ANDERSON AND ESCHER'S *THE MBA OATH*: A REVIEW ESSAY

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Max Anderson and Peter Escher's *The MBA Oath* addresses the perceived need for a set of ethical standards to provide guidance to MBA graduates as they go about their everyday professional business. The oath, according to the book's authors, is relevant to the concerns of others in business but clearly was inspired by the special problems they encountered in the classroom as members of the Harvard MBA class of 2009. The oath and the book itself evolved from the financial meltdown of 2008 for which MBAs often felt that they were being held accountable (pp. xix, 1).

Our comments in the following begin with the oath itself that takes up only one and one-half pages of the book. Then we turn to the rest of the book that is an extended argument "on behalf of the MBA Oath" (p. xx).

THE NORMS EMBEDDED IN THE OATH

The MBA oath is a set of norms of professional ethical conduct for MBA graduates. Four central norms are embedded in that oath. Three are drawn from principles that define justice in economic affairs: commutative justice, distributive justice, and contributive justice. These norms function in either an actuating mode or a limiting mode. An actuating norm in a professional code of ethics points to what is ethically permissible in the practice of one's profession, to what can or should be done. A limiting mode calls attention to what is ethically impermissible, to what cannot or should not be done. One other central norm -- cooperation -- is drawn from the three principles that organize economic affairs. Before we examine the oath in detail, a brief review of these four norms is necessary.

Commutative justice states that buyer and seller in the marketplace and worker and employer in the workplace have two mutually-binding duties. First, they are to exchange things of equal value. Second, they are to impose equal burdens on one another. In many such transactions, personal experience informs us as to what equal value means. By equal burden we mean that the burden of the seller is to give up possession of the good or service in question. For the buyer, the burden is to give up possession of the money necessary to buy and take possession of that good or service. For the worker, the burden is performing the work required by the employer. For the employer, the burden is paying the worker the agreed wage. For exchange to take place, economic gain is necessary: what is gotten in exchange must be greater than what is given up. Exchange, in other words, is a positive-sum activity.

At first glance, exchanging things of equal value implies that there is no gain involved. On closer examination we see that this is not the case. Exchanging things of equal value means that what is exchanged is of equal exchange value, not equal use value. Exchange value is what is given up, that is the price paid to purchase a good or service or the wage or price paid to hire a worker or natural resource to produce that good or service. Use value is what is gotten, that is the usefulness of the good or service or the value added of the resource to the person who acquires it. Economic gain depends on the condition that use value is greater than exchange value.

An example helps demonstrate the intersection of market price, commutative justice, exchange value, and economic gain. A market price that is determined entirely by the producer – in the extreme by a monopolist – violates commutative justices because the margin of profit inflates the price and effectively manipulates exchange value, yielding ill-gotten gain for the monopolist. In this case, the buyer who needs the monopolist's product or service has no option other than to buy from the producer who controls the price. The monopolist has denied the buyer some of the economic gain that would have been available under more competitive market conditions.

Distributive justice defines the duties of the superior to his/her subordinates. Specifically, distributive justice requires the superior to distribute the benefits and burdens of the group under his/her supervision among its members in some generally equal fashion. This does not mean strictly equal because there likely are significant differences among subordinates and it is entirely appropriate to take those differences into account. For example, handicapped employees appropriately may require different parking and restroom accommodations than able-bodied employees.

Distributive justice demands that the superior differentiate among subordinates only when the differences among them are real and substantial and require different arrangements. A superior may allow a single parent to rush home to tend to a sick child when the same permission might be denied to a married worker with a spouse who routinely stays at home to look after the children.

Discrimination occurs when the superior differentiates among subordinates for reasons that are insubstantial. In this regard, false stereotyping may be the device used to rationalize the difference in treatment among subordinates. For example, older workers may be treated differently because they simply have 'less upside potential' than younger workers. Discrimination and the government intervention required to address it are evidence that the law of nature -- each individual economic agent in the pursuit of his/her own self interest also serves the common good through the invisible hand -- is not always sufficient to resolve important conflicts in economic affairs.

