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Leaving the Road to Abilene: A Pragmatic Approach to Addressing the Normative Paradox of Responsible Management Education

Dirk C. Moosmayer[1] · Sandra Waddock[2] · Long Wang[3] · Matthias P. Hühn[4] · Claus Dierksmeier[5] · Christopher Gohl[6]

Abstract

We identify a *normative paradox of responsible management education*. Business educators aim to promote social values and develop ethical habits and socially responsible mindsets through education, but they attempt to do so with theories that have normative underpinnings and create actual normative effects that counteract their intentions. We identify a limited conceptualization of freedom in economic theorizing as a cause of the paradox. Economic theory emphasizes individual freedom and understands this as the freedom to choose from available options (a view that can be characterized as quantitative, negative freedom). However, conceptualizing individuals as profit-maximizing actors neglects their freedom to reflect on the purposes and goals of their actions (a qualitative, potential view of freedom). We build on the work of pragmatist philosopher John Dewey, who distinguishes between habitualized and creative problem-solving behaviors (theory of action), conceptualizes knowledge construction as a process of interdependent scientific social inquiry (epistemology), and understands actors as having the freedom to determine what kind of people they wish to be (ethics). We apply pragmatist theory to business education and suggest equipping students with a plurality of theories, supplementing neoclassical economics with other economic perspectives (e.g., Post-Keynesian, Marxist, ecological, evolutionary, and feminist economics) and views from other disciplines (e.g., sociology, psychology, and political science) on economic behavior. Moreover, we suggest putting students into learning situations that require practical problem solution through interdependent social inquiry (e.g., using cases and real-world business projects), encouraging ethical reflection. In doing so, we contribute by linking the problematic conceptions of freedom identified in economic theorizing to the debate on responsible management education. We conceptualize a pragmatist approach to management education that explicitly re-integrates the freedom to discursively reflect on the individual and societal purpose of business activity and thereby makes existing tools and pedagogies useful for bringing potential freedom back into business.

Keywords Values · Self-interest · Freedom · Pragmatism · Dewey · Learning · PRME · Business education

✉ Matthias P. Hühn
mhuehn@unav.es

Dirk C. Moosmayer
dirk.moosmayer@nottingham.edu.cn

Sandra Waddock
waddock@bc.edu

Long Wang
longwang@cityu.edu.hk

Claus Dierksmeier
clausdierksmeier@gmail.com

Christopher Gohl
gohl@weltethos-institut.org

[1] Nottingham University Business School China, 199 Taikang East Road, Ningbo 315100, China

[2] Carroll School Scholar of Corporate Responsibility, Carroll School of Management, Boston College, 140 Commonwealth Ave., Chestnut Hill, MA 02467, USA

[3] City University of Hong Kong, AC2-5111, 83 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong, China

[4] University of Navarra, Campus Universitario, 31009 Pamplona, Spain

[5] Globalization Ethics, University of Tübingen, Institute for Political Science, Melanchthonstrasse 36, 72074 Tübingen, Germany

[6] Global Ethic Institute at the University of Tübingen, Hintere Grabenstraße 26, 72070 Tübingen, Germany

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Introduction

In recent years, business schools have been accused of failing to promote ethical mind-sets and habits among their graduates (Bennis and O'Toole 2005) and of making students more egoistic through the economic theories they teach (Wang et al. 2011). Scholars have argued that the theories taught in business schools undermine good practices (Ghoshal 2005), because these economic theories do not actually describe economic realities but rather become self-fulfilling by shaping future managers' habits and mind-sets (Ferraro et al. 2005). It has further been argued that the normative impact of business schools' content and pedagogy is largely driven by the underlying epistemologies of such theories (Hühn 2014; Painter-Morland 2015; Huehn 2016).

Responding to this critique, many initiatives have been developed for more ethical and responsible business practice, scholarship and education (Painter-Morland et al. 2016; Painter-Morland and Slegers 2017). Academics have developed tools like the "Sustainability Literacy Test" (Décamps et al. 2017) and pedagogies such as "Giving Voice to Values (GVV)" (Arce and Gentile 2015; Painter-Morland and Slegers 2017). They have also reinforced the delivery of competences for sustainability, responsibility, and ethics (SRE) in the curriculum (Phillips et al. 2004; EFMD 2013), and developed and implemented the UN Principles of Responsible Management Education (PRME), an educational initiative of the United Nations Global Compact (Parkes et al. 2017). All these activities reflect business academics' intention to shape socially responsible leaders for sustainable and ethically relevant business practice (Moosmayer 2012).

We thus face a *normative paradox of responsible management education* as business educators aim to promote social values and develop ethical habits and socially responsible mind-sets through education, but attempt to do so with theories that have normative underpinnings and create actual normative effects that counteract their intentions. This type of paradoxical situation in which a group pursues actions that lead them to an unintended destination—despite the underlying consensus that no one actually wants to go there, has been described as a "Road to Abilene" (Rubin and Dierdorff 2011; Harvey 1974).

We develop a conceptual non-ideological argument to guide us in leaving the road to Abilene and setting off in a new direction that brings us closer to our goals. We contribute to the debate about responsible management education and the lack thereof (Hühn 2014; Bennis and O'Toole 2005; Wang et al. 2011; Ferraro et al. 2005). While it has previously been argued that bad theories destroy good management practice (Ghoshal 2005), we identify a lack of potential freedom as a source of the problem (the limited concept) but also as a solution (re-introducing freedom as a thick concept). While this view has been developed in the business ethics literature (e.g., Dierksmeier 2011), it has so far been missing in the educational debate (e.g., in Wang et al. 2011; Ghoshal 2005; Ghoshal and Moran 1996; Ferraro et al. 2005; Fotaki and Prasad 2015), and we provide a conceptual foundation for applying this argument in educational debate.

In doing so, we develop a conceptually grounded pragmatist education program that integrates the necessary, interdependent elements of *content* (a plurality of theories such as classical economics, critical theories, and behavioral approaches to economics and business), *process* (social inquiry as the practice of creating, negotiating and learning new solutions) and *identity* (reflection for personal development towards responsible citizenship). An important contribution of this approach is that it overcomes some of the ideological conflicts between existing schools of thought, e.g., between classical economics and less traditional approaches, by explicitly making multiple diverse perspectives the starting point of a discursive engagement for solutions at the levels of classroom and society. It further explicates how existing pedagogies such as problem-based learning and stakeholder-oriented approaches can be used to bring potential freedom back into the management classroom and managerial decision making.

Below, we first explore the *normative paradox of responsible management education* in greater detail, and we then identify a limited conceptualization of freedom in economic theorizing and its diffusion through mental models as one important source of the paradox. Next, we introduce pragmatism as a philosophy that allows mental models to be reshaped through interdependent social inquiry, and we apply pragmatist philosophy to develop a learning program that addresses the effects of the paradox.

The Normative Paradox of Responsible Management Education

In this section, we identify a *normative paradox of responsible management education* that emerges as business educators aim to promote social values through education, but attempt to do so with theories that have normative underpinnings and create actual normative effects that counteract their intentions. We first clarify the paradox concept and its use in sustainability scholarship and then elaborate on each of the two sides of the *normative paradox of responsible management education*.

Paradoxes in Sustainability Scholarship

A paradox (Greek, παρά δοξος: contrary to opinion) is a "persistent contradiction between interdependent elements" (Schad et al. 2016, p. 6), and is constituted by two or more aspects that "seem logical in isolation but absurd and irrational when appearing simultaneously" (Lewis 2000, p. 760). While strict paradoxes are logically unresolvable, e.g., aiming to assess the truth of the sentence "I am lying" in the liar's paradox, business scholarship is more likely to address 'soft paradoxes' (what Derrida (1993) calls *aporias*), a term which describes how two reasonable premises lead to an unreasonable conclusion, or how one argument can be used to support two opposed positions (Clark 2012). A further type of soft paradox describes "a situation, where the consequences of a given action can be contrary to the intention of the action itself" (de Colle et al. 2014, p. 184). In the context of SRE, paradoxes often result from partial knowledge, for example about the interplay of positive and negative effects, e.g., when dealing with competing ecological, social and economic objectives (Van der Byl and Slawinski 2015; Windscheid et al. 2015; Hahn et al. 2017), such as environmental improvements which reduce social well-being (Hahn et al. 2015).

