earnings five times since Edward Breen took over from Dennis Koslowski. The restatements eliminated more than $2 billion from past pretax profits. Some analysts think the company is still misleading investors. The Wall Street Journal reports:

Accounting analyst Albert J. Meyer says Tyco International Ltd.—which has been trying to convince investors that it has cleaned up its bookkeeping—overstated "free cash flow" in the most recent quarter by $152 million. . . . Tyco has long told investors to look at its so-called free cash flow as a key measure of financial strength. The Bermuda-registered company defines free cash flow as cash generated from operations, minus capital expenditures, dividends and several other items. But Mr. Meyer, a former accounting professor who sells his research to hedge funds and others, believes Tyco pulled a fast one on investors to the tune of $152 million. Mr. Meyer . . . says Tyco boosted the free cash flow figure by excluding some cash spent to buy back a debt instrument.
Wall Street, too, continues upon its merry, suspect way. Immediately after agreeing in May 2003 not to use stock research analysts to pitch stock and merger deals, both Citigroup Inc. and UBS Warburg brought analysts over to Britain to help them win a big IPO. Since the Wall Street settlement only covers the U.S. firms’ domestic activities, Citigroup’s and UBS’s actions were technically legal. Moreover, the settlement did not become legally binding until sixty days after U.S. district court approval. So it is fair to say that firms are continuing to push the legal envelope with respect to the very practices that they have supposedly forsworn. Small wonder that regulators are complaining about securities firms’ refusal to adhere to the spirit of the settlement. Smaller securities firms are not bound by the Wall Street settlement; they also continue to engage in practices prohibited by the settlement. Not much has changed on the analyst front.

Under Sarbanes-Oxley, CEOs must certify that their financial results are accurate. The requirement will do little to promote honesty. Truthful companies do not need to alter their practices, while dishonest companies are not going to refuse to certify. Such refusal would be an open invitation for regulators to come after the company. In fact, the SEC is investigating a number of companies who allegedly misrepresented 2001 earnings, which they certified in 2002. When executives do get prosecuted, the shareholders are the ones who are getting stuck with the bill. Xerox shareholders are paying most of the $22 million in fines the SEC imposed for the company’s improper accounting. To add insult to injury, the poor shareholders must pay the legal bills of the former Xerox executives accused of instigating the manipulation.

Executive pay remains at stratospheric levels because boards continue to find it difficult to say “no” to executives. Top managers are getting huge pay packages that are not linked to performance. For example, Honeywell’s former CEO Lawrence Bossidy has been promised $4 million per year and will have the use of many other pricey services (corporate aircraft, tax consulting, office space, etc.). Those companies with pay for performance requirements are adjusting financial goals downward to ensure that executive pay does not suffer. Executives retain lavish pension plans, and there is some evidence that they are manipulating corporate pension plans to improve current numbers while endangering future employee benefits.

Nor is getting information about such matters any easier after Sarbanes-Oxley. The law was supposed to improve corporate transparency, but it appears to be having exactly the opposite effect. Companies are hiding behind the law, refusing to disclose any financial data or projections on the ground that doing so might be illegal. Neil Westergaard, editor of the Denver Business Journal, explains why he hates the law: “I actually had a chief financial officer tell me recently that he can’t respond to any reporter’s question about his company because it would be tantamount to revealing information to an outsider—me.” In another case, he and his reporters asked advertising agents for some basic information. These agencies’ lawyers “advised the local branch that they couldn’t tell . . . how many people they employed—or any other information—because of Sarbanes-Oxley.”

There has been some movement on the board front. Many companies have downsized their boards, making it easier (in theory) for directors to have sustained and
probing discussions. But this trend was under way before the Enron collapse and Sarbanes-Oxley. Under pressure from large institutional investors to improve board effectiveness, companies have found board reduction a relatively painless response. The more interesting issue is whether board composition has changed significantly and for the better. The anecdotal data are not encouraging. At nineteen Chicago firms where the CEO has not changed since 1998, only three executives have reduced the number of boards on which they serve. Five sit on even more boards. This kind of anecdotal evidence suggests that the problem of interlocking board directorships has gotten worse since Sarbanes-Oxley. Many boards continue to have directors drawn from universities, museums, and other non-profit organizations. The companies with these directors make large donations to the non-profits, creating conflicts of interest. Little has been done to eliminate these positions. NYSE has made some proposals regarding director independence, but has done nothing to target these widespread conflicts.