Distributive justice limits ill-gotten gain because the fair-minded superior assures that what is gotten and what is given up are the same for everyone in the same or similar circumstances. The ill-gotten gain for the public official who has been bribed to award a contract for a clearly substandard proposal is the money which that official has gotten dishonestly. The ill-gotten gain for the employer who discriminates is the additional profits deriving from denying some workers the pay and benefits their performance merits.

Contributive justice defines the obligation of the member to the group to which that person belongs. Insofar as a person receives benefits from the group, that person has a duty to maintain and support the group. Paying dues is the usual requirement for the persons joining and remaining active in a membership organization. Failure to pay membership dues typically reduces a person to inactive membership status enjoying fewer or even little benefits of membership as compared to those in good standing.

Insider trading violates contributive justice. This practice is ethically the same as playing cards with a marked deck. The gains achieved by the insiders come at the expense of other traders who do not have access to that confidential information and therefore are buying shares that soon afterward will fall in value or are selling shares that later will rise in value.

Cooperation is one of three principles that organize production, distribution, exchange, consumption, and investment. The first two -- cooperation and competition -- are actuating principles supplying energy to economic affairs in the same way that the engines of a twin-engine aircraft provide the power for lift. The third organizing principle – intervention – operates in the limiting mode acting as a force to limit certain abuses that may attend vigorous competition and cooperation.

Competition is the human disposition to undertake certain tasks individually for the individual reward. Cooperation is the human disposition to undertake certain tasks collectively because they cannot be done at all or as well by an individual working alone. Competition requires aggressive behavior whereas cooperation calls for nurturing behavior.

The effective utilization of competition, cooperation, and intervention requires the affirmation of a particular social value. Competition clearly depends on society valuing freedom because how does competition come into play if human beings do not enjoy the freedom necessary to compete? Cooperation depends on the social value of community in the sense that tasks will not be undertaken collectively if the persons who are assigned those tasks are not willing to come together as a community or work as one. Intervention depends on the social value of equality if that intervention is to be successful and long-lasting.

Each of these social values is linked to a principle of justice. Freedom is undermined when the commutative justice is violated because persons who have been 'ripped off' lose some of their freedom to act and compete in economic affairs. Community cannot exist without the contributions of their members, without faithful adherence to the principle of contributive justice. Equality is denied when the principle of distributive justice is flaunted by, say, public officials who discriminate against some and play favorites with others.

WHERE THOSE FOUR NORMS ARE EMBEDDED IN THE OATH

We are now better able to observe how those four norms – commutative, distributive, and contributive justice along with cooperation -- are embedded in the MBA oath. The actual language of the oath appears below in italics, section by section, followed by our comments.

PREAMBLE

As a manager, my purpose is to serve the greater good by bringing together people and resources to create value that no single individual can build alone. Therefore I will seek a course that enhances the value my enterprise can create for society over the long-term. I recognize my decisions can have far-reaching consequences that affect the well-being of *individuals inside and outside my enterprise, today and in the future. As I reconcile the interests of different constituencies, I will face difficult choices.*

“As a manager” identifies the principle of distributive justice as one of the two norms embedded in the preamble. “… by bringing together people and resources to create value that no single individual can build alone” identifies the other, in this case, the principle of cooperation. Notice that both function in the actuating mode. In this regard, the preamble has been written to reflect Anderson and Escher’s concern that the oath express certain “… *positive aspirations* that we press and long to meet” (p. 76, emphasis added).

Therefore, I promise:

I will act with utmost integrity and pursue my work in an ethical manner. My personal behavior will be an example of integrity, consistent with the values I publicly espouse.

“My personal behavior will be an example …” reminds the oath taker that he/she is a member of a group with certain obligations under the principle of contributive justice. “I will act …” points to the actuating mode.

I will safeguard the interests of my shareholders, coworkers, customers, and the society in which we operate. I will endeavor to protect the interests of those who may not have power but whose well-being is contingent on my decisions.

“I will safeguard …” presumes that the person taking the oath holds a position of greater responsibility. For that reason this promise emphasizes the practice of the principle of distributive justice. “I will endeavor to protect …” is indicative of the actuating mode.