A further area of application is the *paradox of CSR standards*, that "represents the emergence of unintended (counterproductive) consequences that might reduce, or even offset, the positive outcomes of CSR standards on the overall social performance of organizations" (de Colle et al. 2014, p. 184) in response to institutionalizing CSR and sustainability. The institutionalization of sustainability may, for example, lower the effectiveness of sustainability initiatives due to reduced flexibility and context-specificity (Rasche and Esser 2006), reduced stakeholder awareness due to a stronger internal organizational focus (De Colle and Gonella 2002), and restrict initiatives due to intra-organizational power games (Bondy 2008). The *paradox of CSR standards* thus describes a tension between good intentions and negative effects in sustainability initiatives.

A number of frameworks have been developed to structure paradoxes (Poole 2001; Lewis 2000; Van der Byl and Slawinski 2015; Smith and Lewis 2011; Poole and Van de Ven 1989). While these have usually focused on identifying win–win spaces, Hahn et al. (2017) acknowledge that tensions cannot always be resolved in win–win scenarios, an understanding that has been found to be important for successfully dealing with paradoxical issues (Mason and Doherty 2016) and that is in line with the pragmatist approach developed later in this paper.

Business Educators Aim to Promote Social Values Through Education

We find that some business faculty aim to promote SRE values through education. In supporting this assertion, we identify external calls for more social responsibility in academia from the corporate world and other stakeholders, normative initiatives within academia, and finally, we consider empirical work that sheds light on academics' intentions to influence student values.

Executives have expressed a need for their firms to develop stronger competence to implement and manage sustainability and to communicate these initiatives effectively to diverse stakeholders (Economist Intelligence Unit 2008), and have also called on business schools to deliver more ethical and socially responsible graduates who possess such competence (Bennis and O'Toole 2005; Kashyap et al. 2006). Moreover, such corporate requests have been shown to influence management education and management educators (Trank and Rynes 2003) and thus constitute a driver of management academics' intention to influence their students' social responsibility values. An additional driving force may be students, who report being more satisfied with business education that develops their social responsibility competences (Moosmayer and Siems 2012).

Such demands from business school core stakeholders, businesses and students could of course indicate that schools are not independently acting to promote SRE values. However, there are many examples of initiatives that have been developed by business schools and business academics that suggest an impetus for change coming from within these institutions. A focus on promoting values can, for instance, be observed in the accreditation criteria established by AACSB International (2004) requesting that schools "… renew and revitalize their commitment to the centrality of ethical responsibility at both the individual and corporate levels" (p. 9) and in the fact that EQUIS specifically assesses "the ways in which managerial skills and personal values are developed by a school" (Thomas and Urgel 2007, p. 78). The idea that management education ought to shape students and their values, because the discipline is, or at least aims to be, an ethically based profession (Trank and Rynes 2003; Khurana and Nohria 2008; Nelson et al. 2012) is also signaled in schools' mission statements and codes of conduct (Barrie 2007). Such professional views can be identified in descriptions of the university experience as a nurturing socialization process (Trocchia and Berkowitz 1999) associated with social values (Lämsä et al. 2008). Intentions to shape more responsible graduates are reflected in research that investigates approaches to encourage more socially responsible graduates and that identifies the detrimental moral influences of business education (Ghoshal 2005) and calls for business education that reflects a more

human-centered worldview (Giacalone and Thompson 2006). We see such attempts displayed not only in these research results, but also in many educational initiatives, starting from the integration of business ethics classes into the curriculum, and including the development of pedagogies such as Giving Voice to Values (Arce and Gentile 2015) and the Sustainability Literacy Test (Décamps et al. 2017) as well as the normative aims and approaches of spiritually and religiously anchored institutions (Goodpaster et al. 2017) and the United Nations Principles of Responsible Management Education (PRME) (Parkes et al. 2017).

While some of these tendencies may reflect academics' general intention to shape values, but not necessarily social values, Moosmayer (2012) used data from 627 business academics worldwide to test whether and how they intended to influence the values of their students in educational contexts. The empirical results showed that "social values, rather than economic ones, are more associated with academics' intentions to influence values" (Moosmayer 2012, p. 167). In an earlier analysis of 1741 responses, Hansen et al. (2007) found that academics find responsibility values (average score: 3.40 on a 0–4 scale) such as the willingness and ability to balance economic, social, and ecological aims, more desirable for their ideal graduates and future managers than self-interest values (score: 2.96). This is particularly noteworthy as the same academics perceived current first year students to have stronger self-interest values (score: 2.65) as compared to responsibility values (score: 2.09). These results emphasize the normative aspirations that the business academics questioned in a global survey connect with their profession as business faculty.

Economic Theories Promote Selfish Behaviors

The second side of the *normative paradox of responsible management education* is the actual normative influence that business education has on students and future managers. Detrimental influences can be observed among students and also in business practice. Less than a year after Enron's collapse, more than 20 large U.S. firms were accused of accounting scandals (Patsuris 2002). A string of CEOs has also made headlines for their various high profile fraud and criminal convictions (e.g., Jeffrey Skillings, who earned an MBA from Harvard Business School and Ken Lay who received a Ph.D. in economics from the University of Houston). Such opportunistic behaviors of top executives seem to provide almost textbook examples of the moral hazard problem in principal-agent relationships. If we assume that business education has an influence on business practice, then these cases suggest that business education produces some undesirable outcomes.

Modern economic thinking goes back to Adam Smith (1776) who noted in *The Wealth of Nations*, "being the managers rather of other people's money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own." More recently, Williamson (1984) provocatively reiterated the central premise of the agency problem in his transaction cost economics theory that agents often put their own self-interest before that of their principals, possibly with guile, by engaging in "the full set of *ex ante* and *ex post* efforts to lie, cheat, steal, mislead, disguise, obfuscate, feign, distort and confuse" (p. 198). Thus, as Edgeworth (1881) generalized this idea in his *Mathematical Psychics*: "The first principle of Economics is that every agent is actuated only by self-interest."

Self-interest is the fundamental assumption in neoclassical economics. 'Homo economicus' is supposed to be self-interested and to care little (if at all) about others' interests. Rational choice models also make self-interest maximization dominant and pervasive in economics and other social sciences: 'Homo rationalis' chooses rationally by being a utility maximizer who calculates the costs and benefits of all available options to maximize his or her decision-making utility only (Simon 1955). Thus, many economic models portray individuals or organizations as having a rational set of preferences and beliefs to unrelentingly maximize (excessive and unlimited) utility or profits with potentially little or no regard for the negative externalities such behavior imposes on others (Schwartz 1987).

Economic theory's singular focus on self-interest maximization can also have unintended negative effects on individuals' behavior. A considerable body of research suggests that economics students are more self-interested than other students and that economists are more self-interested than other professionals. Marwell and Ames (1981), for example, found that economics graduate students were twice as likely to free ride as non-economics students in a public goods game. In addition, economics graduate students were about half as likely as non-economics majors to be concerned about fairness when they made their decisions. Carter and Irons (1991) showed similar results using an ultimatum game and found that the behaviors of economics students were closer to the predictions of the rational/self-interest model as they both made and accepted lower ultimatum offers. Frank et al. (1993) conceptually replicated these findings in prisoners' dilemma games and showed that an economics education led people to act less honestly in other business and daily social interactions. Later studies (Bauman and Rose 2011; Frey and Meier 2003; Wang et al. 2011; Rubinstein 2006) have continued to lend support to these results by suggesting that economics students tend to be more self-interested and less generous in different

empirical contexts. In particular, Wang et al. (2011)'s results suggest that economics education not only affects people's attitudes toward greed but also the likelihood that they engage in greedy behavior, because the narrow assumption of self-interest maximization in many economic models is difficult to distinguish from greed. Although self-selection bias suggests that economics students might be more self-interested than other majors before they begin their study of economics, Bauman and Rose (2011) suggested that at least for non-economics majors, there is an indoctrination effect that makes these students more selfish independent of their starting level of selfishness. Similarly, Wang et al. (2011) showed that even a subtle economic statement on the benefits of self-interest in a set of instructions in an experimental context significantly boosted greed's moral acceptability for people who had no formal economics education. Thus, these effects can be quite influential and may also possibly reinforce the egoistic beliefs held by those who choose an economics course or major.

