

William M. Sullivan

Markets vs. professions: value added?

The prestige of the traditional professions is under siege. Not just their performance but also their claim to distinct expertise, the very core of professional legitimacy, has come under withering fire. Skepticism is particularly leveled at professional claims that the public interest is being served. Lawyers now routinely expect denigration for their professional affiliation, even from other attorneys. Physicians are not only challenged by the proponents of ‘alternative medicine,’ but face patients armed with all kinds of medical knowledge obtained through the Internet. The prevalence of ‘emergency’ teaching credentials in school classrooms calls into question the value of professional teacher training. The list goes on.

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Despite the specificity of these claims to the particular circumstances of one or another professional field, these challenges circulate within a larger current of thought that is deeply skeptical of the value of the professional organization of work. The prevalence of the notion that the market is self-regulating and morally self-sufficient has cast doubt on the public value of an individual’s lengthy and expensive induction into a professional guild – into its monopoly over esoteric knowledge within an occupational domain, particularly over the recruiting, training, and licensing of personnel.

Yet it is precisely within this context that professional organization, and especially the academic basis of the professional career, matters more than ever. The bruising experience of the 1990s boom-and-bust in the financial markets glaringly revealed just how important professional acumen and integrity are to the viability of the marketplace. Professionalism, it turns out, provides a public value essential to modern societies. The real issue is how to promote and ensure the viability of genuine professionalism amid highly challenging conditions.

The academic institutions in which professionals begin their apprenticeships are key. Professional schools are the single institutional context that pro-

professionals control, the sole site where the professions' standards of good work set the agenda for learning. Professional schools are not only where advanced practitioners communicate their expert knowledge and judgment to beginners – they are also the place where the professions put their defining values and exemplars on display, and where future practitioners begin to assume, and critically examine, their future identities. That is the underappreciated challenge of professional preparation: it links the interests of educators with the needs of practitioners. How well it is met is in large part determined by how clearly it is understood.

As a kind of thought experiment, imagine eliminating professional organization in the provision of expert services. Suppose that social and individual needs might be met both more efficiently and effectively if 'knowledge workers' could compete for jobs, on the basis of whatever skills and credentials consumers and employers decided were useful, now monopolized by licensed professionals.

This would mean the end of the monopoly of profession-specific schools in which teachers serve as gatekeepers of the field as well as contributors to its knowledge base. If this seems odd in the context of legal counsel or medicine or teaching, consider that it is typical in fields such as journalism and business, which sometimes claim an aura of professionalism; and that in nineteenth-century *laissez-faire* America this was the state of affairs in health care, engineering, school teaching, religious preaching, and much else.

But perhaps we do not need a thought experiment. The advent of the so-called managed care revolution in health care seems to have set in motion a process

that attacks many of the core elements that have marked medicine as a profession. Medicine is now regarded as just one element in the health-care industry. Physicians and other health-care professionals are increasingly described as employees to be subjected to managerial scrutiny and discipline, for the sake of product consistency and economic efficiency. The final beneficiaries of such changes, we are told, will be patients, now redefined as 'consumers.'

For radical critics of the professions, physicians are really just highly specialized service providers who have walled themselves off through an elaborate occupational culture, bolstered by state licensing and education requirements, to monopolize medical knowledge. After all, critics can argue, 'top docs' trade on their positions to dazzle a gullible and often desperate public and collect outrageous fees. What are professional protestations about independent standards, after all, but camouflage for special interests.

The authoritative model lurking in the background here is obviously the ideology of deregulation currently in vogue. In this view, the only moral obligation of any enterprise is to maximize its economic well-being. Once considered extreme and ideological, this viewpoint today claims a more respectable place in public opinion. This powerful trend works to strip away any moral understanding of the relationships between profession and society, or between professional and client, except that of commercial exchange. It denigrates the importance of a specifically professional perspective, deeply tied to educational and regulatory institutions, in providing expert services. The assertion is that advancing rationality, technological and economic, is rendering the traditional claims of professionalism to regulate ex-

pert judgment irrelevant if not anachronistic.

But is the assertion true?

Recent history provides a painful yet potent indirect proof of our collective dependence on professional integrity for the functioning of business, that least sentimental domain of modern society. The “irrational exuberance” of the Roaring Nineties tested the inherent rationality of unregulated markets both in telecommunications and information technology – the heartlands of the ‘New Economy’ – and on Wall Street.