I will manage my enterprise in good faith, guarding against decisions and behavior that advance my own narrow ambitions but harm the enterprise and the people it serves. The *pursuit of self-interest is a vital engine of a capitalist economy, but unbridled greed can cause great harm. I will oppose corruption, unfair discrimination, and exploitation.*

This promise in the oath is more complex. “[N]arrow ambitions” and “pursuit of self-interest [as] a vital engine …” affirm the principle of competition within limits, that is in both the actuating and limiting modes. “I will oppose …” calls for the faithful practice of commutative and contributive justice (to combat “exploitation”) and distributive justice (to address “corruption” and “unfair discrimination”), all in the actuating mode.

I will understand and uphold, both in letter and in spirit, the laws and contracts governing my own conduct and that of my enterprise. If I find laws that are unjust, antiquated, or unhelpful I will not brazenly break, ignore, or avoid them; I will seek civil and acceptable means of reforming them.

This promise in the oath endorses the demands of commutative justice “… to uphold … the laws and contracts …” in the actuating mode. Regarding “…laws that are unjust…”, “I will seek civil and acceptable means of reforming [them]” gives expression to contributive justice in the actuating mode.

I will take responsibility for my actions, and I will represent the performance and risks of my enterprise accurately and honestly. My aim will not be to distort the truth but to transparently explain it and help people understand how decisions that affect them are made.

By representing “… the performance and risks of my enterprise accurately and honestly” commutative justice is affirmed. Notice the implied concern based on the actuating mode that every exchange involve no gain that is ill-gotten. The second part re-affirms the first through reference to contributive justice ("… explain … and help people …"). This part is stated in the limiting mode ("… not to distort …").

I will develop both myself and other managers under my supervision so that the profession continues to grow and contribute to the well-being of society. I will consult colleagues and others who can help inform my judgment and will continually invest in staying abreast of evolving knowledge in the field, always remaining open to innovation. I will mentor and look after the education of the next generation of leaders.

This promise gives expression to distributive justice "… other managers under my supervision …" and to contributive justice ("… colleagues and others…" and "… next generation of leaders"). Both principles are stated in the actuating mode. Cooperation is asserted in the actuating mode through "I will consult colleagues and others …"

I will strive to create sustainable economic, social, and environmental prosperity worldwide. Sustainable prosperity is created when the enterprise produces an output in the long run that is greater than the opportunity cost of all the inputs it consumes.

"I will strive to create sustainable … prosperity worldwide" avows a commitment that originates in contributive justice. That commitment is structured in the actuating mode.

I will be accountable to my peers and they will be accountable to me for living by this oath. I recognize that my stature and privileges as a professional stem from the respect and trust that the profession enjoys, and I accept my responsibility for embodying, protecting, and developing the standards of the management profession, so as to enhance that trust and respect.

"I will be accountable to my peers" also derives from the principle of contributive justice that here is expressed in the actuating mode.

This oath I make freely, and upon my honor.

IDEALISM: THE BOOK'S CENTRAL STRENGTH

Running through *The MBA Oath* from start to finish is a powerful idealism that in effect rejects the machine-like calculations of costs and benefits that motivate *homo economicus*. It ends with this stirring exhortation to other MBA graduates.

> Let us be leaders with dignity, who refuse to collude in our own defeat, who refuse to put our job security above our honor, who prize our character even more highly than our cash flow statements … people who are defined not by extracting value but by creating it; people who are known for their integrity, their ethics, and their visionary leadership (p. 236).

The book in other words challenges the conventional wisdom in microeconomics regarding the behavior of the economic agent. The authors expect more of themselves and those who sign the oath than simply maximum personal net advantage: "… the impetus to turn away from short-term selfish advantage to long-term sustainable value is embodied in the principles of the oath" (p. 73); "The unalterable fact is living by the oath may require sacrifice" (p. 235).

In the oath itself we have found ample evidence affirming commutative, distributive, and contributive justice. Notice the blending of the actuating and limiting modes in the following: " … businesspeople are still expected to act with professional selflessness at times, to not engage in insider-trading, to avoid conflicts of interest, to honor their contracts, and to treat employees fairly" (p. 41). Though employed much less often in the oath than the three principles of justice, the organizing principle of cooperation is strongly affirmed in the book itself: "People get together and exist as a company so that they are able to *accomplish something collectively that* *they could not accomplish separately* – they make a contribution to society, a phrase which sounds trite but is fundamental" (p. 94, emphasis in the original). Additionally, the text affirms in general the virtues of justice and mercy (p. 173) and incorporates contributive justice in the authors' discussion of professional development and renewal (p. 202).