Economics education has an enormous impact on management and organizations (Ghoshal and Moran 1996). Many scholars have noted that the assumptions and language of economics may have had unintended negative influences on management practices (Ferraro et al. 2005; Rocha and Ghoshal 2006), especially when people take economics theory for granted. Thus, the uncritical application of such theory may have already led to inadvertent mischief in organizations (Heath 2009; Kulik 2005). In sum, the assumptions and implications of many economic models seem to have encouraged heightened self-interest and greed (Wang et al. 2011), bad management practices (Ferraro et al. 2005; Ghoshal 2005), and agency reasoning and agency cultures that contribute to profit maximizing abuses and corruption (Kulik 2005; Rakesh et al. 2005).

These effects on both self-interest and greed have also been repeatedly documented for business education. First, business theories build on the economic assumption of amoral, self-interest maximizing decision makers across the business discipline including finance (Cheng et al. 2015), supply chain management (Williamson 2008), general management (Misangyi and Acharya 2014; Arthurs et al. 2008; Cruz et al. 2010; O'Connor et al. 2006; Ju and Wan 2012) and innovation (Manso 2011). It has also been argued that this approach can result in acts of selfishness and greed (Folger and Salvador 2008). Second, it has been widely agreed that 'bad theories', e.g., those that assume axiomatic human amorality, shape the values of students and managers and thus promote bad management practice (Ghoshal 2005). In this context, is has been established that the economic language dominant in management theories does in fact shape management practice (Ferraro et al. 2005, p. 8). In addition, while heteronomous approaches to economic and business thinking do exist and are increasingly given voice in some institutions (e.g., in the UK, where critical approaches are quite prominent, and in institutions focused on ethics or sustainability, e.g., the Leuphana University of Lüneburg, Germany) they are often marginalized in mainstream business schools (Fotaki and Prasad 2015) and even more so when it comes to their representation in business school curricula (Jamali and Abdallah 2015). In addition, the major accreditation agencies pay lip service to ethics, but accredit schools that totally disregard the relevant accreditation standards (Painter-Morland 2015; Huehn 2016) This is consistent with knowledge on the structure of scientific revolutions (Kuhn 2012, 1962) suggesting that the theoretical system of mainstream economics, with a more consistent body of theory, is more strongly maintained and replicated, while other views tend to remain marginalized.

In juxtaposing the aims and outcomes of business education, we thus find business educators stuck in the *normative paradox of responsible management education*. In reference to Harvey (1974)'s example of a family trip to Abilene, a destination that everyone agreed to despite the fact that nobody actually wished to visit the town, the disconnect between individual aspirations and a jointly created outcome has been described as a 'Road to Abilene'(Rubin and Dierdorff 2011). Next, we argue that an excessively narrow conception of freedom in economic theory is a source of this paradox and suggest a pragmatic approach to reconcile the two sides.

Conceptions of Freedom in Economic Theory as Source of the Paradox

We identify a partial conceptualization of freedom as the root cause of our paradox. Freedom has been established as a prerequisite for socially responsible behavior, i.e., for the intention side of our paradox (Dewey and Tufts 1908; Dierksmeier 2016b). Our argument continues in three steps. First, we introduce a two-dimensional concept of freedom and argue that managerial social responsibility (the intention side of our paradox) requires the freedom to choose from a set of behavioral options (a negative, quantitative conception of freedom) as well as the freedom to decide on the purpose that one follows in making such choices (a potential, qualitative conception of freedom). Second, we review how economic theorizing lost the potential, qualitative dimension of freedom when introducing a quantified utility maximization principle. Third, we introduce mental models as the concept that helps explain how a *descriptive* model assumption in economic theory gains *normative prescriptive* character in shaping egoistic managerial behaviors (the outcome side of our paradox).

From Negative, Quantitative to Potential, Qualitative Freedom

Philosophical approaches typically assume a multi-dimensional concept of freedom and argue that these dimensions need to co-occur in order for a person to actually be free (Dewey 1891; Dierksmeier 2016a, 2011). The most common conception of freedom is often described as "negative freedom" and describes one's ability to act free of external restrictions and boundaries, essentially doing what one wants. It can be understood as the external and formal "freedom from subjection to the will and control of others; exemption from bondage; release from servitude; capacity to act without being exposed to direct obstructions or interferences from others" (Dewey and Tufts 1908, p. 437). It thus describes the absence of constraints to choose and act as one wishes to.

Economic theory regularly emphasizes the importance of freedom for the economic system using a negative conception of freedom to argue against legal restrictions or other collective normative frameworks that might limit individual freedom of choice (e.g., Friedman (1970, 1974) and the related discussion by Jahn and Brühl (2017)). For Hayek (2013) and von Mises (2015), freedom means independence from the arbitrary will of others. This supports, for example, the argument that higher taxes would reduce an individual's disposable income and thus the number of choices he or she has. This understanding of freedom as negative freedom aims to reduce external interference to maximize the number of choices one has and thus has been described as a quantitative freedom that neglects qualitative aspects (Dierksmeier 2016a).

Dierksmeier and Pirson (2010, p. 12) argue that "not all freedoms are alike. ... The choice between many unattractive options is not necessarily more in anyone's interest than the choice between fewer but attractive ones." While taxes may reduce individual quantitative freedom, state funding of a public transport system would allow individuals to choose not only between different models of cars but also among different modes of transportation, thus changing the quality of choices available and resulting in greater "qualitative freedom."

Comprehensive conceptions of freedom thus *do* value-free choices, but they do *not* focus on maximizing their quantity. Instead, they emphasize the importance of freely reflecting on the overall purpose that one aspires to with one's choices. Dewey (1891, p. 159) argued that responsibility requires the freedom to reflect on various possible ends and to decide which to pursue. He refers to this dimension as "potential freedom" that describes "the possibility of thinking of many and various ends, and even of ends which are contrary to one another." Responsibility thus not only requires a range of free choices but also the possibility and

ability to reflect on these choices and the decision processes that lead to them, including the option to restrict the number of alternatives in favor of a better quality of choices. Dewey (1891, p. 162) specifies that the "power of the agent to frame diverse ends is the basis not only of responsibility, but also the possibility of reformation, or of change in character and conduct."

Dewey and Tufts (1908, p. 437) also point to the consequences of one's action on others and the environment, which corresponds well with today's understanding of sustainability, for their conception of responsibility. They argue that responsibility in its positive sense is the "[habitual formation of] purposes after consideration of the social consequences of their execution." Together with the example of limiting individual quantitative freedom (reducing an individual's disposable income via taxation) to improve the quality of available choices (a public transport system), this stresses the importance of collective considerations in concepts of freedom.

A comprehensive concept of freedom must also consider the boundaries of an individual's freedom in relation to others, recognizing that the freedom of one person (e.g., to own a specific object) usually implies limitations on the freedom of others (e.g., that others cannot own the object). It is against this background that Dierksmeier and Pirson (2010, p. 12) conceptualize freedom as "… always specific as well as limited," where such limits are established through the existence of others. This conception highlights the importance of the limitations on individual freedom that individuals, groups and societies accept to achieve the best quality of freedom. Individual freedom is enabled only to the extent to which it is not limited by others' freedom, and it must be continuously and actively acquired. A prerequisite for the respect of others' freedom, however, is reflection on one's own freedom as well as on the purpose and consequences of one's own behaviors. Such reflection allows "…susceptibility to the rights of others, which is the essence of responsibility, which in turn is the sole ultimate guarantee of social order" (Dewey and Tufts 1908, p. 439).

Such an understanding of freedom is relational and dialogical: "whereas quantitative liberty is oriented around an atomistic subject that aims to keep its fellow beings at bay, the idea of qualitative freedom operates from a relational concept of subjectivity, and where the former seeks freedom through independence, the latter finds it in social interdependence" (Dierksmeier and Pirson 2010, p. 13). Consequently, ethical considerations do not necessarily *reduce* freedom but rather carry the potential to *enhance* the quality of freedom even when constraining freedom quantitatively. For example, constraining the number of choices by eliminating unsustainable options may be an expression of freedom for all (including future generations) and thereby enabling a more sustainable future.

Focusing on negative freedom promotes an individualistic, atomistic conception of freedom. Allowing for reflection about the limits and purpose of choices that are constitutive of potential freedom necessarily changes perspective from purely individualistic to (at least partially) social. This ultimately "puts the question before society … which dimensions of freedom we want to protect rather than others, assuming that not all of them deserve the same degree of protection" (Dierksmeier and Pirson 2010, p. 12). In line with Dierksmeier (2016b), we argue that the qualitative idea of potential freedom requires collective reflection on the motivation of action and must enable those who have a stake in an issue to be able to participate in this process. Below, we develop this argument when suggesting that a pragmatist solution should be based on a discursive determination of freedom that considers local and contemporary circumstances.

