

Professor Moses L. Pava, Business Ethicist

Greed *is not* Good

BY GARY GOLDENBERG

Suggested summer reading for the folks at Enron and Arthur Andersen:

- *The Search For Meaning in Organizations: Seven Practical Questions for Ethical Managers*
- *Corporate Responsibility and Financial Performance: The Paradox of Social Cost*
- *Research in Ethical Issues in Organizations (Vols. 1–4)*

Perhaps it's a little too late, but these executives just might learn that it's possible to make a buck *and* to treat employees and stockholders with decency and fairness.

All these books belong to the fast-growing canon of Moses L. Pava, PhD, a rising star in the field of business ethics. For years, Dr. Pava, the Alvin H. Einbender Professor of Business Ethics at Sy Syms School of Business, has been championing the notion of corporate social responsibility, which holds that business leaders should pay heed to the needs and concerns of employees, stockholders, consumers, and the community, not just to the bottom line.

Dr. Pava is not alone in advocating capitalism with a conscience, but he brings to the debate a unique voice: the Jewish perspective. A PhD in business administration and accounting and a one-time rabbinical student, Dr. Pava has carved a niche for himself by mining Jewish sources—from the biblical parables of Joseph to the philosophical treatises of Martin Buber to the religious teachings of Rabbi Joseph B. Soloveitchik—for wisdom that is relevant to the ethical conduct of business in the 21st century. “There’s a long history of halakhic questions that have arisen in terms of business,” he says, “but usually those questions are restricted to tight-knit Jewish communities.”

Dr. Pava believes this tradition deserves a broader role in our lives. “Sometimes we fail at business because we arbitrarily divide life in two, and don’t apply our ethical standards in the workplace,” he says. “The Torah teaches us that a meaningful life is of one piece, and therefore must be pervaded with ethics.”

The divided self

For a long while, Moses Pava himself lived the divided life.

He was born and raised in Springfield, MA, where his great grandfather settled in the 1890s and helped to establish the city’s Orthodox synagogue (coincidentally, President Norman Lamm’s first pulpit). “I wanted to be a doctor when I grew up—not a professor doctor, a real doctor,” he says, laughing. “By the time I finished my first chemistry courses at Brandeis, however, I came to my senses and decided to become a pulpit rabbi,” he says. Thereafter, the young student immersed himself in Jewish studies, capping off his collegiate career with a year in Jerusalem at Yeshivat Hamivtar.

In 1981, he enrolled at the YU-affiliated Rabbi Isaac Elchanan Theological Seminary (RIETS), lasting only a few months. “I loved the learning and the studying,” he explains, “but I realized I didn’t have the personality to be a pulpit rabbi.”

Unanchored, Dr. Pava returned home to Springfield and

began knocking on doors. No one was hiring, however, so he decided to attend business school, if only because it would make him more marketable. With his new bride, Vivian Newman, his high school sweetheart, Dr. Pava settled in Washington Heights and enrolled in the MBA program at New York University.

By that time, economist Milton Friedman’s ethos—which contends that a corporation’s only social responsibility is to increase profits to shareholders—had permeated business schools around the country; at NYU, it was written in stone. “We weren’t ever allowed to critique the founding assumption, which is that human beings are only capable of maximizing their own self interest,” Dr. Pava recalls. “I used to read Milton Friedman out loud to my wife. It put her to sleep within thirty seconds, but I was a believer.”

Dr. Pava excelled at NYU. “I was good at manipulating the equations and testing the models. But it had a game-like quality to it, and I felt from the beginning that there was something missing,” he says.

What was missing, he came to realize, was a connection between his traditional religious upbringing and the cold rationalism of modern economics. “It wasn’t so much that religion and modernism were both wrong, what bothered me even more were my suspicions that somehow they were both right,” he remarked in a recent speech. “But, how could that be?”

On the advice of his professors, he switched to the doctoral program, which had more of an academic focus. The change suited him. Over the next few years, he worked on his dissertation and started teaching at Hunter College, a role he especially enjoyed.

Back to YU

In 1988, he was invited to join the faculty of YU’s new business school. He thought he would stay a year or two at most. Dr. Pava settled in, finished his doctorate, and began conducting accounting research—nothing out of the ordinary.

“Managers and other key employees who insist that the organization is simply a utilitarian tool and that ‘business is business’ are either misguided or lying, or both. For better or worse, business is also a location where human beings constantly and forever interpret life’s meanings.”

—DR. MOSES PAVA, *THE SEARCH FOR MEANING IN ORGANIZATIONS*

But the “uneasy bouncing back and forth” between his private and professional lives continued to nag him.

That would slowly change as his research turned to corporate social responsibility. His initial foray into this emerging discipline was a study measuring the cost to corporations of acting in a socially responsible manner. “There had to be cost—that was what I was taught at NYU,” he says. “The question was, how much poorer did these companies do compared to the controls? Much to our surprise, we found that the socially responsible companies performed at least as well if not better than the control companies. I also did a literature search on the topic, and what I discovered amazed me. I could not find a single study that documented a negative relationship.”

The study, conducted with YU colleague Joshua Krausz, PhD, Gershon and Merle Stern Professor of Banking and Finance, was published in the *Journal of Business Ethics*, generating a stir in the academic community. The topic is treated in greater depth in their 1995 book, *Corporate Responsibility and Financial Performance*. “Many reasons suggest placing this book on the shelves of every university library, especially those supporting business schools,” noted one reviewer, Georges Enderle, a business ethicist at the University of Notre Dame.