In expecting more of themselves, the authors several times juxtaposition maximizing profits and maximizing shareholder value starting on pp. 4-5: "Wall Street has no shortage of reminders that it should focus on the bottom line. What is needed is a reminder to focus on the line between right and wrong" (p. 59); "… we believe that profit is the outcome, not the goal …" (p. 61); "Profit is a necessary but insufficient justification for business" (p. 86, 87ff); "The purpose of the business, in other words, is not to make a profit, full stop. It is to make a profit so that the business can do something more or better" (p. 97). They urge, and we agree, that firms become profit satisficing rather than profit maximizing (pp. 212-13).

The authors' idealism underscores other virtues as well: courage (pp. 6, 123, 219); hard work, integrity, and honesty (p. 8); industriousness and the common good (p. 17). And it includes wisdom rather than recklessness, humility rather than ego (self), honesty rather than guile (pp. 17-18), trust (p. 30), and prudence (pp. 37, 158).

> Firms have an interest in developing a reputation for fairness, honesty, reliability, and generosity. Francis Fukuyama writes in his book *The Great Disruption,* that these virtues actually become economic assets and are sought even by individuals and firms interested solely in the bottom line (p. 66).

Notice how *The MBA Oath* also affirms the virtue of moderation: "We cannot eliminate greed, but we can (and should) bridle it" (p. 157). By adding moderation to prudence, courage, and justice, Anderson and Escher are asserting the importance for MBA graduates in their daily professional lives of the four cardinal or practical virtues that have been much admired for thousands of years beginning with the ancient Greek philosophers.

THE BOOK'S SEVERAL WEAKNESSES

We begin addressing the book's several weaknesses with the enforcement issue that Anderson and Escher openly acknowledge (pp. 78-79) and for which they identify two mechanisms. First, those who sign the oath are listed on the oath's website. Any MBA graduate not on the list may have to explain to a prospective employer and others why he/she has not signed the oath or if he/she has signed the oath why he/she is not faithful to its promises. Second, anyone who has signed the oath but does not meet its ethical standards may be removed from the list by a board of review.

The oath, as the authors explain (pp. 8, 11) had its origins in the Hippocratic Oath that medical students take publicly at their commencement ceremonies. Anderson and Escher were able to convince the Harvard University administration that their oath should be taken publicly at their graduation in 2009. Two-thirds of their class took the oath (p.12).

There is, however, much more to graduating from medical school, completing a residency program, and practicing medicine than the Hippocratic Oath. To establish their basic competency in medicine, graduates must pass a national board exam. To practice in a subspecialty area they must complete a residency program that can take five years. To be certified in that subspecialty they must pass a certification exam. To open a practice, they must be licensed in the state where they practice. They may have their license suspended or revoked for criminal violations such as substance abuse or Medicaid fraud. They may be sued for violating a practice standard as specified by their subspecialty professional association.

Nothing even approximating those demands is made on MBA graduates. There is no licensing procedure to qualify a person as competent to be an MBA practitioner and, according to Anderson and Escher (p. 231), no such licensing is likely in the future and therefore no threat that he/she may lose that license through misconduct and not be able to continue practicing. What really binds the MBA graduate is a powerful sense of right and wrong based on a thorough knowledge of the demands of ethics in concrete business situations, the ability to sift through the evidence to discern what is the right course of action in those situations, and the courage to do the right thing.

Sadly, as Anderson and Escher admit, "many business schools give insubstantial attention to business ethics" (p. 27). How, then, can we expect MBA graduates to have the courage to do what is right if they have not been given the tools necessary to discern right from wrong? The oath *per se* is no substitute for that kind of professional development. However, if there were a national board exam for MBA students with a section on business ethics and if their degree were not awarded until they passed that exam, business schools might become truly serious about teaching business ethics. Or, alternatively, the national board exam might be taken after the degree has been awarded with the understanding that no one becomes a certified MBA without passing that exam. Anderson and Escher recommend that taking the oath or something akin to the oath be made a requirement for awarding the MBA (p. 79).

