

Training Managers for the Future

By Mary C. Gentile, Ph.D.

In the wake of a new series of corporate scandals – Enron, Tyco, WorldCom, Arthur Andersen – business educators in the United States are once again facing difficult questions about their ability to prepare future managers to lead their organizations responsibly and ethically. I say “once again,” because we have been here before. There were the insider trading scandals of the 1980s, and the defense industry scandals before that. In fact, the question of ethics and values has been a central part of the espoused purpose of formal schools of business in the United States since their origins in the early twentieth century.

But the discussion is not restricted to the United States, nor is it restricted to the narrowly framed subject of “business ethics.” This year, the Association to Advance Collegiate Schools of business, the international accrediting body for schools of business, has issued new guidelines for the integration of ethics and governance into global management education, recommending attention to four areas of inquiry: the responsibility of business in society; ethical leadership; ethical decision-making; and corporate governance.

In Europe, the European Union’s Green Paper on “Promoting a European framework for corporate social responsibility”(2001) has helped to trigger a multi-country review of the current state of research and teaching in this broad domain as well as the development of major research and curriculum development initiatives, organized under the aegis of the European Academy of Business in Society.

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The United Nations Global Compact has worked through its Learning Forum to build networks of business educators across the globe who come together to share research (most recently in Turkey and the United States) and to develop case studies to illustrate the practices of companies who strive to adhere to the Global Compact principles around labor, the environment, human rights and anti-corruption.

And the Aspen Institute's Business and Society Program has launched a global consortium of eleven business schools from India, South Africa, Spain, Mexico, Canada, as well as the United States, who are all working in different ways to address issues of ethics, corporate social responsibility, corporate citizenship, sustainability and good governance in their educational programs.¹

But this brief illustrative list of various initiatives – and there are many more – highlights a critical question to consider if one hopes to understand the opportunity and the challenge facing global business educators at the start of the twentieth-first century. That is, why do business educators find themselves predictably facing this kind of call for greater attention to values and responsibility every few years? Is this just a cyclical issue, irresolvable and destined to surface every time misbehavior rises to an unacceptable level, and then to wane again once the crisis is past? Or is the problem that educators' efforts have been unsuccessful thus far, and so the challenge will continue to resurface until and unless a new and more effective approach is identified?

To be sure, human nature is human nature and there will always be those who will push the limits of behavior too far. But the problem businesses face -- that society faces -- is when the violation of such behavioral limits becomes the norm rather than the exception; when the principles guiding business behavior are out of alignment with the

¹ For more information, see description of the Teaching Innovation Project at www.aspenbsp.org.

principles guiding societal needs and expectations. This kind of misalignment poses a particularly difficult challenge for business schools because they are torn between the commitment to train students to manage ethically, on the one hand, and the commitment to prepare managers to operate in the real world of business practice that they will encounter upon graduation, on the other. And one can argue that it is just this type of misalignment that businesses and business educators face today.

We see this misalignment all around us, not only in the spate of accounting abuses mentioned earlier, but also in the failures of corporate governance; the challenge of managing externalities triggered by global supply chains; and the healthcare needs of the poor or the environmental costs of industry that are left unmet by market-based incentives, to name just a few.

Too often in the past, the teaching of business ethics focused more time on the traditions of moral philosophy – utilitarianism deontology, virtue-based ethics, etc. – and not enough on the practical tools of business analysis. Curricular efforts pitted business objectives against moral objectives, instead of working to reveal the interdependence of the two. Too much discussion was spent on *whether* to take a particular course of action that might be unethical, and too little was spent on *how* to successfully apply one's values to business decisions. And it is precisely in this question of how to apply one's values that one can begin to address the issue of misalignment between business norms and societal needs and expectation identified above. That is, in a world where norms may not be all we wish them to be, how do we prepare managers to question those norms effectively and to devise alternatives that balance ethical and economic realities?