Under relentless attack for poor corporate governance, the New York Stock Exchange (NYSE) has finally agreed to disclose NYSE Chairman Dick Grasso’s pay and to prohibit NYSE officials from serving on the boards of listed companies. Effective 2004, executives from brokerage firms will no longer serve on the NYSE compensation committee setting the chairman’s salary. These modest changes came only after Elliot Spitzer, the New York Attorney General, objected to Grasso’s plan to appoint Citigroup Inc.’s chairman and CEO Sandy Weill as a NYSE public director. Asking a man whose firm had just been fined hundreds of millions of dollars for actions that hurt investors to protect small investors is ill-considered, to say the least. Still, the fact that this appointment could seem like a good idea to Wall Street players shows how little attitudes and actions have changed post-Enron. Indeed, SEC Chairman Donaldson took the unusual step of publicly chastising the head of Morgan Stanley after some Wall Street CEOs started boasting about the small size of the fines their firms received. However, there is more than little irony here since the SEC itself has turned out to have lax accounting.

Although U.S. firms are certainly talking more about corporate governance, they seem more involved with window dressing than in changing business conduct. Firms are paying to get a corporate governance scorecard. Rating agencies, such as Institutional Shareholder Services (ISS), examine a company’s characteristics—e.g., auditor independence, board composition, board committee responsibilities, and possible conflicts of interest among directors. The rating agency gives the company a grade and then sells companies access to these grades. For a substantial fee, ISS will give companies suggestions as to how to improve their corporate governance score. Since ISS has huge clout among mutual funds and pension funds, no company wants to get a black mark from ISS.

The problem is that ISS makes proxy recommendations in addition to doing corporate ratings. Therefore, ISS’s rating system can seem like extortion. Furthermore, ISS re-rates companies after they have adopted ISS’s recommendations. Not surprisingly, these revamped companies get high marks. However, when these renovated companies are evaluated by rating agencies that do no consulting (e.g., Corporate Library), these
same firms get Ds or Fs. Companies seem to be buying good grades and grade inflation is rampant. In addition, companies are rated relative to others in their industry. So a company with a weak board in a sector having poor governance can easily score an A. For example, ISS gives Aetna a 99 percent score, the top market in the insurance industry. However, Corporate Library assigns them a D because of the many interlocking directorships on Aetna's board. It is telling that ISS rates General Electric as best in its class, despite GE's well-publicized propensity to over-compensate its executives. The popular ISS rating and consulting combination encourages companies to game the system rather than to embrace changes on their own merits.

For these reasons, I do not think that we are going to be able to regulate our way to better ethics. The real problem is our human tendency to game the system in order to gain what we think is in our self-interest. To repeat the quote from Danny DeVito that I cited last year: "They can change the rules, but the game stays the same." What is needed are radical changes in people's self-conceptions. It is our duty as teachers to try to bring about positive change in our students. During the remainder of this talk, I want to discuss briefly the teaching standard to which I hold myself and to explore some of the techniques and exercises that I have found to be moderately useful in meeting this standard. Perhaps some of you will find these exercises valuable enough to incorporate in your teaching. For those of you who are not persuaded, I hope at least to challenge you to consider whether your current style of teaching is in the tradition of a liberal education.