In the following sections, we show how economic theorizing has historically excluded potential freedom by first assuming that all people are driven by self-interest and then conceptualizing self-interest as maximization of monetary utility. Next, we connect this monetary utility maximization principle to the concept of mental models and argue that the mental model shaped by economics education actually encourages egoistic behavior.

How Economics Gained and Lost Freedom

In this section, we depict the path that economic reasoning has taken since the late nineteenth century and discuss the extent to which these developments have increased or decreased the space for freedom in economic thought. Such business historical perspectives and engagement with influential thinkers have been found fruitful for analyzing conceptions of the human in economic theory (Lin 2014).

Until the late nineteenth century, economic theory was driven by teleological considerations regarding the social role and contribution of economic activity. For Aristotle as well as Adam Smith, economic discourse addressed the qualitative ends of economic activity and engaged with its appropriate goals, such as subjective well-being and objective welfare (Hühn and Dierksmeier 2016). Reflection on the purpose of human economic behavior, which was identified as an important condition of managerial freedom above, was thus an inherent element of the discussion. However, this was true at a collective rather than an individual level, with philosophers or scholars of economics determining the purpose for all humans and usually making reference to religious norms or the expectations of governing elites (Dierksmeier 2016b).

In the late nineteenth century, however, economists started to use innovative quantitative methods borrowed from the natural sciences (e.g., Wieser 1884). The new conceptual tools provided a means of modeling economic systems and their flows of money and goods. Moreover, quantitative approaches relied less on extrinsic and metaphysical values or doctrines (Walras 1909). However, a remaining challenge was the consideration of ethical aspects in economic calculations. This was addressed by replacing an *objective* values concept with a *subjective* values concept. In the realm of objective values, debates addressed (a) the purpose that economics should fulfill, understood as an objective need of the entire society, and (b) the objective, quantitative value of a good (King and McLure 2014). With the new subjective value concept, purpose and fair value could be determined subjectively by each individual. This was a progressive and emancipatory move as it recognized the significance of the individual regardless of social or religious status. Moreover, this conceptual step allowed for reflection on the purpose of one's own actions, which we described as condition for managerial freedom and for taking responsibility. The new model allowed people to determine the purpose and meaning of the 'good life' individually, rather than deferring to religious or secular leaders.

However, while flows of goods and money were relatively easy to model, the freedom to determine the purpose of one's own economic activity made it difficult to model individual behaviors. This was addressed by redefining model assumptions about utility as an output of economic activity. While utility used to be a social function of (immaterial) personal happiness (Bentham 1954), Jevons (1871, p. 44) redefined utility as "the abstract quality whereby an object serves our purpose, and becomes entitled to rank as a commodity." As a result, ethical considerations became a quantitative problem of maximizing commodity consumption and were further simplified for economic modeling by Marshall (1890)'s proposal to replace actual commodity consumption with a quantitative measure: willingness to pay. In this way, economics developed its core assumption that all actors maximize their utility as measured in monetary units, or, in other words, are profit maximizing. For the sake of modeling, moral concerns of "better" and "worse" were thereby transformed into a quantitative calculus of "more" and "less" monetary equivalents.

While Bentham's understanding of utility did include individual considerations of purpose, e.g., utility based on happiness, Jevons' and Marshall's moves towards a commoditized and quantified utility concept, assuming all actors to be profit maximizing, removed the individual's reflection on the purpose of his or her economic action (Dierksmeier 2011). As noted above, it is precisely this type of reflection that is a condition for managerial responsibility. Thus, the assumption of a profit maximization principle based on the elimination of individual purpose considerations represents the move that eliminated potential freedom from contemporary economic models.

It is important to clarify that the elimination of potential freedom removed the possibility to reflect on purpose. However, it did not determine the normative prescriptions that are taken for granted. Instead of profit, we could think of employment maximization as a normative principle. While this approach would change actors' decisions, it would still not give them the freedom to choose a goal other than employment. In other words, focusing on negative freedom or including potential freedom does not influence the content of normative prescriptions (which result from negative freedom only). The inclusion of potential freedom rather turns normatively prescribed goals into choices that can be changed and need to be justified, which also means that potential freedom does not automatically eliminate selfish, profit-maximizing behaviors. The purpose of business is now called into question and it requires reflection and justification. Such discursive reflection could still lead to agreement that the purpose of business is to selfishly maximize profit. In this case, we would continue to live in the same egoistic world as we currently do, but we would do so because it was us, rather than some late nineteenth century economists, who chose this option.

While economics based on objective value (from Aristotle to Adam Smith) aimed to prescribe the correct values of things, the move to subjective value gave an individual's evaluation the status of an ethical principle (Smith 2010). It was Max Weber (1904) who, in the context of the 'Werturteilsstreit,' strongly argued that economic scholarship *should* withdraw from all normative assessments and instead focus on describing and explaining economic action. In addition, while both approaches co-existed for some time, various developments such as business and economics scholars' aspirations to be recognized as objective scientists and the discrediting of normative approaches, e.g., after their ideological utilization by the Nazis (Küpper and Picot 1999; Moosmayer 2011), led to the value-free approach being accepted as standard.

One could argue that a flawed conceptualization of freedom in economic theory should be unproblematic and have no influence on business practice as long as economics has only the descriptive and explanatory aspirations described by Weber. However, as we argue in the next section, teaching economic theory shapes students' mental models of economic behavior and business decisions. Such models guide behavior and thus assume the status of normative prescriptions, from their assumptions to the moral principles they transport.

Mental Models as Normative Driving Force

Mental models are frames of thought that shape and organize our recognition of empirical facts, inherent potential options for action, and the role of counterfactual norms.

Our interpretation of reality is shaped by our mental models (Fiske and Taylor 1984). Mental model theories share an understanding of cognition as a process of actively constructing reality with the help of individually held, but intersubjectively mediating schemas which are the building blocks of perception, interpretation, and thinking (Gohl 2011). From a pragmatist's perspective, James (1896, p. 94) stated that "Our beliefs are really rules for action," i.e., mental models are the blueprint for behavior, and "to develop a thought's meaning, we need only determine what conduct it is fitted to produce: that conduct is for us its sole significance." Applied to economics, this suggests that the meaning of economic theory is the egoistic conduct that it produces among learners through the mental models it shapes.

Building on schema theory, mental models are described as cognitive structures that contain "a concept's attributes and the link among those attributes" (Fiske and Taylor 1984, p. 141). Mental models are particularly powerful when integrating new information into existing models, thereby building knowledge. They function unconsciously by triggering stored schematic responses in ways that may never consciously appear to us but that are very difficult to change (Wicks 1992).

While each individual maintains his or her own mental models based on individual experience, these models are also shared social and intersubjective constructs that enable communication with others (Lenk 1995). In this function, mental models shape social realities. Since practical realization is premised on conceptual realization, the mental models we use are not only the building blocks of cognition, reflection, and communication, but also of shared—and possibly new—realities. The application of certain frames and models (rather than others) is thus a highly normative matter, with consequences for the construction of social and political realities (Lakoff and Johnson 2008; Lakoff 2010).

In this sense, frames in economic thinking shape management theories and behaviors. A mental model of the typical businessperson as an honorable merchant as compared to a profit-maximizing investment banker may lead to quite different behaviors. It matters deeply whether we conceive of economics as a purpose-bound and socially embedded household-economy, the Aristotelian *oikonomia*, or whether we model it as the "mechanics of utility and self-interest" (Jevons 1871, p. 90). In the section above, we described these two concepts as poles marking points in the development of economic theorizing. While Weber described the quantitative, mechanistic model of economics that built on a concept of individual, negative freedom as theory with only descriptive and explanatory aspirations, mental model approaches emphasize that any theory of human economic behavior will shape the mental model and the thereby the basic assumptions of economic behavior and is thus a highly normative matter, with strong consequences for the construction of social and economic

realities (Lakoff 2006). The use of different mental models when describing the economy also shapes the understanding of management as part of economic action (Dyck and Kleysen 2001). By teaching economic theories to (future) practicing managers, we thus teach the mental models that shape managerial decision behaviors. Thus, when we teach economic theory that emphasizes the importance of individual freedom but conceptualizes such freedom as simply choosing the most profitable market option, we simultaneously shape students' mental models of business decisions as acts of identifying and selecting the most profitable option.

