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Dear Reader,

Do you remember the famous line by Gordon Gekko in the movie 'Wall Street', "Greed is good"? Well, if we look back at the last decade, the corporate scandals, Ponzi-schemes, financial collapse, corporate image crises due to labor conditions, environmental accidents or shareholder centered strategies that externalize the costs on the planet and the next generations—it really looks bad. However something good is coming out of it. We may have reached a tipping point where we collectively say "enough", and we are changing the rules of the game. If you think I'm delirious, keep reading.

Enjoy,

Isabel Rimanoczy
Editor

Quote of the Month

*"He who does not consider what is far off,
will find trouble close at hand."*

Confucius



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The Business Oath

by Isabel Rimanoczy

In 2006 I attended, in Cleveland, the first conference that Case Western University organized on 'Business as an Agent for World Benefit'. During that conference, the audience composed mostly of academics and students listened to presenters showcasing how their corporations had made pioneering efforts to fashion their business goals to have a positive impact in the world. It was during that conference that the question was raised: What is the role of business schools in shaping

leaders who will think and act in this way? What opportunity does management education have to influence students by suggesting new perspectives on how business can perform in a world needing urgent change?

One of the outcomes of that conference was the development of the Principles for Responsible Management Education (PRME), a UN-sponsored initiative that invites business schools to agree to abide by six guiding principles that transform the traditional understanding of management education, and that question the purpose of business, the values, the learning methodologies, partnerships and research.

Complementing the PRME, another initiative—though not part of that Conference—has been developing and growing roots. It has emerged with its own pertinent but simple question: Why do so many professions have an oath, but not business school graduates? In fact, there are indeed some MBA programs, like the Thunderbird School of Global Management, which have pioneered a professional oath of honor that has been taken by graduating students since 2005.

There seems to be some momentum about this idea. In 2008, Harvard Professors Rakesh Khurana and Nitin Nohria suggested a draft oath that business schools could adopt. The idea was picked up by the World Economic Forum in the 2009 Davos session, and it inspired a group of young leaders to begin the process of creating a "global business oath."

As Ed Butler at BBC World Services comments^[1], there may have been "a growing disconnect between the schools and society, with insufficient attention being paid to the ethics of the business world, and the sole focus of the programmes being on maximising shareholder value and personal enrichment."

A few months after Davos, a grass-roots movement led by Harvard Business School students created the MBA Oath, which was signed by more than half the HBS graduating class of 2009, and since then by over one thousand graduating students from across the globe.

Also in 2009, [The Oath Project](#), an independent nonprofit organization, was founded by the [Aspen Institute](#) and a group of international partner organizations, such as the [World Economic Forum's Young Global Leaders](#), the [MBA Oath](#), the [Principles for Responsible Management Education](#), the [UN Global Compact](#), the [Association of Professionals in Business Management](#), and [Net Impact](#).

The oath has been adapted and translated, and the current thinking of The Oath Project is that consensus should be reached around a single oath, yet staying open to improvements.

The Global Oath Draft

The current version reads as follows:

As a business leader I recognize my role in society.

- My purpose is to lead people and manage resources to create value that no single individual can create alone,
- My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow,

Therefore, I promise that:

- I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.
- I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.
- I will refrain from corruption, unfair competition, or business practices harmful to society.
- I will respect and protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.
- I will protect the right of future generations to advance their standard of living and enjoy a healthy, resource-rich planet.
- I will report the performance and risks of my enterprise transparently and honestly.
- I will strive to create sustainable and inclusive economic, social and environmental prosperity
- I will invest in developing myself and others, helping my profession continue to grow and contribute to society.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers for my actions and for upholding these standards.

This oath I take freely, and upon my honor.

Implications of this Oath

This oath represents a culturally significant step in the evolution of humankind, especially considering the transformation of society since the 1950's. Since that era, we have seen a world that has more than tripled its population; the impact of globalization and expansion of more than 60,000 multinational corporations; the spread of market capitalism and Westernized consumption models exported into and adopted in many other urban centers worldwide, often resulting in ongoing conflict between short-term financial demands and long-term sustainability goals; and a widening gap between the richest and the poorest^[2]. All this has occurred while an estimated 60 percent of the ecosystem that supports life on Earth (fresh water, marine fisheries, soils and climate) is being degraded or used unsustainably^[3].

The introduction of this oath plays an important role in creating awareness. Further, by listing the expectations of managerial behavior it introduces the ethical perspective into day-to-day decisions. This is an important shift in business schools where ethics has been an elective course, or a mandatory course but with a philosophical approach and no connections to practical daily situations. Instead, ethics should become the platform on which all the processes of an organization are studied in a business school: Operations, Finance, Accounting, Marketing, HR, Strategy, IT, Logistics.

Another important implication of the oath is that it introduces the concept of sustainability by forcing students to consider the impact of both the present and the future when considering decisions to be made. This leads the managers to think in a more holistic, integrated way, and

fosters a systemic understanding of the complex challenges we are facing as humans.