The long boom of the last decade saw the largest economic expansion in American history, apart from that during World War II. Nearly everyone benefited, not least American business, which became the envy of the world. By 2001, however, the bursting of the overinflated stock market reduced aggregate wealth substantially; in economists’ jargon, this was the market ‘correcting’ itself. The human consequences, however, were heavy, as not only the holdings of investors but also the retirement incomes of millions of workers were in real jeopardy. As part of the fallout, Enron, heralded as a model of the New Economy in the recently deregulated energy industry, collapsed utterly. By 2002, the recently deregulated telecommunications industry had produced the wreckage of WorldCom, the largest bankruptcy in history. Then, as a sad coda, along with Enron, WorldCom, Global Crossing, and a line of other huge enterprises, went their auditor, Arthur Andersen.

Joseph Stiglitz received the Nobel Prize in 2001 for pioneering economic analyses that show the inadequacy of market self-regulation due to imperfect information. From his experience as head of the Council of Economic Advisors during the early Clinton years,

Stiglitz argues that the real culprit in the 1990s boom was an ideological and untested faith that deregulation – not reformed regulation – was the general elixir of economic growth. New financial techniques were being developed in rapid succession, and “investors and regulators alike were having an increasingly difficult time assessing companies’ balance sheets.”

Under such conditions, accurate information was bound to be difficult to procure, threatening the efficiency of the capital markets. At just this time, Stiglitz points out, when caution would have been the intelligent policy to ensure long-term economic stability, “the special interests, their power augmented by an unwavering faith in markets, remained dominant in policymaking and continued to chant the mantra of deregulation.”¹ This was the larger business climate in which the Big Five accounting firms, including Arthur Andersen, found themselves.

Accounting is a highly technical field rooted in mathematical sophistication. To perform audits of publicly traded companies, accountants must be certified, which requires passing stiff examinations. Beyond that, auditing requires considerable finesse within a fast-changing and complex economic environment. Accountants doing public audit work must handle vast amounts of sensitive financial information in a short time. They must also make critical judgments about how to treat data and how to deploy sophisticated mathematical tools. They unavoidably incur risks. The special nature of this expertise is what enabled public accounting firms such as Arthur Andersen to become multibil-

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¹ Joseph Stiglitz, “The Roaring Nineties,” *The Atlantic Monthly*, October 2002, 9–10.

lion-dollar enterprises of international scope.

Arthur Andersen's namesake, an accounting professor and dean at Northwestern University's fledgling business school, founded his firm as a start-up in 1912. Andersen encouraged the best of his students to join the firm, which specialized in auditing publicly held companies in the booming financial center of Chicago. From the start, Andersen sought to instill high standards of probity as the hallmark of both the nascent accounting profession and his firm, insisting that those standards would give both enterprises public stature and significance. Throughout its history, the firm prided itself on choosing not only the brightest accounting talent, but also those most evidently committed to a high-minded view of the profession. So seriously was this aim taken that even as a global organization with tens of thousands of professional employees, only partners, not human resource personnel, did the final interviewing and selecting of new hires.

Like the lawyer who is supposed to balance serving a client with the role of being an officer of the court, the public accountant was to serve the particular interests of the client by auditing corporate accounts, while protecting the public interest with sound financial information. By the booming 1990s at firms like Andersen, however, auditing had become the subordinate player to the more lucrative business consulting services. Auditing came to be seen by many consulting partners as simply providing 'annuity clients' that could be sold any number of highly profitable consulting services. Thanks to consulting, Andersen partners could expect not merely a comfortable living in a respected profession at a firm with a good name, but also personal wealth. By the time the consult-

ing business had spun off on its own as Accenture, Andersen was already mired in the accounting fraud of Enron, soon to be joined by that of its other now-notorious clients – WorldCom, Global Crossing, Qwest, and so on. By the time the federal indictment for obstruction of justice (the famous Andersen shredding of documents) came down in 2002, the compromised culture of the firm had left little of its old reputation intact.