Mental models also allow us to reflect on the effectiveness of responses to the critique business schools have faced in response to the scandals mentioned above. For instance, many schools have aimed to educate their students to be effective human decision makers rather than pure utility maximizers and thus introduced case studies and scenario techniques that appreciate the open-ended nature of human and economic reality (Harrison 1999). Nevertheless, even typical scenario and case techniques are often still used with the premise of finding the utility-maximizing solution. While this may not be explicitly stated in the case questions, seeking such solutions will become a natural response once students' mental models have been shaped in an economics class. In other words, while case and scenario exercises increase the quantity of possible choices through the inclusion of social and environmental aspects (i.e., more quantitative freedom through the consideration of a larger number of possible choices), such exercises are typically still conducted under the premise of utility maximization (e.g., humans should be treated well when it increases profit, not because it is a valuable end in itself). Thus, these tasks do not stimulate reflection on the purposes of human behavior and qualitative, potential freedom remains unexplored.

Empirical research has shown that acquired mental models not only exert a strong behavioral influence but are also rather resistant to change (Fiske and Taylor 1984). That is why the fundamental mental models of a discipline, as conveyed in undergraduate education, often guide professional behavior throughout one's career. This is consistent with research that demonstrates the ineffectiveness of teaching business ethics after economics classes (Wang et al. 2011). In dealing with the paradox, one option might thus be to seek ways of shaping alternative mental models. Agents would thereby regain the power to frame alternative ends and make managerial decisions freely. We explore this option below by developing a pragmatist learning program.

Pragmatism

Pragmatism is a philosophical tradition that assumes a changing world and focuses on the usefulness of concepts and objects in this world in motion (West 1989). A fundamental situation of pragmatist interest is a problem resulting from change in the world that needs resolution (Joas 1996). An object in pragmatist terms can be understood as the accumulated effects that the object has in the world. Conceptions and objects are useful when they contribute to problem resolution; and application in practice is the way to assess usefulness (Cherryholmes 1992).

In spite of a shared focus on the real-world effects of objects and ideas, pragmatist thinkers still differ in some fundamental assumptions. For example, Peirce (1902) assumes that pragmatic knowledge discovery ultimately leads to all actors finding the same truth, while James (1975) and Dewey (1984) allow for different socially constructed truths (Gergen 1999). We thus focus on applying one pragmatist philosopher's approach to address the *normative paradox of responsible management education* and the underlying partial conception of freedom in economics.

We focus on the work of John Dewey (1859–1952) as it integrates the micro-level of individual action, the meso-level of social organizations, and the macro-level of the institutional order and its evolution. Positioning *interdependent* social enquiry as the core method, Dewey (1997) avoids collectively prescribed metaphysically justified *objective* values as well as the teleological assumption of wholly individualized *subjective* values both of which we have problematized in the section on *Conceptions of Freedom*. In addition, it includes the idea of humans using their potential freedom as it explicitly considers decisions on the purpose of human action. Moreover, applications of pragmatist thought and Dewey's conceptions to problems at the interface of economics and ethics have been fruitful (Freeman et al. 2010; White 2003; Sacchetti 2015; York 2009; Visser 2017). Most importantly, Dewey's work includes a comprehensive conception including a theory of action, epistemology, and ethics, as well as a theory of education and thus lends itself to develop a nuanced mitigation of our paradox. We introduce these foundational concepts of Dewey's philosophy before we apply them to the *normative paradox of responsible management education* in the next section.

Pragmatist Theory of Action: Integrating Habitual Behaviors and Social Inquiry

Pragmatist theories assume that a large portion of human behavior is not a result of thorough analysis and reflection but rather automated and habitual. Reflection is the exception which is used for solving problems for which no sufficient solution exists. Dewey's action theory accounts for this view and connects frequent habitualized action with individual creative action (Dewey 1930). Dewey considers responsiveness to a changing world as necessary prerequisite of goal achievement. This aspect highlights the necessity of negative freedom, i.e., the possibility to make individually

free choices. It thus includes the ability to continuously integrate new information, ideas, and impulses into the course of action (Joas 1996).

Dewey further conceptualizes goals and means in a reciprocal relation with the context of a given situation, i.e., the purpose of human action is *interdependent* with its environment. This ability to define goals reciprocally required potential freedom, i.e., the possibility to reflect on and adjust the purpose of one's actions. If an actor for example chose to maximize profit, pragmatist theory would see this as a general intention, a so-called "end-in-view" (Dewey 1958). This end-in-view, the intention to maximize profit, would then structure the actor's behavior in the context of current reality. Other than in neoclassical economic theory, however, it would be assumed that the actor may not have sufficient information and the actor's attempts to achieve maximum profit would build on past *experience* and include a sequence of *experimenting* which informs the next steps in a process of trial and error (Beckert and Aspers 2011). Reflection may then be applied to both, the experience to get closer to the goal of maximum profits thereby making use of negative freedom; and to the end-in-view potentially revising the goal of profit maximization and thereby using one's potential freedom.

Actors are thus not conceptualized as continuous optimization machines in a static environment with complete information. In pragmatists' view of thinking and acting, humans encounter the data of a convoluted and problematic reality that needs to be decoded to make sense. Mental operations then apply mental models to select certain relations in this convoluted data network and thereby make sense and trigger action as part of experimentation processes (Dewey 1958). If a selection made on the basis of existing mental models has shown useful for data decoding and has led to a successful consequential action, then the mental model is reinforced. Mental models thus are self-reinforcing as they gain meaning through the impact they have on reality when a human acts based on a mental model (Dewey 1938b). Dewey views traditions and habits, which have been formed by prior experiences of others in an actor's society, as sources of prior individual and collective experiences that define our conceptions of the world without determining them. The mental models that we inherit through socialization and experience shape how we see the world, but in a non-deterministic way. We thus connect to the challenge described by Ferraro et al. (2005) that mental models (guided by language) shape reality. However, by being non-deterministic, pragmatism allows to develop solutions using potential freedom to revise existing and form new mental models.

When deemed un-useful for problem resolution, every individual can engage in scientific inquiry with the material world and social inquiry with the human world (usually considered together as social inquiry) to overcome habitual behaviors and create new or redefine existing mental models. Pragmatists have a clear view of these occasions and consider them as crucial for learning and development both individually and at societal level, but it is important to note that situations that require new mental models to be created through experiential process of social inquire are the exception, not the rule (Wicks 1992). Because business education introduces students to the new world of business, it shapes their mental models in this field, which explains the particular formative strength of business education on future managers.

When problems appear new in a way that either no mental model is available or experimentation based on existing mental models is not solving the problem, then individuals will experience themselves as creative and cooperative agents of change who are engaged with others in a process of social melioration. Actors engage in a process of creating new models by assessing alternative conceptions of truth and their consequences until we find a suitable solution for the problem. By habitualizing and sharing such solution, a new mental model is created (Gohl 2011).

It is this basic outline that informs Dewey (1939)'s understanding of freedom, responsibility, and learning. Creative problem resolution, in a pragmatist view, involves an act of 'situated creativity', by which individuals or groups of people pursue creative solutions by engaging in social inquiry and developing critical understanding of such situations. This requires experimental learning in the form of a series of practical tests of hypotheses for successful actions (Dewey 1938b). Experience and reflection inform one another, so that the acquisition of knowledge is related to concrete situations and their challenges. Once problematic situations are resolved, the modes and means of such a resolution become standard routines and are formed in new mental models (Joas 1996).

Pragmatism allows humans to re-interpret preferences in context and more importantly *to change their situation and their options through creative intervention (applied social inquiries)*. Pragmatism thus accounts for the dynamic consequences of "creative destruction", which Schumpeter (1934) conceptualized as driving force of all economic development. Moreover, the consideration of actors' impact on context acknowledges the influence of theorizing on the context, suggesting that economic theories do shape human economies (see also Ferraro et al. 2005).

Mental models in Dewey's view are conceptions of the world that allow giving sense to and anticipating real-world effects of objects or actions in given situations. By showing effective in problem resolution over time, mental models gain truth. This is conceptualized in Dewey's epistemology which we explore in the next section.