Even so, knowing what is right does not supply the courage to do what is right. In the end, no university curriculum, no professional oath supplies the necessary courage. Moreover, in a business world where the rewards for unethical conduct can be huge and the risk of being exposed is seen as acceptable, the courage to do the right thing comes at a very high price. The authors are aware of this problem: "We can talk ourselves into doing what we know is wrong if the incentives are attractive enough" (p. 115); "By making small, 'innocent' compromises, people fail to see the second-and third-order consequences and open the door to greater ethical trespasses" (p. 117). And they recommend an important remedy: "… make a commitment to do the small things right" (p. 122). They understand that a person who is untrustworthy in small matters for a small gain is unlikely to be trustworthy is greater matters where the payoff is much larger.

It would have been even more helpful had they recommended senior managers who serve as mentors within a business organization by courageously living according to strict ethical standards in business and personal affairs. In this regard, *The MBA Oath* seems to back down: "… despite what we would like to believe, situation is a more powerful influence than character for most people" (p. 121). Anderson and Escher complain that overwhelmingly senior managers are distant and deaf: "… rare is the leader who regularly meets with – and listens to – employees, reporters, shareholders, regulators, and even annoying critics" (p. 187).

The MBA Oath supplies no actionable ethical standards. At best they offer the following from a modern philosopher.

> … if we place ourselves "behind the veil of ignorance" (as John Rawls would counsel) or simply "put ourselves in the other guy's shoes" (as our grandparents might advise), we can improve our fairness batting percentage. This is one strategy, and a good one, we feel, for dealing with difficult ethical scenarios where the answers are not clear (p. 111).

Or this noble sentiment from an ancient Greek philosopher: "In Aristotle's opinion, we ought to think about the kind of person we really want to be and work toward becoming that ideal, as well as we can" (p. 197).

Unfortunately, the authors seem unaware that human beings grow and develop as persons through the practice of the very virtues they advocate including justice, mercy, honesty, and courage. Even so, they speak admiringly (pp. 179-180) of a customer service representative who in response to a call for help placed by one of them acted "disarmingly honest and responsible" and they *imply* that other customer service representatives would do well to emulate that virtuous behavior and thereby become not only better persons but also better employees.

In the following they offer a time horizon perspective as if it supplies an ethical standard, urging MBA graduate to move "… beyond the next quarter's report and [consider] the legacy you leave not only to your stockholders and employees but also to future generations" (p. 172). But they get it right at least in part: "Institutional reforms will be a long time coming, and may potentially create as many problems as they attempt to solve. In the meantime, managers must decide what principles will govern their decision making when times of trial arise" (p. 157).

They are right in arguing that managers must have principles to govern their decision making. Indeed, we suggested three -- commutative, distributive, and contributive justice -- that are universal though not absolute and that already are embedded in the oath itself. But they are wrong to imply that somehow institutional reform will render those principles obsolete or unnecessary.

The authors' weak background in ethics surfaces in their "man and the mine shaft" scenario (pp.102-103) that raises the question as to whether is it ethical to take the life of one person to save the lives of many others all of whom otherwise will die trapped in a mine shaft. Is it ethically permissible to use dynamite to open the only way out of the entrapment when one person already is stuck in that narrow crawl space and cannot be moved? They cite the utilitarian principle and Kant's categorical imperative. Neither one, they confess, is instructive.

The relevant ethical standard is the principle of the double effect which requires: (1) that the good effect is greater than the bad effect; (2) the bad effect is not intended; (3) it is impossible to separate the good effect from the bad effect; and (4) the act itself is ethically good or at least ethically neutral. Using dynamite to open access to safety is permissible because the good effect of saving the many is greater than the bad effect of killing the one, there is no deliberate intent to kill the one, there is no way to separate the good effect from the bad effect, and the act of setting off the dynamite is ethically neutral.

The authors seem genuinely puzzled as to where the necessary ethical standards for MBA graduates will originate. In one instance (p. 48), they assert that the government has displaced the professions in setting down rules of conduct. In another (p. 224), they state that norms that are enforced by one's peers are superior to government imposes rules and regulations. In still another (p. 49), they lament the fact that moral leadership no longer derives from the community acting as one but from individuals acting as many.

