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# Why an MBA oath?



By N. Craig Smith

**Business schools have become an easy target as the butt of jokes about the causes of the current economic crisis. A recent segment on ‘The Daily Show,’ an American satirical television programme, explored the theme of MBAs being to blame for the crisis and the MBA oath as a possible remedy. Its presenter feigned surprise that not all students were willing to sign up to an oath that said: “I will act with utmost integrity and pursue my work in an ethical manner.” No doubt the view that MBAs would have difficulty in making such a commitment is more widespread and yet it seems such a straightforward commitment to make. So in answer to the question, ‘why an MBA oath?’, one response surely must be: ‘Why not?’ Why should it be so difficult for MBAs to commit to behaving ethically?**

## Why an oath?

There are various reasons why an MBA oath can be difficult in practice. In essence, these are implementation challenges that can be overcome. More fundamental is the view that it is not necessary—that there is no need for an

oath expressing MBA commitment to ethical behaviour. Proponents of the MBA oath view it as a long-overdue initiative, necessary to make management a true profession. They point to the abundant evidence of managerial misconduct – by MBAs among others – showing why an oath is needed. For example, Joel Podolny, the former dean of Yale University (and former professor at Harvard and Stanford business schools), writes of a need for radical change in business schools including, but not limited to, greater attention to ethics teaching and the adoption of an enforceable code of conduct or oath.

Fact is, so deep and widespread are the problems afflicting management education that people have come to believe that business schools are harmful to society, fostering self-interested, unethical, and even illegal behaviour by their graduates. (Podolny, 'The Buck Stops (and Starts) at Business School,' Harvard Business Review, June 2009, p. 62.)

While many arguments are advanced in favour of the MBA oath, the most basic is the argument of management as a (putative) profession committed to a set of professional values that have been demonstrably absent in recent years. While I can only briefly summarise this argument here, I refer readers to more detailed accounts available elsewhere, most notably by Podolny (in the HBR article mentioned above) and by Harvard Business School professors Rakesh Khurana and Nitin Nohria ('It's Time to Make Management a True Profession,' Harvard Business Review, October 2008, pp. 70-77).

Khurana and Nohria observe that managers have lost legitimacy with a widespread breakdown of trust in business in the last decade, a claim endorsed by Podolny and supported by an HBR survey included in his article, as well as many other sources. Khurana and Nohria write that they "believe that business leaders must embrace a way of looking at their role that goes beyond their responsibility to the shareholder to include a civic and personal commitment to their duty as institutional custodians ... it is time that management finally became a profession." (Khurana and Nohria, p. 70.)

As part of what it means to be a profession, management requires codes of conduct – an MBA oath would be one example:

True professions have codes of conduct, and the meaning and consequences of those codes are taught as part of the formal education of their members. (Ibid)

They position these codes as operating consistent with a social contract. Society consents to managers being allowed to engage in their profession and in return managers commit to being worthy of society's trust and to acting with integrity:

Through these codes, professional institutions forge an implicit social contract with other members of society: Trust us to control and exercise jurisdiction over this important occupational category. In return, the profession promises, we will ensure that our members are worthy of your trust – that they will not only be competent to perform the tasks they have been entrusted with, but they will conduct themselves with high standards and integrity. (Khurana and Nohria, p. 72.)

Khurana and Nohria's view is that misconduct in business – which has been all too apparent of late – would be reduced if management was more of a profession, because moral behaviour is an integral part of the identity of professionals and this is an identity that they are motivated to protect. Moreover, drawing on sociology, Khurana and Nohria observe that codes more specifically “have enormous influence because they provide guidelines for how an occupant of a role ought to behave.” (Khurana and Nohria, p. 75.) Research in social psychology supports this view. For example, recent studies by Mazar, Amir and Ariely found that cheating behaviour was reduced when participants were exposed to a moral code. (Nina Mazar, On Amir, and Dan Ariely, ‘The Dishonesty of Honest People: A Theory of Self-Concept Maintenance,’ Journal of Marketing Research XLV (December 2008), pp. 633-644.) The clear parallel that Khurana and Nohria draw is with the Hippocratic oath in medicine. This is not to suggest that all medical practitioners are perfect, but given their power over life and death it has long been deemed socially desirable, as well as reassuring to their patients, that physicians have committed to being part of a profession that includes an oath to act in their patients' best interests.

Khurana's research documents how the idea of management as a profession dates back at least one hundred years to the founding of the first business schools. (Rakesh Khurana, *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession*, Princeton University Press, 2007). However, as Khurana and Nohria observe, management is far from being a profession today and the modern-day business school a long way from contributing to that aspiration. However, they say, there is no reason why management shouldn't strive to be a profession and business schools would be an

appropriate starting point for the realisation of this vision, with the oath as a key part. The oath they proposed in their article served as the inspiration for the MBA oath promulgated by Harvard MBA students earlier this year.

It is not necessary to accept Podolny's hard-hitting critique of business schools or to embrace the Khurana-Nohria professionalization project in its entirety to believe that an MBA oath is one of a number of appropriate responses by business schools to business misconduct. A more modest proposal builds on the ideas of management as a profession but makes a slightly different argument. It takes at face value the espoused purpose of business schools.