To the degree that this most recent round of attention to ethics, values and corporate responsibility roots itself in the tangible and pragmatic questions of business purpose, business context and business metrics, it will have a healthier chance of actually influencing the direction of business practice into the future. These key questions include:

- First, **Purpose**: what is the purpose—in both societal and business terms—of a business or a business activity? Charles Handy has argued: “The purpose of business is not to make a profit, full stop. It is to make a profit so that the business can do something more or better.”² Does this formulation allow for a conversation that can reconcile the norms, economic realities and relative levels of development of one country with another when attempting to find common ethical grounds for conducting business?
- Second, **Social Context**: Are the legitimate rights and responsibilities of multiple stakeholders considered? Is a proposed strategy evaluated not only in terms of predicted business outcomes, but also in terms of its broader impacts – for example, on quality of life, the wider economy of a region, and security and safety? And impacts on employees, pensioners, local populations, natural resources?
- And Third, **Metrics**: how is performance and profitability measured? What is being counted and more importantly, what is *not* being counted? Are impacts and results measured across both short and long term time frames? How do we compute the impacts of what we tend to call

² Charles Handy, “What’s a Business for?” *Harvard Business Review*, December 2002, Reprint # R0212C.

‘externalities’ but that increasingly rebound directly to the business environment, to intangibles like reputation and the ability to attract talent, and the franchise to operate around the globe?

And all of these questions are examined in the context of empowering values-driven action on the part of the individual manager. The objective becomes not how to change human behavior, but rather how to unleash and empower the best of it.

Often, in a world of global business, we hear the objection that values and corporate responsibility cannot be taught because they have cultural determinants that preclude an effective and shared approach. But experience differs. Increasingly, when educators approach business challenges with an awareness of questions of purpose, context and metrics as described above, they find that there is amply common ground for teaching across national borders. The illustrations and the mechanisms for implementation may differ – in India, the case studies may feature more family business enterprises or in China, they may feature more state-owned enterprises, for example – but the objectives around quality of life, security, and economic opportunity are shared.

Let me share a few examples. Around the world, an increasing concern about finite natural resources and environmental damage caused by industrial activity is fueling research and teaching initiatives framed around the subject of “sustainability.”

For example, the United Nations Global Compact partnered with Sabanci Universitesi (Istanbul) and the Wharton School of Management (Philadelphia) in 2004 to offer a two-part conference on “Bridging the Gap: Sustainable Environment” and attracted faculty and business practitioners from around the world. To read “The State of Management Education on Sustainability: A Status Report,” go to www.aspenbsp.org .

EGADE-ITESM in Monterrey, Mexico, one of the leading business schools in Latin America, is designing a new MBA concentration on Sustainable Development and Technology Management to support the creation of new sustainable businesses. The program will be organized around project learning experiences and will engage research from a network of research centers throughout Mexico.

The Johnson Graduate School of Management at Cornell University has developed a Center for Sustainable Global Enterprise, which houses a chaired professorship and provides the focus for cross-disciplinary research, curriculum development and corporate and non-profit partnerships.

Many business schools around the world are also taking advantage of their specific regional concerns and traditions to prepare future business leaders to manage both effectively and ethically.

For example, S.P.Jain Institute of Management and Research in Mumbai, India has developed several initiatives, such as the Center for Development of Corporate Citizenship which provides non-classroom experiences to sensitize students to the social impacts of management. Over the past decade this center has undertaken over 800 projects with over 50 firms and 100 NGOs. And their Gita Shibhir is a two-day residential workshop, held at an Ashram, which exposes students to the spiritual aspects of life and to self-management, based in the traditions of Indian scriptures.

The Asian Institute of Management in Manila has pioneered a Masters degree in Development Management, specifically designed to prepare leaders who will work in emerging economies to deal with the particular challenges and opportunities found there.

And the University of Stellenbosch Business School in South Africa is developing a Ph.D. program in leadership, governance and ethics which is being designed to align with the goals of the New Economic Partnership for Africa's Development.

There are numerous networks, such as the European Business Ethics Network which includes members from 33 countries that work to forge connections between academics and business practitioners and to promote ethics in education, training and organizational practices.