As its name suggests, liberal education aims at liberating or freeing us from prejudices and misconceptions. The ancient Chinese word "hua," which means "change through teaching," nicely captures the essence of liberal education. Hua consists of two characters—on the left, the character for human being; on the right, a character depicting an inverted human being. Real education turns us and, by implication, our world upside down. Therein lies the difference between liberal and so-called vocational education. Vocational instruction assumes that students already know what they want. It takes the student's goal—e.g., becoming an electrician or a computer programmer—as a given and then teaches the student how to perform tasks associated with that goal—e.g., how to wire a house or to program in Java. Vocational instruction is often termed "training" and rightly so. We train by performing one task repeatedly until we have mastered it. The athlete keeps running until she can move as smoothly and quickly as she wishes. The dog trainer repeatedly makes the dog heel at curbside, rewarding the compliant dog with a treat. In both cases, the one doing the training uses a pre-existent desire—the athlete's desire to run faster or the dog's desire for affection and a biscuit—to achieve the foreordained goal. In that respect, vocational training is instrumental. Unlike liberal education, it affirms the student's view of the self and of his or her place in the world.

As a proponent of liberal education, I hold myself to one standard: the classroom experience should be transformational. The class should make students aware of their assumptions and habits and should lead them to examine both. Rather than catering to what they take to be their self-interests, it should push them in the direction of acquiring new and better grounded interests. But how does one create the conditions
under which this transformation can occur? Notice that I did not say will occur. The mechanics of human development always remain somewhat mysterious. We all have had the experience of reading a book and then setting it aside for years because it did not interest us. Later we pick it up and think this same book is a work of genius, feeling it was written especially for us. These sorts of experiences suggest that we see and hear only what we are ready to perceive and understand. So, too, with classroom learning. As teachers, we should attempt to structure a class or discussion so that the student will change for the better. But that structure is always interpreted by our students in ways that are beyond our control. Therefore, I readily grant that limitation. Nevertheless, there are certain structures with the intrinsic potential to effect radical, positive change. All of these structures work by inviting, and even pressuring, students to know themselves better. There are three structures for finding the self that I wish to discuss:

1) an investigation into the meaning of money;
2) a parabolic encounter;
3) a major shock to the system.

Structure 1: Investigating the Meaning of Money

Jacob Needleman's book Money and The Meaning of Life offers the best account of money that I have discovered. By "best," I mean "most consistent with a liberal education." Needleman argues that money is not primarily a medium of exchange or a marker of status. Instead, money is a vehicle for the individuals' desires. I ask each of my students to list five things that money means to them. The list typically includes security, power, freedom, control, self-esteem, autonomy, pleasure, and opportunity. Each of these terms can be opened up further. For some, freedom means escaping from drudgery or from overbearing parents; for others, it means the ability to attain a lasting satisfaction. My interest in this exercise does not lie in nailing down the meaning of money. On the contrary, Needleman's point is that money means as many things as there are individuals in the world investing money with their desires. I want the students to see that, if money embodies our desire, then we can learn who we are and why we are happy or unhappy by considering what money means to us. In other words, understanding how we view money is an avenue to self-knowledge, which is required if we are to alter our interests for the better. In the best case, students come to see that their claim that they want an MBA in order to make more money makes little sense. The deeper issue is what they want from money.

Most of us are nothing but a fleeting succession of desires. We can have no sense of who we are and what will satisfy us unless and until we acquire the ability to observe our desires. I ask my students, therefore, to recollect their earliest memory of money. One student will recall her father giving her bus fare for a ride to the local market; another will remember how upset her mother was when the mother lost twenty dollars. Those twenty dollars were the family's food budget for an entire week. No wonder that this student to this day equates money with security! Making the connection between our yearnings and our experience is the first step toward a more peaceful, satisfying
life. As long as this linkage is unclear, we are in thrall to money—i.e., we are at the mercy of our unacknowledged desires. Upon realizing that her mother had always equated money with self-worth, one of my students excitedly and tearfully confessed that she finally understood why she had run up huge credit card debts during her first year in college and had to drop out of school to earn money. Through thinking about her first memory of money, she had realized that she had spent years trying to buy self-worth and her mother's love.