Pragmatist Epistemology: Knowing Through Interdependent Social Inquiry

Pragmatism builds on *interdependence*. Every action has dynamic effects on others' conditions of life; and others' action provide the context in which one operates. The methodological aim to comprehensively address the concurrence of the manifold relationships between actors and the one's whom they influence is "the quintessential pragmatist metaphysical and epistemological premise" (MacMullan 2013, p. 229). As a result, pragmatists consider all knowledge as contextual, relative, practical, and social knowledge, for which Dewey's epistemic caution has been termed "epistemic democracy" (Posner 2005). Dewey's understanding of the world thus is a dynamic one, one that is in permanent change initiated by human action. This understanding of a constantly evolving world is constitutive for the mode of theorizing in pragmatism as it understands itself as a method of reflection; with reflection as a process that is conceived both as one of continuous self-projection, and interdependent problem resolution.

By conceptualizing knowledge as an interdependent process rather than a static stock of what is known, pragmatist epistemology aims to overcome the dualisms on which traditional philosophies focus (human versus nature, body versus mind, practical versus theoretical inquiry). The conception of a responsible reflection of the consequences of action both on the self and the world of others is an epistemologically founded, integral feature of pragmatism (Dewey 1984). Pragmatists promote discursive construction not only to determine the means used for reaching an end but also to determine the end itself. By discursively constructing purpose instead of assuming rational choice and utility maximization, pragmatism can reconstruct conventions and routines of organizational action in a way that rational action cannot. The use of potential freedom is thereby explicitly included in the conceptualization of pragmatist epistemologies.

Concluding, while traditional philosophies tend to assume that knowledge should result from cognitive, theoretical *deduction* or through *induction* from empirical experience (Kant 2013; Descartes 1996), pragmatist philosophy promotes *construction* through "pragmatic experimentation" (Rorty 1982), assuming that thought and experience should work together in scientific and social inquiry to construct concepts that guide action to desirable effects. This also applies to knowledge of desirable goals and suitable means. Assuming that both are pragmatically constructed includes that there is not one static goal but that desirable goals and purposes are dynamically and socially constructed.

Pragmatist Ethics: An interdependent conception of good in oneself and in society

By allowing humans to re-interpret preferences in context and to change their situation and their options through creative intervention (applied social inquiries), conscious egoism and altruism become possible. "The interests of self and others are raised to the plane of rights and justice" (Dewey and Tufts 1908, p. 11), and in contrast to rational choice theories, where utility-maximizing action is correct action, humans thus necessarily need to make normative choices.

In establishing the core questions of pragmatist ethics, Dewey (1922, p. 216 f.) is explicit in defining them in contrast to quantitative views: "In short, the thing actually at stake in any serious deliberation is not a difference of quantity, but what kind of person one is to become, what sort of self is in the making, what kind of a world is making." In other words, when it comes to moral decisions, pragmatists ask two the questions "What kind of person do I wish to be? What kind of world do I wish there to be?" (Teehan 1995, p. 846).

The pragmatist answer to these questions is closely connected to the understanding of humans as free interdependent actors in a changing world. Individuals are endowed with the freedom to act individually and independently, humans are also always relational beings in the sense that their action, and self, is always related to their past, and to the contexts of both their natural environment and their social surrounding. Moral action is thus action that shapes a good person in its natural and social context over time; a view that closely connects to the concept of virtue ethics which focuses on the whole person in temporal and social context (Sison et al. 2017). The exercise of virtues implies the cultivation of character. Dewey (1891) calls this process simply "growth," meaning the development of the human ability to conduct life in a rational, social and moral sense as it goes along with the formation of a unified and more complex self: "a more continuous, permanent, highly organized self" (Dewey and Tufts 1908, p. 9).

Self is not something ready-made, but continuously formed through choice of action (Dewey and Tufts 1932). To act responsibly means to choose a course of action that mediates a desirable improvement of both the self, and the world. The precondition of moral action is the unity of self with action: We become who we realize in our action (Teehan 1995, p. 846 f.). The answer to the question how to realize oneself in a world changed by our actions unites conflicting values with the continuation of the situation and the self. What we do tells something about who we are and which values give us our shape.

Values as habitualized normative orientations are the form of mental models that describe "conceptions … of the desirable" (Kluckhohn 1951, p. 395). "As the various

instincts, emotions, and purposes are more definitely organized into such a unit, it becomes possible to set off the interests of others against those interests that center in my more individual good. Conscious egoism and altruism become possible. And (...) the interests of self and others are raised to the plane of rights and justice" (Dewey and Tufts 1908, p. 11). Dewey thus explicitly allows for individuals to choose self-interest maximization as a purpose. However, in pragmatism, this is a conscious choice subject to ethical reflection and individual accountability.

For Dewey, rational and social growth are desirable and should thus be sought; however, they are only a preconditions of moral growth. He considers logic as the law of reason and legal boundaries as the law of society to be standards that should be respected. However, in addition to law compliance, ethicality also requires self-reflection. "It is a process in which finally conduct itself is made the conscious object of reflection, valuation, and criticism. In this the definitely moral conceptions of right and duty, good and virtue appear" (Dewey and Tufts 1908, p. 13). Guiding such self-reflective process is one important element of pragmatist education (Dewey 1938a).

Dewey's epistemological and ethical conceptions allow dealing with the normative assumptions of neoclassical economic theory. They allow us to overcome the described negative, unintended consequences by encouraging the development of a pluralistic set mental models through a constructive process of reciprocal induction and deduction relevant to experience, rather than through rigorous deduction from certain axioms (Dewey 1938a). Dewey understands growth as development based on learning. Learning and education thus gain particular importance in pragmatist thinking.

Theory of Education: Learning as a Mode of Being

Learning is a central element of pragmatist thinking: "Everything which is distinctively human is learned, not native" (Dewey 1927). Learning, according to pragmatists, occurs by doing. "They give the pupils something to do, not something to learn; and the doing is of such a nature as to demand thinking, or the intentional noting of connections; learning naturally results" (Dewey 1916, p. 154). Learning is not just the reception of input, rather it takes place in any interaction with the world. "Education is a social process. Education is growth. Education is, not a preparation for life; education is life itself" (Dewey 1916, p. 239). In the pragmatist perspective, learning naturally builds character and values.

To pragmatists, the social world is a configuration of empirical facts and their normative interpretations. Consequently, different *educational methods* appear beneficial for business education, moving from a "knowing-that" attitude to a "knowing-how" approach (Ryle 1949). Pragmatist

teaching develops socially conscious competent action, rather than aiming at the transmission of distant objective knowledge (Gohl 2011). This concept is central to Dewey's ideas on progressive education.

Learning and *teaching* is "a continuous process of reconstruction of experience" (Dewey 1938a, p. 87). In other words, the internal reflection process on the purpose of one's own actions and the external reflection process on the consequences of one's actions for others are understood as learning. Learning thus equals exercising potential freedom and is synonymous with education. Education aims to develop a more comprehensive understanding of the world and to provide the individual with the methods required to control the process of developing such understanding (Dewey 1938a). We conclude that pragmatism lends itself to inform business education by conceptualizing it as a process of transactional learning and collaborative inquiry that reintroduces ethics, freedom, and responsibility into business thinking while building inclusively on the pluralistic traditions of economic thought. Subsequently, we develop a learning program that builds on conveying the pluralism of theories and ideas available to understand economic human action, on applying them in interdependent processes, and on shaping ethical graduates and responsible managers through the reflection on the normative grounds of these processes and its outcomes,.