This brief but suggestive set of examples indicates that a heightened commitment to values and responsibility in the training of business leaders is not restricted to one country, nor is it restricted to one theoretical tradition or framing, such as business ethics, corporate social responsibility or sustainability.³ The issues that increasingly need to be taught can be organized around questions of purpose, social context and metrics; and the tools and approaches required to address these issues are not restricted to the classical texts of moral reasoning. Rather they include the lessons of social psychology, anthropology, global spiritual traditions, political history, negotiations, public policy, and so on.

What is shared, however, is a growing recognition that the challenges of one region rapidly become the challenges of the world, and that the norms of business practice cannot long remain at odds with the needs and expectations of a wider society, diverse as it is, without cost.

³ For a more complete review of how over 100 business schools across the globe are addressing issues of social impact and environmental management, see www.beyondgreypinstripes.org. This website provides the results of a biennial survey of business schools conducted by The Aspen Institute Business and Society Program and the World Resources Institute.

Although some will argue that educators can offer little in the way of preparing individuals to manage moral and ethical conflicts, I would argue that on the contrary, educators can provide the context and perspective to allow managers to re-frame these conflicts as questions of shared purpose rather than opposing values. They can provide examples of similar conflicts that were resolved in the past. And they can impart skills in communicating across apparent differences to find the common concerns and solutions. And perhaps most importantly, they can name the fact that business norms do not have to be in conflict with wider societal expectations; that in fact, they cannot long remain so.

Framed as ethical questions alone, one may persuasively argue that business education is too late to change the behavior of students.⁴ Framed as ethical questions alone, faculty trained in economics or psychology or management may object that they lack a formal grounding in philosophy and therefore cannot talk about values in the classroom.⁵ Framed as ethics questions alone, the historical debate in the U.S. has often become bogged down in the question of whether ethics should be taught as a stand-alone, required course in the management curriculum or integrated into the other business areas (Marketing, Finance, Accounting, and so on).⁶

But when the questions are framed as matters of information, of multiple and comparative frameworks and of creative problem-solving, the role of education is clearly

⁴ See “Chapter 2: Is It Too Late? Young Adults and the Formation of Professional Ethics” by Sharon Daloz Parks in *Can Ethics Be Taught? Perspectives, Challenges and Approaches at Harvard Business School* by Thomas R. Piper, Mary C. Gentile and Sharon Daloz Parks, Harvard Business School Publishing, 1993.

⁵ See “Chapter 3: Engaging the Power and Competence of the Faculty” by Mary C. Gentile in *Can Ethics Be Taught? Perspectives, Challenges and Approaches at Harvard Business School* by Thomas R. Piper, Mary C. Gentile and Sharon Daloz Parks, Harvard Business School Publishing, 1993 and “Teaching Business Ethics: The Attractions and the Myths” by Mary C. Gentile, *World and I*, December 1990, page 493—501.

⁶ “The State of Affairs for Management Education and Social Responsibility,” by Mary C. Gentile and Judith Samuelson, forthcoming in *Academy of Management Learning and Education*, 2004.

essential. Framed in this way, students can then be offered tools, analytic methods, historical and cultural context, and skill-building exercises, rather than preaching.

Framed in this way, faculty can then be invited to apply the insight and analytics of their own disciplines to problems that are indeed manifest *within* their disciplines.

And framed in this way, curriculum design increasingly reflects the reality that there is a role, a value and a need for both in-depth required courses devoted to subjects like values and decision-making, sustainable management, and the role of business in society, as well as for discussions of relevant questions integrated into the functional areas where these questions are likely to surface. That is, Marketing courses are best equipped and most appropriate to address the social impacts of niche marketing, for example, or cause-related marketing. Accounting courses are the most appropriate places to consider the likely impacts of different accounting approaches on the quality of information they produce and the managerial incentives they tend to trigger.⁷

When framed as questions of business purpose, social context and metrics, ethics and governance are indeed among the most important lessons that future managers need to learn.

⁷ For a more extensive discussion of the integration of relevant topics into different functional areas, see “What We Teach When We Teach Social Impact Management,” a Discussion Paper by Mary C. Gentile, found at www.aspenbsp.org.