#### INSEAD MBA Graduates in Fontainebleau - INSEAD Knowledge

Business schools are organisations with values which its members are expected to respect, as with any organisation that an individual freely chooses to be associated with. An MBA oath would simply be a statement of those values and a way of making explicit what the school – and thus its members – stands for. For example, INSEAD says its mission, in part, is the following: “Through teaching, we develop responsible, thoughtful leaders and entrepreneurs who create value for their organisations and their communities.” If it believes this to be the case, surely there should be no objection to asking its students to express their commitment to this goal?

Moreover, from a more self-interested perspective, shouldn't requiring such a commitment also serve a school's interest in preserving its reputation? A school can more readily disassociate itself from graduates whose actions are inconsistent with the professed values of the institution to which they promised to adhere. As important, they may be less likely to act contrary to those values in the first place, if it means exclusion from a community of which they wish to be part.

## Why not?

Having addressed the core objection that an MBA oath is not needed, we can turn to the various objections that may be raised around its implementation. The wording of the oath is obviously crucial and some argue that the MBA oath initiated by Harvard Business School students this year is too broad in scope or potentially ambiguous in some of its provisions (e.g., “I will strive to create sustainable economic, social, and environmental prosperity worldwide”). Schools with more internationally diverse student bodies such

as INSEAD also may have a greater difficulty in securing agreement, not only around a particular set of words but with the idea of making such a commitment if the oath is seen as espousing a culturally-specific set of values. However, these problems are hardly insurmountable. There are many examples of global organisations that have identified and articulated their values – values that their members are expected to follow. (Rosabeth Moss Kanter, 'Transforming Giants,' Harvard Business Review, January 2008, pp. 43-52.)

Another implementation problem is who should administer the oath. A voluntary, student-led initiative has the advantage of providing the choice of whether to participate, but it also runs the risk of failure, if not derision, if it is inadequately supported. The initiators of the Harvard oath were careful to claim that their goal was to get 100 HBS students to sign; they managed to get four times that number with just over 50 per cent of the graduating 2009 class signing up. (More than 1,600 students from various schools are now listed as having signed up. See: <http://mbaoath.org/list-of-oath-signers/>). A similar proportion signed up to a more modest pledge at INSEAD in December 2002. The pledge, signed by 226 students of the graduating class, stated: "I \_\_\_\_\_ pledge to explore and take into account the social and environmental consequences of any job I consider and will try to improve these aspects of the organizations for which I work." However, no doubt in both cases, widespread attention to business misconduct (as a result of the financial crisis and, earlier, the collapse of Enron and WorldCom) were factors in the response.

An alternative approach is for the institution itself to require commitment to ethical conduct. Columbia business school requires its students to sign up to its honour code, which states: "As a lifelong member of the Columbia Business School community, I adhere to the principles of truth, integrity, and respect. I will not lie, cheat, steal, or tolerate those who do." (See: <http://www0.gsb.columbia.edu/honor/resources.html>) Thunderbird business school asks students to sign its oath, something that forms part of the application process and the curriculum. (See: [http://www.thunderbird.edu/about\\_thunderbird/inside\\_tbird/oath\\_of\\_honor.htm](http://www.thunderbird.edu/about_thunderbird/inside_tbird/oath_of_honor.htm)) School administration-based approaches, whether compulsory or voluntary, have the benefit of being likely to secure much higher levels of compliance and, if they are clearly announced as part of the application process, cannot legitimately be objected to by students who might otherwise assert that the oath imposes values different to their own or encroaches on their freedom.

The oath would reflect core values of the community which student applicants are seeking to join and accepting a commitment to these values is a condition of entry. Of course, this is not so different – and in many cases far less constraining – than what students must do in joining an employer on graduation.

A further implementation problem is how to respond to violations of the code. Podolny insists that schools should withdraw degrees for violating codes of conduct, with the decision made by a committee responsible for the code and monitoring adherence to it. This wouldn't prevent the ex-MBAs from managing businesses, but there would be consequences because:

... they wouldn't be allowed to list the degree on their résumés, remain members of the school community, or be invited to reunions. They would, hopefully, be shunned by those who do adhere to the school's code of conduct. Most important, the governing groups would provide business schools with a mechanism by which they could communicate to the public their disapproval of MBAs who break their code and so demonstrate that the schools' values do accord with those of society. (Podolny, p. 67.)

In practice, however, this might be difficult to enact – though not impossible – and potentially also might entail a risk of litigation. Perhaps such sanctions would be unlikely, except in the most egregious cases where someone has been successfully criminally prosecuted. In such cases, arguably, the attention given to the individuals involved already has likely been sufficient. However, a broader impact might be achieved if the school has some way of clearly disassociating itself from the individual involved.

## **Would it make any difference?**

Assuming the case is made of the need for an oath and that these implementation problems can be overcome, one might well ask whether it would make any difference. Would it change behaviour? Theory and research from sociology and social psychology suggest that it could and, more broadly, there is the example and experience of professions such as medicine and the law. Equally, it need not be a major undertaking and so could well be worth trying in light of the criticism of business practice and the blame ascribed to business schools specifically. One might also argue that it is worth doing because it has intrinsic value in and of itself, as an articulation of what the organisation stands for and in contrast to the moral

relativism – the “anything goes” – that exists absent any organisational commitment to values. Finally, it need not be the only response by business schools to the current challenge to their legitimacy. An oath should form part of a broader initiative to strengthen attention to ethics and values, including greater attention to ethics in programme applicant selection criteria, as well as throughout the curriculum.

*Craig Smith and Theo Vermaelen took part in a debate at INSEAD's Europe campus in Fontainebleau which was organised by the student club, INDEVOR, and sponsored by Actis.*

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