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What Do MBA Students Think About Business and Society?

It is generally understood that the attitude of MBA students toward the primary relationship between social issues and business practices closely parallels the thinking of free-market advocate and Nobel economics laureate Milton Friedman. Friedman stressed the advantages of the marketplace and the disadvantages of government intervention, believing that a company's virtually singular objective should be to maximize its profitability.

To better understand this issue, the Aspen Institute, an international nonprofit organization dedicated to fostering enlightened leadership and open-minded dialogue, recently conducted a survey of 1,943 MBA students at 15 leading business schools, almost all in the U.S. A similar survey was conducted five years ago. Results from this year's study reveal changes in the way business curricula are addressing this issue and the resulting effect on the attitudes of business students.

The study, *Where Will They Lead? 2008*, shows that business students are thinking more broadly about a company's primary responsibilities. In addition to the typical functions of customer satisfaction and maxi-

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mizing return to shareowners, more students also believe that "creating value for the communities in which they operate" is a primary responsibility of business. And 26% of respondents say they are interested

in pursuing a career with a company that offers the potential of making a positive contribution to society, up from 15% five years ago.

Respondents' definition of what constitutes a "well-run" corporation is a reasonable surrogate for how students think companies fulfill their primary responsibilities to stakeholders. Consistent with prior findings, the study found that almost all respondents believe attracting and retaining exceptional people was very important. Closely following are five other aspects: providing excellent customer service, producing high-quality products and services, operating according to its values and a strong code of ethics, and having efficient and flexible operations. Approximately 70% to 80% of the students indicated that these five factors are very important in their evaluation of a future employer. Despite the recent environmental discussions of the dangers of global warming, however, students ranked the importance of a company's progressive environmental policies near the bottom of the list.

According to *Where Will They Lead? 2008*, MBA students have yet

to link good corporate citizenship with stronger operating results. An overwhelming majority say the major benefit companies get from fulfilling their social responsibilities is a better public image and reputation. Approximately 40% list other benefits, such as a more satisfied and productive workforce, greater customer loyalty, a stronger and healthier community, and long-term viability in the marketplace. Very few seem to realize that these outcomes should directly result in lower operating costs and increased revenues, i.e., greater profitability.

As in previous surveys, students confirmed that a conflict resulting from differences between their personal values and the values of the company for which they work would be stressful and is something they want to avoid. Yet only 45% say they would be very likely to speak up about their objections or report them to a superior. In a disconnect of thinking, only half of the current respondents think their personal integrity figures largely in corporate recruiters' evaluation of them as potential employees. Further, more than half think that recruiters place little or no value on how well a candidate understands current sociopolitical issues.

Some of the more interesting results reported in the Aspen study involve the significance of differences in attitudes reported by male and female MBA candidates. Generally, women place more importance on the role business needs to play in creating and maintaining a healthy community and society. Unlike with male students, this concern increases as women progress through the program. As a factor in deciding whether to accept a job offer, the potential to make a contribution to

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society through one's job is more important to today's MBAs than five years ago—26% vs. 15%. Women report a higher importance for this issue, with 33% saying it is very important compared to 22% of men. Responsible environmental practices are more important to women—38% consider it very important compared to 28% of men.

In terms of the makeup of a "well-run" corporation, 83% of women say it's very important that a company adheres to its values and has a strong code of ethics, compared to 75% of men. Women place less emphasis on offering high financial returns to shareowners (41% of women vs. 51% of men), and they are also less apt to feel that their business education is preparing them very effectively to manage values conflicts (35% of women vs. 47% of men). The closer both genders get to graduation, the less satisfied they are with this aspect of their education. Interestingly, men start out feeling better prepared to manage conflicts but end up nearly as dissatisfied as their female colleagues with what they have gained from their studies.

The survey results point out both opportunities and challenges for corporations. Companies should realize how important the ethical

reputation of a future employer is—more than 60% of all respondents say they consider this factor in their employment decision. Mainstream corporate work generally isn't viewed as offering the opportunity to make a positive impact on society. Further, student attitudes toward general business practices aren't positive. Only 12% of MBAs strongly agree that most companies report their earnings and profits accurately. A whopping 93% of business students either strongly or somewhat agree that managers place too much emphasis on short-term performance measures when making business decisions.

HR Study Shows Few Comprehensive Ethics and Compliance Programs

A national survey of human resources (HR) professionals shows that, despite the many benefits companies obtain from having an ethical climate, few have invested the effort and resources to create and maintain a comprehensive ethics and compliance program. Previous research has demonstrated the need for such a program to achieve the tangible benefits of employee stability and greater productivity, community support, customer attraction and retention, and lower cost of

capital as well as intangible benefits such as a superior reputation.

The new study, *The Ethics Landscape in American Business*, was released jointly by the Society for Human Resource Management (SHRM) and the Ethics Resource Center (ERC). According to the survey of 513 HR professionals on six themes, only 23% say that their organization has a comprehensive ethics and compliance program in place, and 7% report that their employer has no such program at all. "It's disappointing that less than a quarter of HR professionals indicate that their organizations have established a full ethics and compliance program," says Patricia Harned, president of the ERC.

ERC's paraphrase of the Federal Sentencing Guidelines for Organizations shows six requirements for mitigation of otherwise assessable fines and penalties:

- ◆ Written standards of ethical workplace conduct;
- ◆ Means for an employee to anonymously report violations of ethics standards;
- ◆ Orientation or training on ethical workplace conduct;
- ◆ A specific office, telephone line, e-mail address, or website where employees can get advice about ethics-related issues;
- ◆ Evaluation of ethical conduct as part of regular performance appraisals; and
- ◆ Discipline for employees who commit ethics violations.

Additional findings contained in *The Ethics Landscape in American Business* include the fact that only 77% believe that top management is held to the same level of accountability for ethics violations as are supervisors (86%) and nonmanagement employees (91%). A surpris-

ingly large 19% of HR professionals reported feeling pressure to compromise their organization's ethics standards, company policy, or the law. On the positive side, 82% of HR professionals said they reported ethics misconduct when observed, compared to only 61% of employees who said so. The most common types of ethics misconduct observed (and presumably reported) by HR professionals were abusive or intimidating behavior toward fellow employees and abuse of e-mail or Internet privileges.

An interesting sidelight of the *Ethics Landscape* report is that most HR professionals don't feel they are truly part of the ethics infrastructure. Susan R. Meisinger, president and CEO of SHRM, believes "Organizations can benefit by bringing HQR professionals into the early conversations when planning ethics-related programs." Otherwise, they are just asked to "clean up" the situations caused by ethics violations.

Management accounting professionals need to partner with their HR colleagues to make sure their organization continues to maintain an ethical climate. ■

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