Equally interesting are those students who refuse this opportunity for insight. One student said his earliest memory of money was a piggy bank he received when he was four. When I asked him why he remembered this piggy bank rather than, say, his first allowance, he said, “There is no reason.” Then I asked whether he still had the piggy bank. Yes, he did, but the bank had “no significance” for him. Had he moved many times between the ages of four and thirty-five? Yes, he had. With each move, did he discard items? Yes, he had jettisoned many things but not that bank. So he had moved the piggy bank fifteen times, but it had no significance to him whatsoever? Yes, that’s right. Now I do not pretend to know what that piggy bank meant to this young man. But I do know that I would be extremely reluctant to hire him as a colleague or an employee. Here is someone who is asleep and who does not want to wake up.

After getting the students to think about what money means to them, I divide them into groups. Each student must tell his or her group about some personal problem that could, in the student’s judgment, be solved if only he or she had enough money. After hearing each group member’s problem, the group chooses one problem to work on. The group’s task is to calculate as accurately as possible exactly how much money it would take to solve this particular problem. After doing the calculating, the group must come before the class and briefly sketch the problem, laying out how much it would cost to solve the problem. Then I invite the class to ask questions before we vote on whether the presenting group should be awarded the money. Members of the class grill their peers far more thoroughly than I ever would. They probe as to what the real problem is. When a student wanted money to pay off some debts, the students refused on the ground that the real problem was the student’s addiction to consumption. Another student needed money to underwrite his child’s education at a private school. Why was private school necessary, the class asked. Because the child needed discipline the public schools could not provide. Why, then, weren’t the man and his wife providing discipline at home? And, if the parents could not discipline the two sons, what made the presenter think that schoolteachers were going to be any more effective? Good questions, none of which the student could answer. He may continue to ignore the question, but at least his classmates may have planted a seed of doubt in him as to truth of his claim that private schools were the answer to his children’s behavioral problems.

These exercises engage the student. Instead of devoting energy to figuring out where Enron or Exxon managers went wrong, the students cast their gaze inward, scrutinizing their behavior and desires. This examination is the beginning of wisdom. If we do not know ourselves—and I include professors in this “we”—we cannot possibly distinguish actions in our true self-interest from those that grow out of misplaced
passions or fears. So, while this exercise does not, by any means, exhaust the field of business ethics, it is a useful place to begin if we are serious about bringing about a change in students’ behavior.

**Structure 2: A Parabolic Encounter**

Parables can be very powerful teaching tools. Since they are short, busy MBA students can re-read them several times. They are pithy and appear to move quickly to a main point. I stress the word “appear” because the real value of parables resides in the fact that they are not what they appear to be. Instead of offering a sound-bite answer to an important question, parables open up the question. As the Greek roots of the word suggest, parables “throw (bole) alongside (para-)” or juxtapose matters, often in opposing and startling ways. The Greek word parabolē (parable) is derived from the same word as parabolos, meaning “deceitful” or “hazardous.” The parable hides at the same time as it reveals. In addition, a parable has the power of a parabola, to take us from one place and put us down in a location the mirror opposite from where we began. Parables thus have the potential to challenge students’ certainty and their conventional, mindless responses to daily life.

Let me illustrate with the famous parable of the workers in the vineyard (Matthew 20:1-16). Since Jesus typically offers a parable in response to some allegation by a disciple, a question from a hostile interlocutor, or a request from one who is seeking favor, it is important to pay attention to the context in which the parable appears. Often the parable juxtaposes the assumptions of the questioner with those of the protagonist. In this case, a rich young man approaches Jesus and asks what good thing he must do to achieve eternal life. Jesus answers, “Why ask me about what is good? . . . There is only one who is good. If you want to enter life, obey the commandments.” When the young man responds that he is keeping all of the commandments, including “love your neighbor as yourself,” Jesus answers that, if the man wishes to be completed or perfected, he must give away his wealth to the poor. Then he will have treasure in heaven and only then should he follow Jesus. The young man departs at this point, leading Jesus to observe that it is easier for “a camel to go through the eye of a needle than for a rich man to enter the kingdom of God.” Hearing that, the disciples are dumbfounded. They press Jesus, “Who then can be saved?” Peter even whines, “We have left everything to follow you. What, then, will there be for us?”