The way out of their puzzlement is close at hand in their own book. When ethical standards originate in each individual acting alone the result is ethical anarchy. When they originate in government the result is rules and regulations that are unworkable because they are of touch with the changing reality of day-to-day economic affairs. When they originate in the MBA community the result is a set of standards that avoid the extremes of anarchy and unworkability. This means that MBAs acting together need to consult with specialists in business ethics to develop a set of workable principles or standards of ethical conduct that reflect current business conditions and practices and are revised as those conditions and practices change.

To put teeth into the enforcement of these standards, the board that sets and revises them could implement a practice of suspending or revoking certification. Kane (2010, p. 155) has suggested the establishment of a military-style academy for financial regulators to "instill a stronger and broader sense of communal duty…" This kind of academy for post-graduate MBAs could be developed as a part of an executive MBA program in which those who complete the academy's requirements would achieve a level II MBA certificate.

The MBA Oath seems confused or at least uncertain as to role of ambition, self-interest, money, and greed in everyday affairs (see pp. 145-158). Anderson and Escher attribute indifference to others to ambition when in fact the problem is *unbridled* ambition. Similarly, their problem with self-interest resulting in greed when the problem is *unrestrained* self-interest. They refer approvingly to a study in which the researcher comes to the conclusion that "money makes you mean." If money makes one mean, how then to account for charitable giving, for philanthropy?

It is not money that makes one mean but the *relentless* pursuit of money, the vice of greed, that makes one mean. The remedy is found in the practice the virtues of generosity, sympathy, and benevolence that Adam Smith in his *Moral Sentiments* advocated 250 years ago. Though they reference his *Wealth of Nations* (see pp. 94, 146) Anderson and Escher seem unaware of Smith's earlier work. In all of this, the problem is not economic gain which is good and necessary for exchange to occur but *ill-gotten* gain. In an exchange economy, money is the way in which gain is measured.

Harvard Business School is known worldwide for its case-study method of instruction. Therefore, it is not surprising that Anderson and Escher introduce several cases to address the process of ethical decision making.

The Beech-Nut case (p. 174ff) involves the company's best selling product -- a bottle of juice for babies. When he was informed by New York inspectors that the product was made with adulterated ingredients and recognizing the losses involved in removing the product from the market, the CEO decided at first to "dump" the product in New Jersey. Subsequently, Beech-Nut was slapped with a federal indictment and the CEO was fined and sentenced to five-years probation.

The authors' rightly call attention to the importance of honesty as expressed in the fifth promise: *I will take responsibility for my actions, and I will represent the performance and risks of my enterprise accurately and honestly.* They would have been better served by pointing out that 'dumping' is a violation of commutative justice and the gain sought by Beech-Nut would have been ill-gotten.

The Manville case (p. 205ff) involves a home-insulation product made from fiberglass that at first was regarded as a "miracle product" and represented 75 percent of the company's profits. In 1986 an independent researcher identified fiberglass as potentially dangerous as asbestos. This case too involves commutative justice: either withdraw the product from the market or inform buyers of the potential risks involved. Manville decided to re-label the product. The authors call this an act of courage which it truly is. More fundamentally, it is an ethical duty dictated by commutative justice.

The Barnes and Noble (pp. 224-225) case is really an incident in which the authors personally observe a man and boy using a digital camera to take pictures of pages from several books. They exited the store quietly without buying anything. Anderson and Escher are upset and plead with their readers that accountability somehow demands a stop to this practice apparently because it denies Barnes and Noble profit on the sale of those books and the authors the royalties due them. But this begs the question as to whether the man and boy otherwise would have bought the books. And if what they did is wrong, how about library patrons using the library's own equipment to copy published materials? And one person making copies from a book purchased by a friend or colleague? This common practice for which there is no reasonable enforcement mechanism protecting publishers, merchants, and authors has led publishers to the common sense release of persons making copies strictly for personal use. Anderson and Escher either should have used this incident to demonstrate how publishers routinely release personal (but not commercial) users from any ethical obligation under commutative justice or should not have included the incident in the book.