As Howard Gardner points out in his essay "Compromised Work," this outcome became inevitable only gradually. The firm's leaders lost sight of the need to revise the difficult and complex balance between maintaining good relations with clients while also keeping their interests at arm's length. Rules can only provide general guidelines in such matters; determining how close is too close a relationship with a client is finally a matter of judgment. Such judgment is at the core of professional expertise, and cannot be developed quickly or without considerable experience. Viable professions nurture the capacity for expert judgment in both professional education and in the apprenticeship provided in work environments.

Throughout the painful aftermath of the accounting scandals, the persistent cry on both Wall Street and Main Street has been: "Where were the auditors?" As economists since Adam Smith have pointed out, economies depend on shared values and moral norms: good faith remains the necessary condition for all contracts, the very foundation of commerce. So when auditors began to act as enablers of corporate fraud, they abandoned their loyalty to the public value of accurate financial knowledge. Once the fraud came to light, the result was a loss of investor faith, precipitating the ruin of a horde of grossly overextended corporate behemoths. This was

a failure of self-regulation. To secure public faith in the markets, the federal government finally acted, imposing much tighter regulations in the form of the Sarbanes-Oxley Act of 2002. Among other measures, the Act insisted upon splitting most consulting activity from auditing firms. It has also largely eliminated self-regulation from the accounting profession.

Indeed, in the wake of the Andersen disaster, the public mood has shifted away from trust, toward a greater reliance on official regulation. Yet the viability of investor capitalism depends on professional integrity in activities that are essential to the functioning of the system as a whole; because of the very complexity of accounting, in the end there is an unavoidable need for professional good faith. Without this, the arena within which the pursuit of self-interest can produce socially positive results implodes.

The case of accounting in the 1990s points to the public value of professionalism.² It also underscores the need for dedication on the part of practitioners to the purposes and principles the profession has been publicly chartered to maintain. The challenge is how to foster that dedication while supporting individual creativity in the performance and delivery of expert services. How, that is, can the practitioners' sense of personal agency be enhanced while also encouraging strong allegiance to the ideals of competent performance that lie at the core of every professional domain?

The answer lies in the institutions where professionals work and, especially, the educational institutions where

2 This theme is developed in William M. Sullivan, *Work and Integrity: The Crisis and Promise of Professionalism in America*, 2nd ed. (San Francisco: Jossey-Bass Publishers, 2004).

these practitioners acquire their knowledge and skills. These institutions foster a sense of individual agency by providing a context of social membership within which persons can learn to rise to challenges, accept responsibility, and discover the standards by which each can recognize the point and value of his own efforts. The threat to individual agency comes not from institutions as such – they are necessary to empowered personhood – but from the corruption of institutions. This occurs when the pursuit of means – say, a profitable bottom line in an accounting firm – displaces the ends of the institution to become an end in itself. This is the lesson of the collapse of Arthur Andersen.

What would be the best way to equip practitioners with the needed intellectual sophistication, practical skills, and strong sense of public responsibility? These three dimensions – the learning of theory, the mastery of practice, the formation of professional identity – are imperatives for the competent practitioner. Perhaps asking how best to impart these can provide a useful second thought experiment.

The kind of preparation we are seeking would have to reckon with the tensions and complexities that beset the effort to educate professionals. From the perspective of the student, professional school offers entry to a world that is likely to be initially alien, perhaps even threatening or hostile. As students experience it, the knowledge and skills that faculty (and later, board or license examiners) expect is the profession, for practical purposes. Therefore, it matters a great deal just what is put forward as significant through the medium of requirements, subject matter, and modes of assessment. Together with the forms of pedagogy, these expectations form the wider curriculum.

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Seen from the students' perspective, professional school functions as a kind of apprenticeship to the profession. By teaching and example, the faculty initiate and guide beginning students into the mysteries of their guild. Too often, however, the students glean that the principal requirement of their education is to display some knowledge or deploy some problem-solving skill on demand, without much thought about how that knowledge or skill is supposed to inform professional performance. This is the potential drawback of schooling: the privileging of performance on demand over training for mastery of a domain.

Particularly in the early phases of professional training, performance as a student is the critical bar against which novices are measured, and it is academic professionals who do the measuring. Yet, while professional practice draws upon theoretical knowledge and often contributes to its development, actual practice is wider and deeper than the predominantly cognitive emphasis of academic culture. Historically, professions have relied on apprenticeship to inculcate the broader dimensions of competence and perspective. Accounting, for example, continues to demand practical experience as a requirement for full certification. However, when the professions moved most of their training into the academy a century ago, they introduced into professional preparation a tension between the values of academic training and those of traditional apprenticeship.