I ask my students if they notice anything strange about this encounter. One of your clever students will object: “Wait a second. Peter and the other disciples are fishermen, not wealthy men by conventional standards. So why are they so astonished by Jesus’ comments to the rich man? Why do they take the claim so personally and start worrying that there will be nothing left for them? If, by their own admission, they have already given up everything to get this treasure in heaven, isn’t it a bit late in the day to begin to wonder what the future will hold for them?”

I would suggest that they are worried because of the way in which they interpret Jesus’ conversation with the rich man. Like many of us, the rich man wants a guarantee that he will have eternal life if only he does the right thing, conforming to
social mores and avoiding theft, adultery, and murder. Since the man does not want an enduringly wretched life, “eternal life” here means something like “a persistently satisfying life.” He clings to his material goods as an indicator that he has done all of the right things; he thinks he has succeeded in society because he is moral. Yet clearly the man is not happy. That is why he is following Jesus around hoping for some insight into his wretchedness. Jesus hints that his questioner is dead and should be worrying less about eternal life and more about the quality of his life at this moment. Jesus says that the rich man can “enter life” (Matthew 19:17) if and only if he obeys the commandments, including the crucial commandment to love his neighbor as himself. Given that the rich man is obsessed with a guarantee of preferment—he believes that he deserves eternal life more than anyone else because he has been especially moral—it is difficult to see how he can be loving his neighbor as himself. His life has been devoted to getting ahead of others, of beating them at the race to acquire social markers of virtue and to become happy.

No wonder, then, that the disciples are agitated: they have given up everything so that they may be preferred in the eyes of heaven on account of their special virtue! They have thrown in their lot with Jesus precisely because they expect him to grant them all sorts of good things. It is no accident that immediately after this encounter, we see the mother of the disciples James and John asking Jesus to elevate her sons to sit at his right and left hand in the kingdom of heaven. Yet here we have Jesus telling the rich man not to call Jesus “good” and not to look to Jesus to grant him eternal life. Not even Jesus can make it easy for a camel to go through the eye of a needle or for the rich to enter heaven. Only after we have perfected ourselves by giving up our belief in social preferment can we experience lasting satisfaction. The disciples have lied to themselves. They have not given up everything. They are as attached as the rich man to the social system of preferment and to the belief that conformity to the moral law guarantees happiness. They merely want to invert that system so that lowly fishermen like themselves will come out on top. In this respect, they are even more deceived than the rich man. The rich man at least owns up to the strength of his attachment, departing “sad” because, although he is unwilling to give up his great wealth, he suspects that there is more to life than his past and present existence. The disciples, by contrast, share the rich man’s attachment but do not admit it. They are self-righteously certain that they are on a different, more moral path to happiness.

What, then, is the way to enter life and to be lastingly satisfied? It is at this juncture—at this dangerous point where we are torn between 1) our attachment to what we are being told is an illusion and 2) a proffered allegiance to some other way that is far from clear—that Jesus relates the parable of the workers of the vineyard. I want to analyze exactly how the parable operates, focusing on how the parable exposes our attachments and then goes to work on them.

Jesus begins by comparing the kingdom of heaven to a landowner who goes out early in the morning to hire workers for his vineyard. He agrees to pay them a denarius (around 4 pence) for the day and sends them to the vineyard. Later, at 9 a.m., he returns and sees others in the marketplace doing nothing. So he hires them as well, pledging to pay them a just (dikaios) wage. At noon and at 3 p.m., he does the same
thing. At 5 p.m., he sees some men still standing around and asks them, “Why have you been standing here all day long doing nothing?” They respond, “Because no one has hired us.” So the landowner hires them too.

When evening comes, the lord of the vineyard (kurios) instructs his overseer to pay out the wages, beginning with those hired last. Those hired at 5 p.m. come and are paid one denarius, a full day’s wage. Those hired in the early morning expect to receive more money. But they, too, receive one denarius. They grumble against the vineyard owner, complaining “These men who were hired last worked only one hour . . . and you have made them equal to us who have borne the burden of the work and the heat of the day.”