Furthermore, the voluntary adoption of the oath creates the opportunity for developing a critical mass of responsible managers, which in turn constitutes a tacit social pressure on those who haven't adopted it. As was the case with other voluntary programs, such as the Principles for Responsible Investment, the Global Compact or the PRME, the fact that industry leaders are signing the oath creates pressure on their competitors, who find they cannot afford not to jump on the bandwagon. The result of this virtual circle can be only positive for consumers and the planet.

Additionally, when a critical mass of managers with a new ethical perspective emerges, their behaviors begin to drive new regulations and behavioral expectations for others, and can lead to social sanctions against those who are not playing by the same new rules. The transparency of the globalized access to information and media coverage is instrumental in this movement.

Making it happen

Taking the oath is just a step. Its most important impact is to be seen in the guidance that the adoption of the oath commitment provides in the daily decisions of the individual managers. A facilitating factor is that the first ones taking the oath are members of a new generation, one that has grown up in the midst of climate related disasters, social crisis, environmental degradation and financial collapse. In November 2008, in the throes of the financial crisis a survey of 1,850 MBA students from over 80 graduate programs indicated that less than a third of respondents thought that corporations were working towards the betterment of society, while 90% of students said that the crisis was likely brought on by a focus on short-term, rather than long-term benefits. The results suggest that MBA students consider that the traditional paradigm of business, maximizing profits above all else, no longer applies in the 21st century. For this new generation a business must cater to all stakeholders while integrating social and environmental factors into its operations.

The generation of emerging leaders is reacting to this situation with a new purpose. They are not sitting and waiting for their children to fix the problems; they feel compelled to make a difference themselves.

Entering a work environment still ruled by old traditions, the young generation is playing an important role as change agents. To support them, the Oath Project is developing a series of habits ^[4]that will allow oath takers to truly live by the tenets of the oath. Some of the processes considered are:

Personal reflection on commitment. When signing the oath, one is prompted to write and submit a brief statement of professional purpose to personalize and concretize the experience. The personal statement is electronically delivered to the individual on an annual or periodic basis, as a reminder, or touchstone of commitment. The web could enable these reflections to be shared, anonymously.

Use existing starting points to ground your work. Many individuals and organizations have already made substantial efforts to identify ways for business to play a responsible role. For example, the [United Nations Global Compact](#) offers resources based on a set of universal human rights principles.

Designate a lifeline. The signer identifies a colleague, partner or friend who shares the commitment and agrees to be available in moments of reflection or confusion. This personal lifeline

is an investment in continuing personal and professional growth, and it recognizes that support from others is important in face of countervailing pressures.

The power of groups. Individuals will encounter and have the opportunity to sign the oath in the course of education, at the workplace or through networks, both real and virtual. Formal or self-organizing groups that provide structured opportunity to revisit the oath on a periodic basis are another bulwark against inimical pressure and groupthink. Five year class reunions, annual employee meetings, web-based forums are all venues for on-going dialogue and reflection.

Looking forward, these habits and processes may be a crucial support for the new generation. It will also be important to incorporate the Oath into the courses of business schools, so that the implications of the oath do not appear as a surprise ordilemma at the workplace, but begin to be discussed and integrated into students' thinking way before, during their professional education. In that way, students will develop new frameworks and perspectives during their business school training, and as they graduate, taking the oath will be a natural step in the direction they have been preparing themselves for.

The oath is not meant for MBA graduates only. Corporate leaders and employees are invited to take the oath too. The World Economic Forum reports that already more than 200 leaders have pledged to lead their organizations according to these principles. Business Ethics Magazine reports that among the adopters are representatives of non-profit groups, academics, "and a handful of mid-level executives from big firms—such as Nestle, KKR, Ogilvy. Mexico's [Compartamos Banco](#) had 39 of its executives, including the CEO, take the oath, while representatives of U.S. companies are noticeably absent."^[5]

Finally, the new behavioral expectations established by the oath can have great potential impact on all other careers. If ethical behavior in the workplace means a new definition of civic responsibility towards society and planet, this will hardly be the exclusive domain of business school graduates. A workplace is composed of individuals from many professions. They belong to teams generating innovation, and they are the leaders inspiring visions of a better world. We are ready for this.



^[1] <http://www.bbc.co.uk/programmes/p004541y>

^[2] By 2000 the richest quintile controlled 85 percent of global GDP, while the poorest accounted for only 1.1 percent. Source: The World Bank, World Development Report, 2000.

^[3] The Millennium Ecosystem Assessment, Ecosystem and Human Wellbeing. Washington, D.C.: World Resources Institute, 2005.

^[4] Source: http://www.theoathproject.org/oath/living_the_oath.html

^[5] <http://business-ethics.com/2010/01/26/1731world-economic-forum-how-many-will-take-global-business-oath/>

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