A century ago, when the European university model of training professionals through formal academic programs was enjoying great prestige, professions such as law and medicine made university attendance mandatory. Academics whose

loyalties resided with their disciplines came to insist that 'pure' theory had to precede any mingling with the contaminating aspects of actual practice, including the substantive – but not 'scientific' – commitments of the professional fields to values and goals. The 1910 Flexner Report on medical education, the most famous and influential model of this viewpoint, decreed two years of "basic sciences" taught in the academic mode as the necessary rite of passage into later clinical training. Other fields have followed that model almost universally.

At the same time, the rise of positivism to ideological ascendancy in the American academy helped legitimate these trends. Positivism held that only scientifically verified claims could count as knowledge. It thereby sharply separated factual, empirically based knowledge from claims about aesthetic, religious, or moral value. Only the former was to be the proper concern of academic disciplines.

The result of the tension between the cognitive focus of the academy and the ethical concerns of the practitioner community has in virtually every field been a division of loyalties. These intellectual separations have, in turn, become embedded in institutional divisions – in what is taught, by whom, and in what kind of setting. This has had the sometimes unintended effect of separating cognitive development from the kind of moral formation that was long the focus of professional apprenticeship organized by practitioners. Moving professional training into the university has sharpened the focus on cognitive skills, with resulting improvements in all fields. Yet it has also created a major tension between the accelerating advance of cognitive knowledge and the need to integrate these advances with the other essential

dimensions in order to form a professional identity that is truly responsible to the interests of the broader public.

From the student's perspective, there are currently three successive apprenticeships required for entry into a profession.

The first, as we have seen, is focused on the cognitive demands of the academy. It weights academic credentials over practical competence, academic success over practical experience, and expert knowledge over professional identity. In order to achieve integrated competence for practice – the goal of our second thought experiment – the preparation we are seeking would have to shift the balance within these pairs.

Such a rebalancing would likely entail several of the classic features of traditional guild training – the basis for the second apprenticeship. In today's context, induction into the craft of the guild should incorporate the modern academic forms of knowledge and assessment. It should also tie this first, academic apprenticeship more closely to the practitioner's concerns. The setting of the first apprenticeship is the school, while the workplace necessarily facilitates the clinical and practical training. Throughout these two interrelated phases, the guilds' unique set of attitudes and perspectives should be held out both as demands and aspirations. Here there is a need for strong cooperation between the academic and practitioner wings of each domain.

The final aim of professional preparation, now as in the past, is the shaping of the future practitioner as a member of a specific community of practice, integrating learned competence with educated conscience. This provides the substance of the third apprenticeship: the formation of the requisite perspective on work

and the self that marks a genuine professional. To better achieve the goals of the third apprenticeship, we must rethink the academic curriculum, the introduction to practice skills, and the formation of social responsibility.

Beyond this point, the guild analogy is inadequate. Today's professions face not only changing domains of knowledge, but also shifting fields of practice within a dynamic and often confusing society. Therefore, the horizons of the professions need to be broad: Practitioners must be able to think critically about their own situation and that of their field in relation to its defining purposes. The institutions of professional education must challenge students to be both experts and citizens. Adequate professional preparation must reconceive the traditional concern with professional ethics in order to train students to judge from the standpoint of social justice and the public welfare. In addition, professional judgment has to be open to the broad perspectives associated with education in the liberal arts. Uniquely, American professional schools have long demanded evidence of competence in liberal arts disciplines either as prerequisites or as collateral studies. From its roots in the Greek and Roman classics, the best liberal learning has urged students to understand the world in order to take a responsible part in it.

The final aim of professional preparation, then, includes both individual and social dimensions. The great promise of the professions has always been that they can ensure the quality of expert services for the common good. At the same time, the professions have also offered individuals the possibility of a form of self-actualization as workers, as citizens, and as persons – and the hope of a career in which one's livelihood is good for others as well as oneself.

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Professional education needs to aim at renewing its commitment to that project. Educators of professionals have a special relationship to their students and their society. Their highest calling – and most exciting pedagogical challenge – is to ensure that the connections are made between the developing minds and hearts of future practitioners. It is making those connections that, above all, fulfills the civic promise of professionalism.