Bringing Potential Freedom Back in: A Pragmatist Learning Program to Address the Normative Paradox of Responsible Management Education

In this section, we apply the pragmatist concepts to business education to re-integrate potential freedom into business thinking and education and thereby mitigate the normative paradox of responsible management education. We draw on pragmatist thought to shape a learning program that may encourage educators to use pragmatism as a method of reflection to guide their students' learning and thinking. This may help mitigating the practical, epistemological and ethical shortcomings of neoclassical economic theory and education, in particular by re-creating the potential freedom to reflect on the purpose of one's behaviors and thereby avoid the negative, unintended consequences of current economics-based business education. The suggested educational program is motivated by the pivotal role of learning and education in pragmatist theory (Dewey 1938a) and influences business practice by shaping future managers, and may also influence economic theorizing by giving stronger voice to heterodox approaches to economics (e.g., Dow 2008, 2000; Lee 2011).
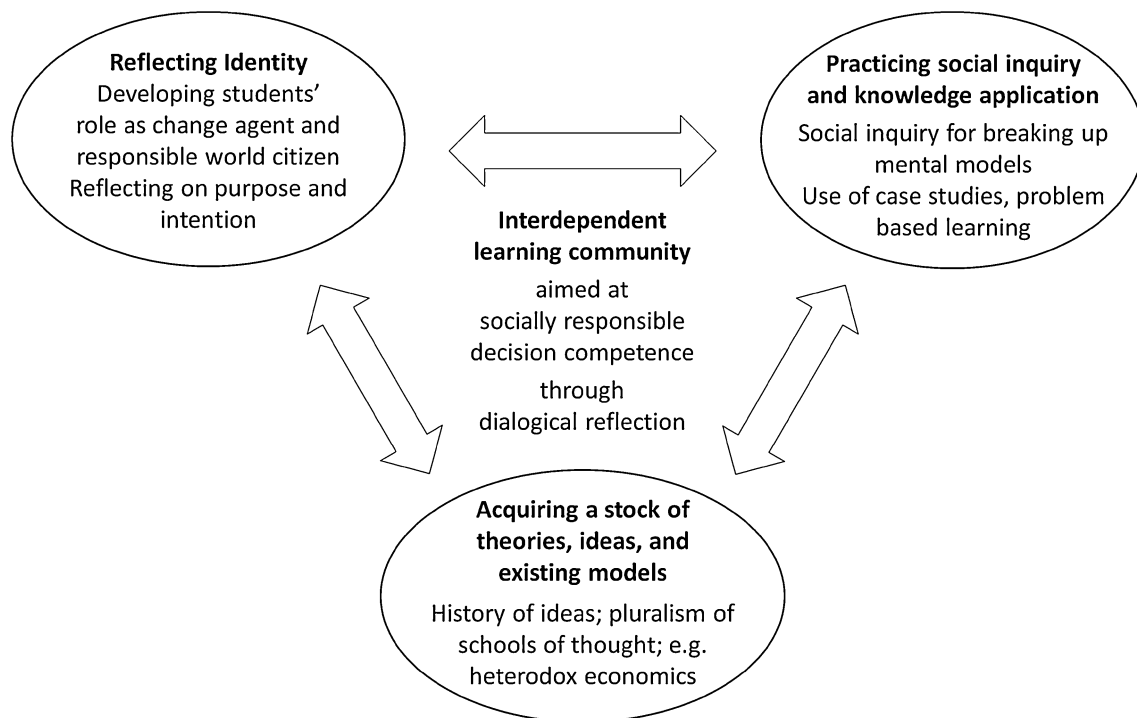
Fig. 1 Pragmatist learning program for responsible business education

The concept we propose aims to develop graduates who are socially responsible in a sense that they have the competence to make morally grounded decisions derived from dialogical reflection (visualized in the central circle of Fig. 1). The concept includes three elements (see Fig. 1): (1) a pluralistic stock of theories, ideas, and models (knowledge). This stock includes theories that build on different possible purposes of human action and thus offers a variety of mental models that learners could rely on in their student lives and during their future managerial careers. (2) A focus on practicing social inquiry and knowledge application, which emphasizes that the purpose of learning is not knowing theories but learning practice that enables better lives for all. This element focuses on interdependently developing and applying the competence (skills) of social enquiry as discursive pragmatist method for creating new solutions (i.e., new knowledge). (3) The creation of an identity and self-image as a responsible world citizen and change agent. This step forms an individual understanding (attitude) of the potential freedom humans have, of suitable free choices that such freedom allows and requires, and of the influences on oneself as a person situated in society. These three elements correspond with and make use of the three central building blocks of pragmatist theorizing: (1) mental models; (2) interdependence; and (3) a comprehensive concept of freedom; and further connect to the dominant educational KSA competence framework of (1) knowledge, (2) skills, and (3) attitudes (e.g., Hunter et al. 2006). We understand

the three elements as co-occurring in dynamic interplay in an interdependent learning community, and also allow for educators to set a focus on one or two elements, depending on the context in which they are situated.[1] We explain each element in depth and provide examples of how they could be applied in the business classroom.

Stock of Theories, Ideas, and Existing Models

A first element of our concept is a stock of theories, ideas, and existing models. This stock includes established mental models that students should acquire during their education and thus serves pragmatist education's aim of "widening and deepening its social content" (Dewey 1911, p. 400). To overcome the negative consequences of teaching neoclassical theory, the taught stock of theories needs to be pluralistic in a sense that they allow various specifications of purpose as goal of human action, i.e., potential freedom in Dewey's terms. This would allow overcoming the prescriptive dominance of the rational economic actor mental model that

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[1] We chose to display the enabling of various mental models by teaching a pluralism of theories as foundation in our model as we believe that it addresses the Normative Paradox most directly: Without addressing the dominance of the neoclassical mental model that excludes potential freedom, there is no starting point for the inclusion of normative reflection, however, teaching a plurality of normatively different theories makes normative decision processes necessary.

prescribes selfish profit-maximizing behaviors. This stock could be understood as the content knowledge to be taught in business education. However, we prefer a wider view as content made available to students in interdependent learning processes including flipped classroom environments and self-directed learning in group projects or when writing a dissertation.

One aspect of such plurality may include that economic theory is taught parallel to sociological (Fligstein 2002; Weiss and Miller 1987; Knorr Cetina and Preda 2004) and political theories (Boddewyn and Brewer 1994; Nordhaus 1975; Lowi 1964; Scherer and Palazzo 2007; Cohen 2010; Néron 2010) that may be found relevant to business decisions. Students would thereby get an appreciation of the diversity of approaches and underlying assumptions that exist to explain business activity in society. Another aspect is that a plurality of economic theories could be presented, e.g., not limiting economics to neoclassical views but including Post-Keynesian (Kurihara 2013), ecological (Costanza 1989; Hezri and Dovers 2006), evolutionary (Metcalfe 1998; Dopfer 2005), feminist (Hewitson 1999; Harding 1995), and Marxist (Roemer 1988; Horvat 1982) views when conveying fundamental beliefs of economic thinking. Rather than providing neoclassical economics as the only view and thereby conveying a normative set of assumptions without any reflection, pragmatist business education might thus discuss "If we assumed that humans were radically selfish, then neoclassical theory would suggest the following solution: …" and contrast this with views from heterodox economics approaches and from other disciplines (Dow 2000, 2008). Design thinking as applied pragmatist theory is particularly worth mentioning as it provides context-sensitive, problem-focused, and experimental approaches (Dunne and Martin 2006), and allows a move from self-interest maximization to value creation trough problem resolution.

We consider the stock of theories made available to learners to be one fundamental element to potentially overcoming the negative unintended consequences of teaching orthodox economics, as these consequences resulted from shaping one single economic mental model that builds on a reduced view of freedom. By providing a pluralist view on economic theorizing, students would understand that there are different (competing) purposes of economic activity that different theories assume, and could thereby acquire different mental models to choose from when engaging in business decision making. However, if being equipped with the one neoclassical mental model only, then the subsequent steps of practicing social inquiry for interdependent creation of new solutions and reflecting identity for shaping a responsible self will all be bound by the narrow view of negative freedom only and thus only reproduce the egoistic outcomes which constitute one side of the paradox. At the same time, in addition to presenting theory, learners also need to be enabled to apply theory in dialogical interaction.

Practicing Social Inquiry and Knowledge Application

In addition to conveying a pluralistic set of theories, pragmatist business education also aims to practice. As mentioned above, Dewey considers learning as doing. It is thus important, that the use of pluralistic theories is practiced during education. The pragmatist form of doing so is practicing social inquiry, i.e., an interactive exploration with peers and perhaps an educator of which theories may provide the best solutions to a given problem. One important function of application is to break up unsuitable mental models and establish additional ones by showing how they may produce practical solutions to some problems.

The model of social inquiry and problem resolution, applied to a manager and firm is the core idea of stakeholder theory (Freeman 2010). The application of pragmatism to the business world has been modeled in stakeholder theory. Stakeholder theory relies on the pragmatist understanding of comprehensive and interdependent knowledge; comprehensive as it is descriptive, normative, and always also instrumental; interdependent, because it understands knowledge as created by the process of experimental inquiry of stakeholders into a problem they share within their common context (Dewey 1997). In the perspective of stakeholder theory, an economic enterprise is the social process of creating value for all those concerned, and thus participating. Of what exactly that value consists—what the "joint purpose" is which aligns all entrepreneurial activity—has to be determined, tested, and adapted in dialogical interaction.