Then came a meeting with a remarkable man: Clarence Walton, a former president of Catholic University, who is considered by many to be the father of modern business ethics. “[It was] the single most important event in my professional life,” says Dr. Pava. The two crossed paths when the eminent ethicist came to Sy Syms School as a visiting professor. What impressed Dr. Pava most was Dr. Walton’s “broad and encompassing moral vision” and seamless blending of his public and private lives. “His writing and research is energized by his religious commitments, yet there isn’t even a hint of fundamentalism,” he says. Observing this great scholar, Dr. Pava realized his own quest for unity “was worthy of serious academic reflection—and not something to be put off until retirement.

“I learned many things from Dr. Walton,” he adds. “Perhaps, first and foremost, he taught me that the reason we go back home again—in his case to Catholicism and in my case to Judaism—is not to stay there and try to start over again by ourselves, but to continue to grow and develop together.”

Dr. Pava’s research culminated in three well-regarded books, *Business Ethics: A Jewish Perspective*; *Jewish Business Ethics: The Firm and Its Stakeholders* (written with another YU colleague, Aaron Levine, PhD, Samson and Halina



Use your moral imagination

Central to Dr. Pava’s teachings is the concept of moral imagination. “Moral imagination recognizes that no predetermined set of rules can encompass all moral decision making,” he writes in *The Spirit of Covenantal Leadership*. “It can be formally defined as the ability to imaginatively see various alternatives for acting within a given circumstance.... Many ethical traditions have recognized a need for moral imagination or something like it. In the rabbinic world, for example, the area of decision making which falls beyond the rules is labeled in the Talmud as *lifnim mishurat hadin*, which is normally translated as ‘beyond the letter of the law’... The path of moral imagination carries many implications. To me, it means that we must be open to the metaphors which often control our lives, it means that multiple viewpoints are always better than single viewpoints, and human creativity is, in part, the product of a community. In order to grow, it suggests that we must approach our professional work facing outward, we must adopt an experimental approach, and finally we must impose our own ethical restraints.”

Bitensky Professor of Economics), and the aforementioned *Search For Meaning in Organizations*. A fourth work, *The Spirit of Covenantal Leadership: Using Traditional Resources to Build Better Organizations*, will be published by Palgrave, the academic arm of St. Martin's Press. He also edits an annual series, *Research in Ethical Issues in Organizations*.

Few business ethicists are so grounded in the intricacies of economics, which has earned Dr. Pava the respect and attention of his business-school peers. According to Thomas W. Dunfee, vice dean and director of the Wharton Undergraduate Division at the University of Pennsylvania, “[Dr. Pava’s] interpretations demonstrate his command of the underlying accounting and finance issues. Too often business ethicists are not sufficiently familiar with the underlying business fundamentals. Pava is one of the most knowledgeable business ethicists.”

Ethics for the next generation

Teaching took Dr. Pava on a parallel journey. About eight years ago, he was asked to take over the business ethics course at Sy Syms. He adopted a standard curriculum, built on secular texts. After one semester, he recognized this approach was inappropriate for his students, all of whom are observant Jews dedicated to intensive study of Jewish texts.

The logical solution was to incorporate the Jewish perspective. “Although this felt much less forced and foreign to my students, I quickly became very uncomfortable,” Dr. Pava remarked in the speech. “Should I really be teaching a uniquely Jewish business ethics? Will this be of any use to our students as they begin their careers in accounting, investment banking, management, etc.? I had this vision of my students bringing in the code of Jewish law to a business meeting and being disappointed when no one else in the room considered it as authoritative.”

The course was redesigned once again, ensuring that it would prepare students to work in modern, secular organiza-

tions. “They have to be able to talk to people in a language that they understand,” he explains. “I want them to be able to use Jewish sources, but in a way that is nonconfrontational, nonauthoritarian. The idea is to extract universal principles from these texts. You can’t say, because rabbi so-and-so says this, you have to do it. But you can bring a traditional text to the pluralistic table and say, look at this story, don’t you think this might have some application in a contemporary situation.”

In sum, Dr. Pava wants his students to be able “to utilize the vocabulary that they grew up with and not have to pretend that they are somebody else—that they are students of Immanuel Kant when they are actually students of Rabbi Akiva.”

Back to RIETS

A few years ago, Dr. Pava was invited to teach a course on business ethics for the rabbinical students at RIETS. “I’m probably the first one ever to drop out of the rabbinical school and come back as a visiting professor,” he says with a wry smile. Turning serious, he adds that it was one of the highlights of his career at YU. “It represented a coming together of everything I had experienced—the 1970s and the hope of becoming a rabbi, the 1980s and my education in economics, and the 1990s and my research into business ethics. It symbolized a reconciliation, and the beginnings of an integration,” he explains.

Lately, Dr. Pava has been integrating another philosophical oeuvre, the American pragmatist movement (whose adherents included William James and John Dewey), into his teaching. “One of my guiding principles is that business ethics is nothing if it is not practical,” he says. “It can’t be pie in the sky. You have to start from where people are. The answers come through conversations more than looking things up in books.”

True enough, but books by Dr. Pava are a good place to start. ■

“The point of a religiously based ethics is that economic activities are never to be viewed as ends in themselves. Economic activities—at the individual, organizational, and national level—are a means toward building a just and caring society in which the best of human and spiritual values may flourish.”

—DR. MOSES PAVA, *BUSINESS ETHICS: A JEWISH PERSPECTIVE*