Most students will identify with the grumblers, arguing that it is unfair for those who worked only an hour to have been paid a full day’s wages. The parable presupposes precisely this identification. It has the potential to transform us because it begins by anchoring us fully in our familiar prejudices—in this case, in our thorough identification with the social system of preferences and distributions that has shaped us from youth. The parable is potentially very unsettling for a second reason. Many students claim to be Christians, yet here Jesus is telling them that the moral position they have taken is wrong (i.e., un-Christian). If the vineyard owner is like the kingdom of heaven, then those students who side with the grumblers are arraying themselves against God. To the extent that the students implicitly believe that they deserve more than others insofar as they worker harder or longer, this parable hits them in the gut. It gets their attention.

Why, then, are the workers who began in the morning wrong to grumble? The vineyard owner counters their complaint by invoking a contract: “I am not being unfair to you. Didn’t you agree to work for a denarius?” Next he invokes his right to property: “I want to give the man who was hired last the same as I gave you. Don’t I have the right to do what I want with my own money?” Finally, he emphasizes his virtue and his critics’ vice: “Are you envious because I am generous?”

The response uses familiar moral arguments. Yet the more one considers it, the stranger it becomes. Offering three arguments seems like overkill and fails to clarify the sense in which the landowner’s wage scheme is just. A wage does not become just or fair merely because the landowner has chosen to pay that particular wage. Nor is a wage just simply because someone will work for that wage price. Most states prohibit price-gouging on the ground that it is unjust or unfair, despite the fact consumers may have accepted the price in question. Neither is it immediately apparent how the parable dovetails with the discussion between Jesus and the rich man. What is this second parable saying about what it means to “enter” life or to be part of the “kingdom of heaven”?

Students will offer several possible interpretations of the parable. They may argue that Jesus is endorsing a living wage for all workers. This answer has a superficial plausibility. A denarius was the standard pay for a Roman soldier. However, the soldier received food in addition to the daily wage of a denarius. As one commentator has noted, the day worker who had to feed his family and pay the rent would have found the landlord’s wage barely adequate to material needs. In fact, need is never mentioned
so the parable’s principle is not “to each according to his or her need.” Furthermore, if justice consists in everyone receiving a fully adequate wage, we are left with the puzzle of why the wealthy landowner who asserts that he can do whatever he wants with his money has not paid the workers more than a denarius per day. The owner’s “generosity” seems a rather pinched thing.

Is, then, the governing principle “to each according to his or her merit”? Hardly. The vineyard owner explicitly rejects the assertion that those who labored an entire day are entitled to larger wages merely because they worked longer or harder. Maybe the operative principle of justice is “to each according to his or her rights”? That notion, too, is rejected. If the workers assert their right to more money, the landowner will claim his right to dispose of his property as he sees fit. The parable intimates that the two will be locked in a battle of dueling rights and will never attain a just system.

With that insight, we begin to make some progress in understanding the parable and opening up some new possibilities for ourselves. The parable says that those hired first “expect” (nomizo) that they will be elevated above others. “Nomizo” means to expect according to some law or principle (nomos). Whenever we suppose that we should be paid more than someone else, we implicitly assert some law, principle of merit or right. But a law or principle cannot make us happy. The real problem, the parable implies, is that we have made ourselves unhappy. We were content enough, as the lord of the vineyard observes, until we started making invidious comparisons with our fellow human beings. The legalistic way of thinking will never solve the problem of perceived injustice because the problem lies in our way of thinking. We always can find someone to characterize as less deserving than ourselves; we always can insist upon our rights at the expense of others. The law quickly becomes, as Amitai Etzioni has noted, a system of proliferating and conflicting rights. By invoking contractual and property rights, the lord turns the workers’ legalistic argument back against them. With this juxtaposition—with this parabolic maneuver—Jesus’ vineyard owner discloses the problem: the law will not and cannot satisfactorily settle these disputes over merit. We “enter life” only when we realize as much and when we stop focusing on what others have (or have not) done and instead look to our own way of acting and thinking.

