

TRAINING MANAGERS FOR THE FUTURE

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Managers can be educated to devise business practices that balance ethical and economic realities. But training programs will succeed in influencing actual behavior only if they address the purpose, the social context, and the overall impact of any given business plan. Although business educators around the globe frame questions of values and corporate responsibility in a variety of ways, there is ample common ground for teaching ethical management across national borders.

Photo above: Kenneth Sparks of the Center for International Private Enterprise speaks on building effective and transparent boards of directors. (Courtesy of CIPE.)

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Following a series of corporate scandals involving Enron, Tyco International Ltd., WorldCom Inc., Arthur Andersen LLP, and other companies, business educators in the United States once again face questions about their ability to prepare managers to lead organizations responsibly and ethically. Educators have been here before. There were insider trading scandals in the 1980s, and defense industry scandals before that. In fact, the question of ethics and values has been central to the espoused purpose of formal business schools in the United States since their origins in the early 20th century.

A GLOBAL CONCERN

The challenge to business leaders to broaden their perceptions of corporate responsibility is not, however, limited to the United States, nor is it restricted to the narrowly framed subject of business ethics. In 2004, the Association to Advance Collegiate Schools of Business, the international accrediting body for business schools, issued new guidelines for the integration of ethics and governance into global management education. The guidelines focus on four areas: the responsibility of

business in society, ethical leadership, ethical decision making, and corporate governance.

Similarly, the European Union's discussion paper titled "Promoting a European Framework for Corporate Social Responsibility" (2001) helped trigger a multicountry review of the state of business research and teaching, as well as the development of research and curriculum initiatives organized under the sponsorship of the European Academy of Business in Society.

The U.N. Global Compact—an initiative that has brought together more than 2,000 businesses worldwide with United Nations agencies, labor, and civil society to advance responsible corporate citizenship—has worked through its Learning Forum to build networks of business educators across the globe. The forum has allowed educators to share research and to develop case studies to illustrate the practices of companies that strive to adhere to the compact's principles on labor, the environment, human rights, and the fight against corruption.

The U.S.-based Aspen Institute's Business and Society Program has launched a global consortium of 11 business schools in India, South Africa, Spain, Mexico, Canada, and the United States, all working in different ways to address issues of ethics, corporate social responsibility, corporate citizenship, sustainability, and good governance.

ACHIEVING A BALANCE

With all the attention paid to business ethics and corporate responsibility, why do business educators find themselves facing calls for an even greater focus on values and responsibility every few years? Is this just a cyclical issue destined to surface every time misbehavior rises to an unacceptable level, and then wane once the crisis is past? Or is the problem that educators' efforts have been unsuccessful thus far?

There will always be those who will push the limits of behavior too far. But the problem becomes critical when violations are the norm rather than the exception, placing business behavior out of alignment with societal needs and expectations. Such a misalignment makes it especially difficult for business schools to train students to manage ethically and still compete effectively in the real world.

Too often in the past, the teaching of business ethics focused more on the traditions of moral philosophy and not enough on the practical tools of business analysis. Curricula pitted business objectives against moral objectives instead of working to reveal the interdependence of the two. Much discussion was spent on whether to take a particular course of action that

might be unethical rather than on how to apply one's values to business decisions. This, in turn, raises another question: In a world of unsatisfactory norms, how do we prepare managers to devise alternatives that balance ethical and economic realities?

VALUES-DRIVEN ACTION

If a discussion of business ethics and corporate responsibility is to succeed in influencing behavior, it must address tangible and pragmatic questions of business purpose, business context, and business metrics. These questions include the following:

- **Purpose:** What is the purpose—in societal and business terms—of a business or business activity? Management scholar Charles Handy argued in the *Harvard Business Review* (December 2002) that "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." A related question is whether this concept can reconcile the norms, economic realities, and levels of development of one country with another.
- **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? Are impacts on employees, pensioners, local populations, and natural resources factored into the profit-making equation?
- **Metrics:** How are 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 effects of what we tend to call externalities, such as the depletion of nonrenewable natural resources or the social disruption of communities caused by large-scale business relocation?

All of these questions should be examined in the context of empowering the individual manager to engage in values-driven action.

Often, in a world of global business, we hear 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 ample common ground for teaching across national borders. The illustrations and the mechanisms for implementation may differ—for example, in India the case studies may feature more family business enterprises, and in China they may feature more state-owned enterprises—but the objectives centered around quality of life, security, and economic opportunity are shared.

DIFFERENT APPROACHES

Currently, business educators around the world are framing questions of values, ethics, and corporate responsibility in a variety of ways. For example, concern about finite natural resources and environmental damage caused by industrial activity is fueling research and teaching initiatives on sustainability.

The U.N. Global Compact partnered with Sabanci Universitesi (Istanbul) and the Wharton School of the University of Pennsylvania in 2004 to offer a two-part conference, “Bridging the Gap: Sustainable Environment,” and attracted faculty and business practitioners from around the world.

EGADE-ITESM, the internationally recognized graduate school of business at Monterrey Tech in Mexico, is designing a new master of business administration (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 that houses a chaired professorship and provides the focus for cross-disciplinary research,

curriculum development, and corporate and nonprofit 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 including the Center for Development of Corporate Citizenship, which provides nonclassroom experiences to sensitize students to the social impacts of management. Over the past decade, this center has undertaken more than 800 projects involving more than 50 firms and 100 nongovernmental organizations (NGOs). Their Gita Shibhir is a two-day residential workshop, held at an ashram (institution for spiritual study), which exposes students to the spiritual aspects of life and self-management based in the traditions of Indian scriptures.

The Asian Institute of Management in Manila has pioneered a master’s 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.

The University of Stellenbosch Business School in South Africa is developing a doctorate program in leadership, governance, and ethics designed to align with the goals of the New Economic Partnership for Africa’s Development.

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

The heightened commitment to values and responsibility in the training of business leaders is not restricted to one country or one theoretical tradition. The issues that increasingly need to be taught can be organized around questions of purpose, social context, and metrics; the tools and approaches required to address these issues include social psychology, anthropology,



“Even a small kingdom, Your Highness, can make effective use of modern management techniques.”

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global spiritual traditions, political history, negotiations, public policy, and so on.

What is shared is a growing recognition that the challenges of one region rapidly become the challenges of the world, and that business norms cannot long remain at odds with the needs and expectations of a wider society.

THE ROLE OF EDUCATORS

Educators can provide the context and perspective to help managers re-frame conflicts as shared challenges rather than opposing values. They can provide examples of similar conflicts that were resolved in the past. They can teach managers to communicate across apparent differences to find common concerns and solutions. Perhaps most importantly, they can reinforce the fact that business norms do not have to be in conflict with wider societal expectations, that, in fact, they cannot long remain so.

If the social impacts of business are framed only as ethical questions, one may persuasively argue that business education comes too late to change the behavior of students. Similarly, 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. Moreover, the debate in the United States has often stalled over the question of whether ethics should be taught as a stand-alone course or integrated into such other business areas as marketing, finance, and accounting.

On the other hand, when ethics questions are framed as matters of creative problem solving, the role of education is clearly essential. Students can then be offered tools, analytic methods, context, and skill-building exercises, rather than preaching.

Curriculum design increasingly reflects the reality that there is a need for courses devoted exclusively to subjects like values and decision making, sustainable management, and the role of business in society, as well as for values-based discussions integrated into the functional areas where difficult questions are likely to surface.

Marketing courses are best equipped 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 effects of different accounting approaches on the quality of information they produce and the managerial incentives they tend to trigger.

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. ■

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