The Alcoa case (p. 130ff) involves the CEO's decision to prioritize workplace safety even though the company already had achieved an enviable safety record. The authors claim that his decision was "unusual" because over time it produced a huge increase in company profits. However, knowledgeable production managers have known for many years that labor hours lost due to workplace injuries drive up the cost of production and eat into profit margins. The problem is how to incentivize workplace safety. One time-honored way is to 'kick a** and take names.' Another is to offer some kind of gain-sharing incentive for improvements in safety that are measurable in terms of lower production costs.

But that leaves unanswered the question as to whether there is an ethical imperative to improve workplace safety. The answer is yes whenever there are blatant safety violations whether identified by OSHA or not. The answer is no whenever every reasonable step has been taken to assure safety in the workplace. That leaves a large ethically gray area in which accidents happen for which management has an ethical obligation to investigate the cause, set in motion procedures to prevent that accident from happening again, and somehow compensate the victims for any losses they may have sustained. The Deepwater Horizon tragedy in the Gulf of Mexico dramatizes the extent and complexity of the investigation and compensation process.

The anecdote regarding a single laptop purchased for a price substantially higher than the market price (p.158) in which the buyer cannot rescind the contract or sue for damages because it was his “responsibility to find the better price” is overly simplistic. If the buyer were fully informed and acting without any coercion, there is nothing ethically inappropriate about paying more than the market price. For that buyer, use value must have been greater than exchange value even though the actual exchange value was much greater than the price in the market. If, however, the buyer had been duped or coerced the merchant’s gain was ill-gotten and condemned under commutative justice. Merchants often protect themselves from this kind of injustice by offering a money-back guarantee.

The same problem arises in a related anecdote (pp. 158-159) regarding 60 laptops sold by a corporate officer to her company at inflated prices in which the authors assert that she crossed “the fiduciary line.” The same clarification applies. If there were no misinformation or coercion involved, there is no ethical problem.

Even so, the introduction here of the fiduciary issue is centrally important to the question as to what makes for a profession. Anderson and Escher argue that a profession is defined by a professional code of ethics (see p. 17ff, p. 40). Walter Ong, on the other hand, locates the origins of a profession in the fiducial or trust relationship.

> [Law and medicine] are callings which require long and intensive academic preparation to acquire knowledge that is to be put directly to the service of other human beings in matters touching the others’ own person so closely that the relations … normally is and must be a fiducial or trust relation. The physician’s patient or the lawyer’s client must put himself as a person in the hands of the

physician or lawyer, leaving to the professional decisions intimately touching his own person … (Ong, 1979, p. 10).

Whereas trust is mentioned in the oath's eighth promise and *The MBA Oath* (pp. 178-179), the development of the MBA graduate into a true professional is not connected directly to a fiducial relationship.

The Bernie Madoff ponzi scheme helps us understand the importance of trust in financial affairs. Madoff is condemned not so much because he violated a code of ethics but because he proved to be totally untrustworthy. Investors placed their fortunes and futures in Madoff's hands in a way similar to patients putting themselves in the hands of a physician. MBAs who are trustworthy are true professionals even if they have not signed the MBA oath. But, signing that oath and living its promises can foster the trust necessary to call oneself a professional. The oath, in other words, is a means, trust is the end.

Anderson and Escher make some other less serious though nonetheless annoying assertions in *The MBA Oath*: "Management, as a practice, does not easily adhere to laboratory tests and written examinations. You cannot learn it like surgery or engineering. It is a practice and you learn by experience" (p. 192). Those familiar with medical education know that it is based on the 'see one, do one, teach one' learning model, and that students, residents, and attendings making rounds on hospitalized patients is a central part of this instructional method.

In coming to grips with bluffing in everyday business affairs, Anderson and Escher rely on the poker model to justify the practice all the while condemning other practices such as playing with marked cards (pp. 182-183). This is an unfortunate analogy because poker is a zero-sum activity whereas ordinary exchange is positive-sum in nature. They would have been better served in presenting bluffing or if you prefer haggling as ethically neutral when the price is negotiable, that is it is part of price discovery. Lying about the product or service, on the other hand, is different than bluffing or haggling because it violates commutative justice.

The MBA Oath defines economic prosperity as a state of growth in which profits are rising and full employment is achieved (p. 211). We think that an essential dimension of economic prosperity which must be added here is the reduction in the numbers and proportions of persons/families living in poverty.