Entering the kingdom of heaven—adopting a divine perspective—is identical with understanding that we all are called to do our individual soul work. The lord of the vineyard lets no one be idle. The word for “work” used in this parable is the Greek word erga. Our work or erga consists in doing that which has been commanded—namely, loving others as ourselves. Indeed, the Greek word to “work for hire”—energadzomai—is a variant of the Greek word for commandments—“energema.” Our real work, then, is the soul work of coming to understand what the world requires of us if we are to know inner peace. This soul work becomes impossible if we entangle ourselves in social and political games of one-upmanship, or if we devote ourselves to accumulating riches as an indicator of our supposedly superior virtue.

Each of us is called to work. Moreover, regardless of when we begin our soul work, the wage is always the same: we gain in peace in mind as we increasingly come to understand the workings of the universe and how we fit into this system.
It is significant that the lord of the vineyard does not tell the foreman to pay each worker one denarius. I would suggest that the foreman adopts this scheme because he has no choice in the matter. The universe requires that we work, and it establishes the spiritual payoff in contentment and peace of mind. This spiritual contentment is, in the final analysis, the only just wage that matters: it is the wage most due to us as human beings.

Contrary to what our students and the workers in the vineyard think, true contentment is not a zero-sum game. One person’s increase in self-understanding in no way diminishes another’s possible peace of mind. That is why the disciples should not be worrying as to whether the rich man enters the kingdom of heaven: his fate does not affect their prospect for happiness one bit. The converse is true. Worrying about whether we are more or less moral than the next person and whether society has granted us what we deserve impedes our ability to thrive. Instead of spending his day worrying about whether he qualified as morally superior and worthy of his wealth, the rich young man would have been better off thinking about why his efforts at moral compliance were leaving him strangely empty.

So, too, our students should reconsider whether justice would be served if they were to be paid better than those whom they deem to be slackers. Surveys have shown that the number one ethical issue within American corporations is perceived injustice of salary differentials. Yet, if justice is a virtue, it is such because justice enables us to better thrive. The parable opens up the startling possibility that it is the obsessing over wage differentials, not differences per se, which is the truer or greater injustice.

Structure 3: Shock to the Student’s System

Those students who have done their soul work and who have worked through some of their desires are more likely to have the courage to confront corporate abuses than those who are living in fear or enslaved to their unexamined desires. Having helped our students to know themselves and to find their courage, we should enable them to think through the process of whistleblowing. I begin by having my students read a chapter of Richard DeGeorge’s Business Ethics, which nicely lays out some procedures employees must follow in order for their whistleblowing to be morally justified. My students generally agree with his approach and initially perceive no problems with it. Yes, they reason, an employee should gather evidence of serious corporate wrongdoing that would be convincing to a “reasonable impartial observer” and then present this evidence internally before talking to the press or outside regulators. However, everything is not quite as clear as DeGeorge would have us believe. Much hangs on that little phrase “reasonable impartial observer.” The problem is that we each believe that we are acting reasonably and prudently. So how do we know when our whistleblowing is truly ethical? This question brings me to my third liberal arts technique, which I call “administering a severe shock to the student’s system.”

After the class reads DeGeorge’s piece, I ask the students to study and evaluate Henrik Ibsen’s play An Enemy of the People. Ibsen is the first playwright to portray a whistleblower. Dr. Tomas Stockman, the resident doctor at a small town’s medicinal
spa, claims to have discovered that the water is being contaminated by bacteria from an upstream tannery. When Stockman informs the local press of the problem, most townspeople are outraged and rally around the doctor. However, when the mayor, Tomas’s brother Peter, points out the high cost of fixing the problem and the likelihood that the town’s one tourist attraction—the spa—is likely to lose its clientele, the town turns on Tomas and his family.