Pragmatist thinking has also informed models of community-based learning (Fischer et al. 2007; Carrington et al. 2010) and service-based learning (Mooney and Edwards 2001; Speck and Hoppe 2004). In addition, problem-based learning (PBL) initiatives appear very useful for implementing pragmatist thinking in business education, because problem-solving skills are at the center of both approaches (Kloppenborg and Baucus 2003; Ungaretti et al. 2015; Hanke et al. 2005). PBL exposes students to real-life problems which they are required to resolve, and integrates the application of learned theories with reflection about the application (Hmelo-Silver 2004). Students go through a guided experience of a learning cycle (Kolb and Kolb 2005), that allows them to understand the importance of discursive interaction for creating solutions. The focus on value creation through discursive problem solution rather than on self-interest maximization is in line with the importance of the organizational context, i.e., of the social and political dimensions of managerial problem solution (Raelin and Coghlan 2006). During their

interactions with the real world, students would be able to assess if the theories they learned actually help them to solve problems. Thus, it is based on their usefulness for problem-solving rather than the conceptual argument or mathematical proof that theories are evaluated.

Further sources for making this element happen in the classroom include teaching cases that put students into the role of deciding managers, ideally in a role play that forces to consider multiple stakeholder perspectives. Similarly, simulations such as the Model United Nations (McIntosh 2001; Phillips and Muldoon Jr 1996) provide an opportunity for students to practice dialogical application of content conveyed in the classroom and to apply it for creating a solution to a specific problem. X-Culture (Taras et al. 2012, 2013), an international business simulation including global teams from different business schools is an application that is running in the business classroom. It is, however, important to ensure that learners use a plurality of theories and ideas in their social inquiry processes; otherwise such exercises easily produce solutions that reinforce the neoclassical paradigm. This also clarifies that PBL does not provide a solution without integration in a process that provides a multitude of heterodox theories and an element of identity reflection.

An example that the authors of this article applied was giving a group of students the task to explore the consequences of climate change for organizations. Learners would then be guided to resources from pluralistic backgrounds (neoclassical, ecological, critical and feminist economic theories, sources from the natural sciences as well as social, psychological and political theories) and requested to explore and review them. After a set of sessions in which small groups of students would present one of the perspectives to their peers, they would then engage in role playing to develop a suitable organizational response to climate change. This example reflects a pluralistic stock of theories as a starting point and a process of interdependent, scientific and social inquiry to create a solution for a problem to which no sufficiently habitualized mental models exist. Students would thereby gain an appreciation for the plurality of legitimate views on business issues and of different legitimate purposes of business activity. Simulations and role plays can also be designed around paradoxical issues. For example, the CSR standardization processes described by de Colle et al. (2014) lend themselves to pragmatist experimenting and could easily be translated into an in-class role play to exercise interdependent and discursive norm construction. Nevertheless, to be effective, these educational attempts need to include a consideration of the questions of who I am and want to be in the world, i.e., a reflection of one's identity.

Reflecting Identity

Dewey's view on ethics is one of man as a virtues being (Teehan 1995). When bringing ethical concerns into the classroom, they are thus a question of reflection on one's own identity. At the same time, pragmatist ethical judgment needs to take the social context of action into account. "The whole point of Dewey's experimentalism in moral theory is that you need to keep running back and forth between principles and the results of applying principles" (Rorty 1991, p. 68). Dewey (1938a, p. 67 f.) emphasized the importance of the experimental method in scientific research and the role of the reflection on purpose that we discussed as potential freedom, and he pointed out the key elements of this approach:

> The formation of purposes is, then, a rather complex intellectual operation. It involves (1) observation of surrounding conditions; (2) knowledge of what has happened in similar situations in the past, a knowledge obtained partly by recollection and partly from the information, advice, and warning of those who have had a wider experience; and (3) judgment which puts together what is observed and what is recalled to see what they signify.

As pragmatism understands humans as relational beings, pragmatist ethics is thus also inherently relational and accounts for the reciprocal influences that man has on others and that others have on who man is and may become. In an interdependent world, consideration of the dynamic effects of any action on the condition of others becomes paramount, and the capacity for moral responsibility becomes a part of one's freedom.

With regard to ethicality, the purpose of education is twofold. On the one hand to reflect on one's identity and to clarify what kind of person one wants to be; on the other hand practicing good behaviors to shape mental models of what one sees as morally good behavior. Values as mental models of ethicality are neither idealized forms of knowledge earned through privileged objective insight, nor do they represent the generalized, but still subjective expression of our own dispositions. Values originate in valuations which we undertake, realize, and adapt in the course of inquiry and reflection of a problematic situation. Thus, values are relative, both in regard to the context of the problem at the heart of the inquiry and in regard to the desirable conception of our self and the world before the mind's eye of an actor— what Dewey calls "end-in-view." This second perspective opens the way to growth of the self, to the realization of our own potential as well as to the melioration of the world through transactional effects or a moral action so conceived.

Pragmatist business education is responsible business education in a sense that it guides the learner through a

reflection process that connects their role in processes of social inquiry with the question of *what person they want to be* in interaction with others and *what world they want to create* through interdependent processes of social inquiry with others. Based on pluralistic theories as starting point and a dialogical application, classroom exercises will thus stimulate reflections on purpose and intention of learners when performing business activity, e.g., in their roles as managers.

Giving Voice to Values (Arce and Gentile 2015) is an example of a pedagogy that operates at the interface of practicing social inquiry and reflecting identity. First, it stimulates learners to clarify their values, and then it aims at enabling them to be the person whom they want to be by giving voice to their values in processes of social inquiry and thereby ensuring action in line with their values. It is this step that Dewey (1891) emphasizes when pointing out the importance of freedom that is actually being used. Preparing graduates not only to develop an own set of values and purposes of their action (potential freedom) but to also implement these values in interdependent processes of social inquiry ensures that the suggested pragmatist learning program mitigates the Normative Paradox of responsible management education not only conceptually but also in practice. This presented pragmatist learning program constitutes an integrated approach of making a heterodox set of theories available, the practice of purpose-driven social inquiry, and reflection on the ideal person one wants to be and world one wants to live in.

Conclusion

We started from identifying the *normative paradox of responsible management education* that emerges when business educators intend to promote social values through education but actually shape more egotistic graduates by teaching theories that assume a rational, profit-maximizing actor. We contributed to the debate on responsible management education by identifying a limited conception of freedom in economic thought as a source of this paradox. While economic theory emphasizes individual freedom, it conceptualizes freedom as negative freedom and thus focuses on the sheer quantity of choices rather than their quality. It neglects potential freedom (the freedom to reflect on the purpose of one's behavior), which allows for the pursuit of goals other than the maximization of monetary utility. This perspective had been philosophically explored in business ethical debates. We contributed by making it useful for management educational conversations. We then applied John Dewey's work on pragmatism to conceptualize a pragmatist approach to management education that explicitly re-integrates the freedom to discursively reflect on the individual and societal

purpose of business activity. We thereby contributed a conceptualization that brings potential freedom, i.e., the reflection on the purpose of business back into the educational and professional arena. This approach does not suggest abandoning classical economics, but adding additional views and embedding it in a different, more comprehensive pragmatist approach to responsible management education; and thereby overcomes some of the existing ideological tensions in the debate. Specifically, we call for teaching a more pluralistic set of theories, for helping learners to apply them by designing learning experiences as processes of scientific and social inquiry, and for including identity-related reflection as a means of clarifying one's ethical stance and role in society, and for practicing translation of ethical convictions into managerial behaviors. While many of the tools that we propose are well established, we contribute by clarifying that each of these tools is not enough by itself but needs to be embedded in a three-step approach that integrates *content, process* and *identity*.

We have discussed pragmatist learning processes and the role of the learner. However, we have given scant attention to ourselves, the teachers who need to be subject matter experts, process experts, ethical guides and co-learners in these processes. In implementing a pragmatist learning program for responsible management, we thus may need to pay greater attention to the role of the teacher than we typically do in management (educational) research and we did in the conceptualizations above, and future work should explore in more depth how business educators can be prepared for a pragmatist learning program. The changes we suggest require a transformation of our identities and thus may be quite challenging. Nevertheless, if we want to avoid continuing along the road to Abilene, this is a crucial change of direction that we must undertake together. Otherwise, we may simply continue along a path towards a destination that is contrary to our collective intentions.

Compliance with Ethical Standards

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