Anderson and Escher use the following definition for sustainability: "Sustainable prosperity is created when the enterprise produces an output in the long run that is greater than the opportunity costs of all the inputs it consumes" (p. 205). The problem is that their definition which focuses on output, inputs, and costs is constructed on things whereas their book is characterized by an intense emphasis on human beings: "… we are not just an aggregation of atoms aimlessly bouncing off each other in space. We are knit together by our common humanity and ought to work together to make the world what it ought to be" (p. 220)**.**

> What if we established a professional ethos that gives due recognition to the fact that we are not "Masters of the Universe" but are instead called upon to act as responsible stewards, serving others' interests above our own narrow ambitions (p. 4)?

For that reason, we find Robertson's definition more instructive: sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Robertson, 1997, p. 1). Though Robertson's formulation is macroeconomic in its application, we argue that it can be applied effectively to an individual business and is preferred precisely because it is constructed around human needs. In addition, it is entirely consistent with the authors' own statement elsewhere that "… the hope for a sustainably healthy environment depends first on people being able to meet their basic economic needs" (p. 211).

Anderson and Escher point out the obvious when they assert that "We live in a world of uncertainty" (p. 219). It would have been insightful and helpful if they had stated that the uncertainty relates often to the outcomes flowing from a management decision and not to the decision itself especially when it is based on commutative, distributive, or contributive justice. In other words, often we know what must be done though we do not know so well what consequences will follow.

In describing the learning process for an organization, the authors concentrate on three dimensions: supportive environment, concrete learning process, and leaders who reinforce learning (pp.200-201). Missing is the importance of vision in the learning process whereby the visionary becomes the teacher by seeing opportunities and possibilities where others see nothing beyond the present state of affairs. The future of the company depends on vision. Without it, learning more about the old ways can be very destructive. Isn't this the lesson Apple taught IBM, Wal-Mart taught Sears, FedEx taught USPS, to cite only a few?

SUMMING UP

The MBA Oath is especially noteworthy because it calls MBA graduates to a higher purpose in their professional lives. It encourages them to invest in their own personal development through the practice of the eight promises of the oath. It speaks to the many virtues that too often are set aside in everyday business affairs: justice, mercy, courage, hard work, integrity, honesty, wisdom, humility, prudence, and moderation. It asks MBAs to look beyond the profit maximization rule and maximum personal net advantage.

There is a link between a code of ethics and social capital. In brief, a professional code teaches and reminds its members of the specific virtues associated with that profession. Since social capital is acquired through practicing the virtues, a professional code contributes to the social capital appropriate for persons in that profession. More needs to be said about this connection in another paper.

The MBA Oath is noteworthy for a very different reason. If Harvard MBAs are not properly trained in the business ethics, do not have a working knowledge of commutative, distributive, and contributive justice, what does that imply for MBA graduates of other business schools?

A familiarity with the principle of the double effect might have helped Anderson and Escher sort through the ethical dilemma of the "man in the mine shaft" scenario.

A deeper understanding of the principle of subsidiarity might have rescued them from their puzzlement as to the origins of the ethical standards they so eagerly desire.

Further reading on the nature of professionalism could have helped them pinpoint more clearly the heart of professionalism in the fiduciary relationship, in the trust necessary for others to put their fortunes and futures in the hands of MBA graduates.

The suggestion (see p. 228) that a person who signs the oath should find a professional mentor to whom he/she can turn for advice in difficult situations on the job is well-taken especially if mentors include specialists in business ethics. We recommend that the MBA Oath website (http://www.mbaoath.org/) provide a listing of prospective mentors with experience in consulting on business ethics issues and problems.

The key to enforcing the oath and transforming MBAs into true professionals we argue lies in the development and implementation of a certification process that examines the MBA graduate along the important dimensions of the MBA curriculum including business ethics. This type of exam already is in place in several professional-degree programs including law, medicine, engineering, accounting, nursing, and teaching.

The MBA Oath is a work in progressive, much like the rookie outfielder who has all the tools for success in the major leagues but has never played before 55,000 fans on the road, hasn't faced a pitcher with a wicked sinker that drops off the table, or a shortstop who can nail a batter at first from deep in the hole. In spite of its several weaknesses, the book is recommended reading for all MBA students, faculty, and administrators.

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