One certainly can use this play to illustrate the danger of becoming a whistleblower or to explore the problems caused by Tomas’s going to the press before he let the board of directors of the spa know about his discovery. I use DeGeorge’s chapter to start the discussion of the play along these obvious and well-trod paths. But then I ask: how do we know that the baths truly are contaminated? The students sputter for a bit and then point to the evidence: people visiting the spa are getting sick; the expert doctor Tomas Stockman attributes the illness to bacteria from the spas; the doctor has sent water samples off to a lab and received a report confirming his suspicions. True enough, but when we re-read the play, we find that the doctor has written his position paper regarding the contamination before he got back the lab results. In other words, Dr. Stockman has made his mind up about the contamination before he received the confirmatory evidence. We have no way of knowing how the doctor took the samples and how contaminated these samples are. Since all water contains millions of micro-organisms, their presence is not necessarily a cause for alarm. It is equally striking that no one except the doctor ever gets to see these lab results. He waves them around but never permits anyone else to examine them. Another point: people visiting a medicinal spa typically are sick already, so perhaps the visitors, not the tannery upstream, are the source of the bacteria. If the tannery is responsible, why isn’t everyone downstream (i.e., all of the townspeople) getting sick? And why wasn’t this illness occurring even before the baths opened, given that the tannery has operated for years? Might Dr. Stockman’s desire to upstage his popular brother and his dislike of his father-in-law who owns the tannery have led Tomas to overstate his results? Or is Tomas right, and is he the victim of a brother and father-in-law who view Tomas as a loser?

I help my students discover these crucial questions for themselves. I divide the class into two groups. The first group must argue that the baths really are contaminated; the second must find twenty to thirty reasons for thinking that the baths are not contaminated. With a few hints from me, the two groups catch fire and have no difficulty developing strong cases for their position. I then bring the groups back together for a debate and keep score, awarding one point for each new piece of evidence and one point for each relevant rebuttal. By the end of the exercise, all of the students grant that the baths may not be contaminated. Usually a majority of students is convinced that there is no contamination, which is a possibility that had never even occurred to the class when they first read the play.

The exercise is not intended to convert MBA students into skeptics. Rather I hope that they will see how quickly we human beings tend to get invested in our “evidence” and our “rational positions” and how outraged we become if someone else questions our beliefs. One of my students later told me that this exercise was the most valuable
one of his MBA career. While he was completing his MBA, he had started to suspect that his firm was involved in financial shenanigans. He said that he kept Ibsen in mind as he tried to write down what he thought he knew, what he merely suspected, and what counted as evidence for or against each allegation. He was quite willing to confront management. But, after studying Ibsen, he was equally aware that evidence can and will be seen in different ways, that it inevitably will be politicized, and that there are dangerous temptations that accompany the desire to be a moral hero. This lesson is every bit as important as moral injunctions to notify management of the problem before going to the press, to gather evidence, etc. Ibsen shrewdly chose to make the play turn on the supposed presence of invisible bacteria. All too often the problem lies in discerning whether there really is a problem. Perhaps the real “enemy of the people” is our self-righteous certainty.

**Conclusion**

Self-righteous certainty, invidious comparisons with other people, attachment to unexamined desires—all three are sources of great grief. One might say that business ethics in the liberal education tradition has only one aim: it should help us tame our grief. For in the words of William Shakespeare:

*Sickness the body’s gaol, grief gaol is of the mind,  
If thou canst 'scape from heavy grief, true freedom shalt thou find.*

**Notes**

1 For a more extensive discussion of the problems with relying on the Sarbanes-Oxley Act to solve or even curtail corporate wrongdoing, see Daryl Koehn, “Eight Reasons Why We Should Not Expect Too Much from Sarbanes-Oxley,” forthcoming in the Chinese academic journal *Wenti*.


6 Ibid.


13 Kate Kelly and Susanne Craig, "NYSE to Disclose Grasso Pay Among Changes," *Wall Street Journal*, June 6, 2003, C1, C5.


17 Ibid.

18 Ibid.


Copyright of Business Ethics Quarterly is the property of Philosophy Documentation Center and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.